SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES AND EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2003

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES AND EXCHANGE ACT OF 1934

For the transition period from ______________________ to ____________________

Commission file number 0-28150

NEUROCRINE BIOSCIENCES, INC.

(Exact name of registrant as specified in its charter)

DELAWARE	**33-0525145**
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

10555 SCIENCE CENTER DRIVE
SAN DIEGO, CALIFORNIA 92121
(Address of principal executive offices)

(858) 658-7600
(Registrant's telephone number, including area code)

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 [ ]

Indicate by check mark whether the registrant is an accelerated filer (as defined in rule 12b-2 of the Exchange Act): Yes [X] No [ ]

The number of outstanding shares of the registrant's common stock, par value $0.001 per share, was 31,473,210 as of July 31, 2003.

TABLE OF CONTENTS

PART I. FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS
CONDENSED CONSOLIDATED BALANCE SHEETS
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
ITEM 2: MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS
ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK
ITEM 4. CONTROLS AND PROCEDURES
PART II: OTHER INFORMATION
ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS
ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K
SIGNATURES
EXHIBIT 10.1
EXHIBIT 10.2
EXHIBIT 10.3
EXHIBIT 10.4
EXHIBIT 10.5
EXHIBIT 10.6
EXHIBIT 10.7
EXHIBIT 10.8
EXHIBIT 10.9
EXHIBIT 21.1
EXHIBIT 31.1
EXHIBIT 31.2
EXHIBIT 32

NEUROCRINE BIOSCIENCES, INC.
FORM 10-Q INDEX

		PAGE
PART I.	**FINANCIAL INFORMATION**	
ITEM 1:	Financial Statements	3
	Condensed Consolidated Balance Sheets as of June 30, 2003 and December 31, 2002	3
	Condensed Consolidated Statements of Operations for the three and six months ended June 30, 2003 and 2002	4
	Condensed Consolidated Statements of Cash Flows for the six months ended June 30, 2003 and 2002	5
	Notes to the Condensed Consolidated Financial Statements	6
ITEM 2:	Management's Discussion and Analysis of Financial Condition and Results of Operations	10
ITEM 3:	Quantitative and Qualitative Disclosures About Market Risk	24
ITEM 4:	Controls and Procedures	24
PART II.	**OTHER INFORMATION**	
ITEM 4:	Submission of Matters to a Vote of Security Holders	25
ITEM 5:	Other Information	
ITEM 6:	Exhibits and Reports on Form 8-K	25
	Signatures	27

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

NEUROCRINE BIOSCIENCES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except for share information)

	June 30, 2003	December 31, 2002
	(unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 34,896	$ 44,313
Short-term investments, available-for-sale	237,918	200,397
Receivables under collaborative agreements	32,221	247
Other current assets	9,263	3,137
Total current assets	314,298	248,094
Property and equipment, net	48,407	14,102
Other non-current assets	10,057	4,343
Total assets	$ 372,762	$ 266,539
LIABILITIES AND STOCKHOLDERS’ EQUITY		
Current liabilities:		
Accounts payable	$ 2,717	$ 1,959
Accrued liabilities	47,968	22,163
Deferred revenues	47,583	5,699
Current portion of long-term debt	3,344	2,658
Total current liabilities	101,612	32,479
Long-term debt, net of current portion	19,123	5,277
Deferred rent	—	2,645
Deferred revenues	40,213	833
Other liabilities	1,845	1,051
Total liabilities	162,793	42,285
Stockholders’ equity:		
Preferred stock, $0.001 par value; 5,000,000 shares authorized; no shares issued and outstanding	—	—
Common stock, $0.001 par value; 50,000,000 shares authorized; issued and outstanding shares were 31,461,943 as of June 30, 2003 and 30,662,273 as of December 31, 2002	31	31
Additional paid-in capital	432,279	424,084
Deferred compensation	(1,008)	(1,240)
Notes receivable from stockholders	(208)	(208)
Accumulated other comprehensive income	4,416	3,513
Accumulated deficit	(225,541)	(201,926)
Total stockholders’ equity	209,969	224,254
Total liabilities and stockholders’ equity	$ 372,762	$ 266,539

See accompanying notes to the condensed consolidated financial statements.

NEUROCRINE BIOSCIENCES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except loss per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2003	2002	2003	2002
	(unaudited)		(unaudited)	
Revenues:				
Sponsored research and development	$ 33,346	$ 3,180	$ 64,071	$ 7,138
License fees	11,320	583	17,987	1,166
Grant income	302	464	626	880
Total revenues	44,968	4,227	82,684	9,184
Operating expenses:				
Research and development	52,323	23,096	100,647	43,143
General and administrative	5,135	3,151	9,879	5,882
Total operating expenses	57,458	26,247	110,526	49,025
Loss from operations	(12,490)	(22,020)	(27,842)	(39,841)
Other income and (expenses):				
Interest income	2,593	2,282	4,794	4,327
Interest expense	(382)	(91)	(518)	(192)
Other income and (expense), net	56	78	104	191
Total other income and (expenses)	2,267	2,269	4,380	4,326
Loss before income taxes	(10,223)	(19,751)	(23,462)	(35,515)
Income taxes	2	—	153	—
Net loss	$(10,225)	$(19,751)	$ (23,615)	$(35,515)
Net loss per common share:				
Basic and diluted	$ (0.33)	$ (0.65)	$ (0.76)	$ (1.17)
Shares used in the calculation of net loss per common share:				
Basic and diluted	31,334	30,433	31,063	30,408

See accompanying notes to the condensed consolidated financial statements.

NEUROCRINE BIOSCIENCES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Six Months Ended June 30,	
	2003	2002
	(unaudited)	
CASH FLOW FROM OPERATING ACTIVITIES		
Net loss	$ (23,615)	$ (35,515)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	1,875	1,405
Deferred revenues	81,264	(3,917)
Deferred expenses	889	495
Non-cash compensation expenses	1,147	427
Change in operating assets and liabilities:		
Accounts receivable and other current assets	(37,849)	4,405
Other non-current assets	(5,051)	(870)
Accounts payable and accrued liabilities	26,485	1,697
Net cash provided by (used in) operating activities	45,145	(31,873)
CASH FLOW FROM INVESTING ACTIVITIES		
Purchases of short-term investments	(213,751)	(231,409)
Sales/maturities of short-term investments	177,133	148,419
Deposits	(3,000)	—
Purchases of property and equipment	(22,104)	(2,469)
Net cash used in investing activities	(61,722)	(85,459)
CASH FLOW FROM FINANCING ACTIVITIES		
Issuance of common stock	6,680	1,396
Proceeds from capital lease financing	1,847	1,052
Principal payments on long-term obligations	(1,367)	(1,148)
Net cash provided by financing activities	7,160	1,300
Net decrease in cash and cash equivalents	(9,417)	(116,032)
Cash and cash equivalents at beginning of the period	44,313	163,888
Cash and cash equivalents at end of the period	$ 34,896	$ 47,856
Supplemental information:		
Increase in property and related debt resulting form increasing ownership percentage in Science Park Center LLC	$ 14,076	$ —

See accompanying notes to the condensed consolidated financial statements.

NEUROCRINE BIOSCIENCES, INC.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

1. BASIS OF PRESENTATION

The condensed consolidated financial statements included herein are unaudited. These statements have been prepared in accordance with accounting principles generally accepted in the United States for interim financial information and with the instructions of the Securities and Exchange Commission (SEC) on Form 10-Q and Rule 10-01 of Regulation S-X. Accordingly, they do not include all of the information and disclosures required by accounting principles generally accepted in the United States for complete financial statements. In the opinion of management, these financial statements include all adjustments (consisting of normal recurring adjustments) necessary for a fair presentation of the financial position, results of operations, and cash flows for the periods presented. The results of operations for the interim periods shown in this report are not necessarily indicative of results expected for the full year.

In May 2003, Neurocrine Biosciences, Inc. increased its ownership interest in Science Center Park, LLC from 1% to 50.5%, effective April 1, 2003 (see Note 9 below). Accordingly, the financial statements of the Science Center Park, LLC have been presented in the condensed consolidated balance sheet at June 30, 2003 and the condensed consolidated statements of operations and cash flows for the three and six months ended June 30, 2003.

These financial statements should be read in conjunction with the "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Quantitative and Qualitative Disclosures About Market Risk" and the audited financial statements and notes thereto for the year ended December 31, 2002 included in our Annual Report on Form 10-K filed with the SEC.

The terms "Company" and "we" and "our" are used in this report to refer collectively to Neurocrine Biosciences, Inc. and its subsidiaries.

2. USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and the accompanying notes. Actual results could differ from those estimates.

3. SHORT-TERM INVESTMENTS AVAILABLE-FOR-SALE

Available-for-sale securities are carried at fair value, with the unrealized gains and losses reported in comprehensive income. The amortized cost of debt securities in this category is adjusted for amortization of premiums and accretion of discounts to maturity. Such amortization is included in interest income. Realized gains and losses and declines in value judged to be other-than-temporary, if any, on available-for-sale securities are included in interest income or expense. The cost of securities sold is based on the specific identification method. Interest and dividends on securities classified as available-for-sale are included in interest income.

4. IMPAIRMENT OF LONG-LIVED ASSETS

In accordance with Statement of Financial Accounting Standard (SFAS) No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," if indicators of impairment exist, the Company assesses the recoverability of the affected long-lived assets by determining whether the carrying value of such assets can be recovered through undiscounted future operating cash flows. If impairment is indicated, the Company measures the amount of such impairment by comparing the carrying value of the asset to the present value of the expected future cash flows associated with the use of the asset. While the Company's current and historical operating and cash flow losses are indicators of impairment, the Company believes the future cash flows to be received from the long-lived assets will exceed the assets' carrying value, and accordingly the Company has not recognized any impairment losses through June 30, 2003.

5. LOSS PER COMMON SHARE

The Company computes net loss per share in accordance with SFAS No. 128, “Earnings Per Share.” Under the provisions of SFAS No. 128, basic net loss per share is computed by dividing the net loss for the period by the weighted average number of common shares outstanding during the period. Diluted net loss per share is computed by dividing the net loss for the period by the weighted average number of common and common equivalent shares outstanding during the period. Additionally, potentially dilutive securities, composed of incremental common shares issuable upon the exercise of stock options and warrants, are excluded from historical diluted loss per share because of their anti-dilutive effect. Potentially dilutive securities totaled 1.9 million and 2.1 million for the period ended June 30, 2003 and 2002, respectively, and were excluded from the diluted earnings per share because of their anti-dilutive effect.

6. COMPREHENSIVE LOSS

Comprehensive loss is calculated in accordance with SFAS No. 130, “Comprehensive Income.” SFAS No. 130 requires the disclosure of all components of comprehensive loss, including net loss and changes in equity during a period from transactions and other events and circumstances generated from non-owner sources. The Company’s components of comprehensive loss consist of the net loss and unrealized gains and losses on short-term investments. For the three months ended June 30, 2003 and 2002, comprehensive loss was $9.3 million and $17.8 million, respectively. For the six months ended June 30, 2003 and 2002, comprehensive loss was $22.7 million and $36.0 million, respectively.

7. REVENUE RECOGNITION

Revenue under collaborative research agreements and grants is recognized as research costs are incurred over the period specified in the related agreement or as the services are performed. These agreements are on a best-efforts basis and do not require scientific achievement as a performance obligation, and provide for payment to be made when costs are incurred or the services are performed. All fees are nonrefundable to the collaborators. Up-front, nonrefundable payments for license fees and advance payments for sponsored research revenues received in excess of amounts earned are classified as deferred revenue and recognized as income over the contract or development period. Estimating the duration of the development period includes continual assessment of development stages and regulatory requirements. Milestone payments are recognized as revenue upon achievement of pre-defined scientific events which require substantive effort. Revenues from government grants are recognized based on a percentage-of-completion basis as the related costs are incurred.

The increase in revenues for the three and six months ended June 30, 2003 resulted primarily from reimbursement of clinical development expenses under the Pfizer collaboration agreement of $31.9 million and $61.2 million, respectively. In addition, the Company recognized $11.0 million and $16.1 million in license fee revenues arising from the Pfizer collaboration during the three and six months ended June 30, 2003, respectively.

8. RESEARCH AND DEVELOPMENT EXPENSES

Research and development (R&D) expenses are recognized as incurred and include related salaries, contractor fees, facilities costs, administrative expenses and allocations of certain other costs. All such costs are charged to R&D expenses as incurred. These expenses result from our independent R&D efforts as well as efforts associated with collaborations, grants and in-licensing arrangements. In addition, we fund R&D, conducted on our behalf, at other companies and research institutions under agreements, which are generally cancelable. We review and accrue clinical trials expense based on work performed, which relies on estimates of total costs incurred based on completion of patient studies and other events. We follow this method because reasonably dependable estimates of the costs applicable to various stages of a research agreement or clinical trial can be made. Accrued clinical costs are subject to revisions as trials progress to completion. Revisions are charged to expense in the period in which the facts that give rise to the revision become known.

9. SUBSIDIARIES

In May 1997, the Company along with two unrelated parties formed Science Park Center LLC (the LLC) in order to construct an office and laboratory facility which was subsequently leased by the Company. The LLC is a California limited liability company, of which the Company, prior to April 2003, only owned a nominal minority interest. In May 2003, the Company became the majority owner of the LLC with an effective date of April 1, 2003, and accordingly the Company now consolidates the LLC in the Company's financial statements. The net effect of the transaction on the Company's consolidated financial statements was to increase property and equipment and long term debt on the Company's consolidated balance sheet by approximately $14.0 million each at June 30, 2003.

The Company also recently formed Neurocrine International LLC, a Delaware limited liability company in which the Company holds a 99% ownership interest and the Science Park Center LLC holds a 1% interest.

10. STOCKHOLDERS' EQUITY

The Company applies the intrinsic-value-based method prescribed in APB Opinion No. 25, "Accounting for Stock Issued to Employees," in accounting for employee stock options. Accordingly, compensation expense is generally recognized only when options are granted with a discounted exercise price. Any resulting compensation expense is recognized ratably over the associated service period, which is generally the option vesting term.

The Company has determined pro forma net loss and related per share information as if the fair value method described in SFAS No. 123, "Accounting for Stock Based Compensation," had been applied to its employee stock-based compensation. The pro forma effect on net loss and net loss per share is as follows for the three and six months ended June 30, 2003 and 2002 (in thousands, except for loss per share data):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2003	2002	2003	2002
Net loss:				
As reported	$(10,225)	$(19,751)	$(23,615)	$(35,515)
Stock option expense	(5,411)	(3,840)	(10,330)	(7,282)
Pro forma net loss	$(15,636)	$(23,591)	$(33,945)	$(42,797)
Loss per share as reported (basic and diluted)	$ (0.33)	$ (0.65)	$ (0.76)	$ (1.17)
Pro forma loss per share (basic and diluted)	$ (0.50)	$ (0.78)	$ (1.09)	$ (1.41)

11. REAL ESTATE TRANSACTIONS

During April 2003, the LLC, at the Company's direction, entered into an agreement with a third party to sell the Company's current research and administrative facility and an undeveloped parcel of land adjacent to the facility for approximately $40 million. The Company anticipates closing the sale of both parcels during the fourth quarter of 2003, and has negotiated a leaseback provision, as part of the sale agreements, to allow for the completion of the construction of the Company's new facility.

In May 2003, the LLC, at the Company's direction, entered into an agreement to acquire undeveloped real property in San Diego, California for approximately $17 million to construct a new corporate facility . The LLC has also placed a deposit of $3.5 million and a $4.4 million irrevocable standby letter of credit for an adjacent parcel of land, which it intends to purchase in early 2004. The letter of credit is secured by a $4.4 million cash deposit, included in other non-current assets, with the issuer and expires in February 2004.

Additional costs the Company expects to incur in connection with these two properties include design and construction costs as well as the purchase and installation of equipment and furnishings for these facilities. The Company estimates these costs at $43 million and expects to finance these costs through the net proceeds of the sale of the existing facility, a construction loan and a subsequent permanent financing. Construction of the new facility commenced in June 2003 and is expected to be completed in July 2004.

The Company has structured the sale of the existing campus and the acquisition and construction of the new campus are intended to qualify as "like-kind" exchanges within the meaning of Internal Revenue Code Section 1031.

12. NEW ACCOUNTING PRONOUNCEMENTS

In November 2002, the Emerging Issues Task Force (EITF) reached a consensus on Issue No. 00-21, "Revenue Arrangements with Multiple Deliverables." EITF Issue No. 00-21 provides guidance on how to account for arrangements that involve the delivery or performance of multiple products, services and/or rights to use assets. We will be required to adopt this provision for revenue arrangements entered into on or after June 30, 2003. Management is currently evaluating the effect that the adoption of EITF 00-21 will have on our results of operations and financial condition.

In December 2002, the FASB issued SFAS No. 148, "Accounting for Stock-Based Compensation, Transition and Disclosure." SFAS No. 148 provides alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation. SFAS No. 148 also requires that disclosures of the pro forma effect of using the fair value method of accounting for stock-based employee compensation be displayed more prominently and in tabular format in interim and annual financial statements. The transition and annual disclosure requirements are effective for fiscal year 2003. The Company adopted the interim disclosure requirement in its Consolidated Condensed Financial Statements in the first quarter of fiscal 2003 as disclosed in Note 10.

In April 2003, the FASB issued SFAS No. 149, "Amendment of Statement 133 on Derivative Instruments and Hedging Activities." SFAS No. 149 amends and clarifies financial accounting for reporting for derivative instruments, including derivatives embedded in other contracts, and for hedging activities under SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." SFAS No. 149 is generally effective for contracts entered into, or modified after, June 30, 2003 and hedging relationships designated after June 30, 2003. The Company does not believe that the adoption of SFAS No. 149 will have a material effect on its results of operations or financial condition.

In May 2003, the FASB issued SFAS No. 150, "Accounting for Certain Financial Instruments with Characteristics of Both Liabilities and Equity." SFAS No. 150 requires that certain financial instruments, which under previous guidance were accounted for as equity, must now be accounted for as liabilities. The financial instruments affected include mandatorily redeemable stock, certain financial instruments that require or may require the issuer to buy back some of its shares in exchange for cash or other assets and certain obligations that can be settled with shares of stock. SFAS No. 150 is effective for all financial instruments entered into or modified after May 31, 2003 and must be applied to the Company's existing financial instruments effective July 1, 2003. The Company does not expect the adoption of SFAS No. 150 to have a material effect on its results of operations or financial condition.

ITEM 2: MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following Management's Discussion and Analysis of Financial Condition and Results of Operations section contains forward-looking statements, which involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth below under the caption "Risk Factors." The interim financial statements and this Management's Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with the Financial Statements and Notes thereto for the year ended December 31, 2002 and the related Management's Discussion and Analysis of Financial Condition and Results of Operations, both of which are contained in our Annual Report on Form 10-K for the year ended December 31, 2002.

OVERVIEW

We incorporated in California in 1992 and reincorporated in Delaware in 1996. Since inception, we have been engaged in the discovery and development of novel pharmaceutical products for neurologic and endocrine diseases and disorders. Our product candidates address some of the largest pharmaceutical markets in the world including insomnia, anxiety, depression, diabetes, multiple sclerosis, irritable bowel syndrome, eating disorders, pain, autoimmunity and various female and male health disorders. To date, we have not generated any revenues from the sale of products, and we do not expect to generate any product revenues until the Food and Drug Administration (FDA) approves a drug candidate. Our lead drug candidate (indiplon) is in phase III clinical trials. We currently anticipate filing a New Drug Application (NDA) for our lead candidate in the first half of 2004. We have funded our operations primarily through private and public offerings of our common stock and payments received under research and development agreements. We are developing a number of products with corporate collaborators and will rely on existing and future collaborators to meet funding requirements. We expect to generate future net losses in anticipation of significant increases in operating expenses as product candidates are advanced through the various stages of clinical development. As of June 30, 2003, we have incurred a cumulative deficit of $225.5 million and expect to incur operating losses in the future.

CRITICAL ACCOUNTING POLICIES

Our discussion and analysis of our financial condition and results of operations is based upon financial statements, which we have prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires management to make estimates and judgments that affect the reported amounts of assets, liabilities and expenses, and related disclosures. On an on-going basis, we evaluate these estimates, including those related to revenues under collaborative research agreements and grants, clinical trial accruals (R&D expense), and fixed assets. Estimates are based on historical experience, information received from third parties and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. The items in our financial statements requiring significant estimates and judgments are as follows:

Revenues under collaborative research agreements and grants are recognized as research costs are incurred over the period specified in the related agreement or as the services are performed. These agreements are on a best-efforts basis and do not require scientific achievement as a performance obligation and provide for payment to be made when costs are incurred or the services are performed. All fees are nonrefundable to the collaborators. Up-front, nonrefundable payments for license fees and advance payments for sponsored research revenues received in excess of amounts earned are classified as deferred revenue and recognized as income over the contract or development period. Estimating the duration of the development period includes continual assessment of development stages and regulatory requirements. Milestone payments are recognized as revenue upon achievement of pre-defined scientific events which require substantive effort. Revenues from government grants are recognized based on a percentage-of-completion basis as the related costs are incurred.

Research and development (R&D) expenses include related salaries, contractor fees, facilities costs, administrative expenses and allocations of certain other costs. All such costs are charged to R&D expense as incurred.

These expenses result from our independent R&D efforts as well as efforts associated with collaborations, grants and in-licensing arrangements. In addition, we fund R&D at other companies and research institutions under agreements, which are generally cancelable. We review and accrue clinical trials expenses based on work performed, which relies on estimates of total hours incurred based on completion of patient studies and other events. We follow this method because reasonably dependable estimates of the costs applicable to various stages of a research agreement or clinical trial can be made. Accrued clinical costs are subject to revisions as trials progress to completion. Revisions are charged to expense in the period in which the facts that give rise to the revision become known.

We review long-lived assets, including leasehold improvements and property and equipment, for impairment whenever events or changes in business circumstances indicate that the carrying amount of the assets may not be fully recoverable. Long-lived assets and certain identifiable intangible assets to be disposed of are reported at the lower of the carrying amount or fair value less the cost to dispose.

RESULTS OF OPERATIONS

THREE MONTHS ENDED JUNE 30, 2003 AND 2002

Revenues were $45.0 million for the second quarter 2003 compared with $4.2 million for the respective period last year. The increase in revenues for the three months ended June 30, 2003, compared with the respective period in 2002, is primarily from revenues recognized under our collaboration agreement with Pfizer, Inc (Pfizer). During the second quarter of 2003 we recognized $31.9 million from Pfizer in the form of sponsored development funding and an additional $11.0 million resulting from amortization of up-front license fees. Under our agreement with GlaxoSmithKline, we recognized $1.8 million in revenues this quarter and $1.8 million for the same quarter last year. We did not recognize revenue under the Taisho Pharmaceutical Co., Ltd. (Taisho) agreement in the second quarter of 2003, but we recognized revenue of $1.6 million for the same period last year. This $1.6 million decrease in Taisho revenue is due to the restructuring of our collaboration agreement whereby we reacquired worldwide rights to our diabetes drug candidate.

Research and development expenses increased to $52.3 million for the second quarter 2003 compared with $23.1 million for the respective period in 2002. Increased expenses primarily reflect higher costs associated with expanding development activities, particularly the indiplon Phase III program (for insomnia). We currently have 17 programs in various stages of research and development, including seven programs in clinical development. Additionally, personnel and laboratory costs related to the expansion of research activities have increased during the same period. We expect increases in research and development expense in the near future as later phases of development typically involve an increase in the scope of studies, the number of patients treated and the number of scientific personnel required to manage the trials.

General and administrative expenses increased to $5.1 million for the second quarter 2003 compared with $3.2 million during the same period last year. The increased cost resulted primarily from increased market research and marketing related costs, increased professional fees associated with business development, increased insurance costs, and the addition of administrative personnel needed to support expanding research and development activities. We expect general and administrative costs to increase this year to provide continued support for research and development, clinical trials, and collaborative relationships.

Interest income increased to $2.6 million during the second quarter of 2003 compared to $2.3 million for the same period last year. The increase primarily resulted from higher overall investment balances offset slightly by lower interest rates.

Net loss for the second quarter of 2003 was $10.2 million, or $0.33 per share, compared to $19.8 million, or $0.65 per share, for the same period in 2002. The decrease in the net loss resulted primarily from the revenue recognized under the licensing and collaboration agreements with Pfizer. Net losses are expected to continue this year as our programs continue to advance through the various stages of the research and clinical development processes.

To date, our revenues have come from funded research and development, achievements of milestones under corporate collaborations, and licensing of product candidates. The nature and amount of these revenues may fluctuate

substantially from period to period, which would affect our quarterly revenues and earnings. Accordingly, results and earnings of one period are not predictive of future periods. Collaborations accounted for 99% and 89% of our revenue for the quarters ended June 30, 2003 and 2002, respectively.

SIX MONTHS ENDED JUNE 30, 2003 AND 2002

Revenues for the six months ended June 30, 2003 were $82.7 million compared with $9.2 million in 2002. The increase in revenues for the six months ended June 30, 2003, compared with the respective period in 2002, is primarily from revenues recognized under our collaboration agreement with Pfizer. During the first half of the year of 2003 we recognized $61.2 million from Pfizer in the form of sponsored development funding and an additional $16.1 million resulting from amortization of up-front license fees. Under our agreement with GlaxoSmithKline, we recognized $3.6 million in year to date revenues through June 30, 2003 and $3.7 million for the same six-month period last year. Revenues recognized under the Taisho agreement totaled $1.1 million for the six-month period ended June 30, 2003 and $3.9 million for the same period last year. This $2.7 million decrease in Taisho revenue is due to the restructuring of our collaboration agreement whereby we reacquired worldwide rights to our diabetes drug candidate.

Research and development expenses increased to $100.6 million for the first six months of 2003 compared with $43.1 million for the respective period in 2002. Increased expenses primarily reflect higher costs associated with expanding development activities, in particular the indiplon Phase III program (for insomnia). Additionally, personnel and laboratory costs related to the expansion of research activities have increased during the same period. We expect to incur significant increases in future periods as later phases of development typically involve an increase in the scope of studies, the number of patients treated and the number of scientific personnel required to manage the clinical trials.

General and administrative expenses increased to $9.9 million for the six months ended June 30, 2003 compared with $5.9 million during the same period last year. The increased cost resulted primarily from increased market research and marketing related costs, increased professional fees associated with business development, increased insurance costs, and the addition of administrative personnel needed to support expanding research and development activities. We expect general and administrative costs to increase this year to provide continued support on development and clinical trials, and collaborative relationships.

Interest income increased to $4.8 million for the six months ended June 30, 2003 compared to $4.3 million for the same period last year. The increase primarily resulted from higher overall investment balances offset slightly by lower interest rates.

Net loss for the first six months of 2003 was $23.6 million, or $0.76 per share, compared to $35.5 million, or $1.17 per share, for the same period in 2002. The decrease in the net loss resulted primarily from the revenue recognized under the licensing and collaboration agreements with Pfizer. Net losses are expected to continue this year as our programs continue to advance through the various stages of the research and clinical development processes.

To date, our revenues have primarily come from funded research and achievements of milestones under corporate collaborations. The nature and amount of these revenues, may fluctuate substantially from period to period, which would affect our quarterly revenues and earnings. Accordingly, results and earnings of one period are not predictive of future periods. Revenues from collaborations accounted for 99% and 96% for the six months ended June 30, 2003 and 2002, respectively.

LIQUIDITY AND CAPITAL RESOURCES

At June 30, 2003, our cash, cash equivalents, and short-term investments totaled $272.8 million compared with $244.7 million at December 31, 2002. The increase in cash balances at June 30, 2003 resulted primarily from the receipt of the initial license and collaboration payments from Pfizer totaling $100.0 million, offset by capital acquisitions and operating losses.

Net cash provided by (used in) operating activities during the first two quarters of 2003 was $45.1 million compared with ($31.9) million during the same period last year. The increase in cash provided by operations is a result of the receipt of the initial payment under the collaboration agreement with Pfizer, offset by an increase in accounts receivable from collaborators due to increased clinical development costs.

Net cash used in investing activities during the first two quarters of 2003 was $61.7 million compared to $85.5 million for the same period in 2002. This fluctuation resulted primarily from timing differences in investment purchases, sales and maturities and the fluctuations in our portfolio mix between cash equivalents and short-term investment holdings. We expect similar fluctuations to continue in future periods. Capital equipment purchases for 2003 are expected to be approximately $6.0 million and will be financed primarily through leasing arrangements.

During April 2003, our subsidiary, Science Park Center LLC, entered into an agreement with a third party to sell our current research and administrative facility and an undeveloped parcel of land adjacent to the facility for approximately $40 million. We anticipate closing the sale of both parcels during the fourth quarter of 2003, and we have negotiated a leaseback provision, as part of the sale agreements, to allow for the completion of the construction of our new facility.

In May 2003, Science Park Center LLC, entered into an agreement to acquire undeveloped real property in San Diego, California for approximately $17 million to construct a new corporate facility . We also have placed a deposit of $3.5 million and a $4.4 million irrevocable standby letter of credit for an adjacent parcel of land, which we intend to purchase in early 2004. The letter of credit is secured by a $4.4 million cash deposit with the issuer and expires in February 2004.

Additional costs we expect to incur in connection with these two properties include design and construction costs as well as the purchase and installation of equipment and furnishings for these facilities. The Company estimates these costs at $43 million and expects to finance these costs through the net proceeds of the sale of the existing facility, a construction loan and a subsequent permanent financing. Construction of the new facility commenced in June 2003 and is expected to be completed in July 2004.

Net cash provided by financing activities during the first two quarters of 2003 was $7.2 million compared to $1.3 million for the respective period last year. Cash proceeds from the issuance of common stock upon exercise of outstanding stock options and employee stock purchase plans increased by $5.3 million for the first six months of 2003 compared to the same period last year. We expect similar fluctuations to occur throughout the year, as the amount and frequency of stock-related transactions are dependent upon the market performance of our common stock. Additionally, we obtained financing for $1.8 million of capital equipment purchases during the first half of 2003.

We believe that our existing capital resources, together with interest income and future payments due under our strategic alliances, will be sufficient to satisfy our current and projected funding requirements for at least the next 12 months. However, we cannot guarantee that these capital resources and payments will be sufficient to conduct all of our research and development programs as planned. The amount and timing of expenditures will vary depending upon a number of factors, including progress of our research and development programs.

We will require additional funding to continue our research and product development programs, to conduct preclinical studies and clinical trials, for operating expenses, to pursue regulatory approvals for our product candidates, for the costs involved in filing and prosecuting patent applications and enforcing or defending patent claims, if any, the cost of product in-licensing and any possible acquisitions, and we may require additional funding to establish manufacturing and marketing capabilities in the future. On June 6, 2002, we filed a “shelf” registration statement on Form S-3 with the Securities and Exchange Commission, pursuant to Rule 415 under the Securities Act

of 1933, as amended, which is now effective. Accordingly, we may, from time to time, offer up to $200 million of our common stock and/or one or more series of preferred stock pursuant to the registration statement. These shares may only be offered in amounts, at prices and on terms set forth in the prospectus contained in the registration statement and in one or more supplements to the prospectus. We may also seek to access the private equity markets whenever conditions are favorable. We may also seek additional funding through strategic alliances and other financing mechanisms, such as debt financing for equipment, our new headquarters, or general corporate purposes. We cannot assure you that adequate funding will be available on terms acceptable to us, if at all. If adequate funds are not available, we may be required to curtail significantly one or more of our research or development programs or obtain funds through arrangements with collaborators or others. This may require us to relinquish rights to certain of our technologies or product candidates.

We expect to incur operating losses over the next several years as our research, development, preclinical studies and clinical trial activities increase. To the extent that we are unable to obtain third-party funding for such expenses, we expect that increased expenses will result in increased losses from operations. We cannot assure you that we will be successful in the development of our product candidates, or that, if successful, any products marketed will generate sufficient revenues to enable us to earn a profit.

CAUTION ON FORWARD-LOOKING STATEMENTS

Any statements in this report about our expectations, beliefs, plans, objectives, assumptions or future events or performance are not historical facts and are forward-looking statements. You can identify these forward-looking statements by the use of words or phrases such as “believe,” “may,” “could,” “will,” “estimate,” “continue,” “anticipate,” “intend,” “seek,” “plan,” “expect,” “should,” “would.” Actual results could differ materially from those indicated in the forward-looking statements because of significant risks to which our business is subject, including but not limited to, the risks inherent in our research and development activities, including the successful continuation of our strategic collaborations, the successful completion of clinical trials, the lengthy, expensive and uncertain process of seeking regulatory approvals, uncertainties associated both with the potential infringement of patents and other intellectual property rights of third parties, and with obtaining and enforcing our own patents and patent rights, uncertainties regarding government reforms and of product pricing and reimbursement levels, technological change and competition, manufacturing uncertainties and dependence on third parties. Even if our product candidates appear promising at an early stage of development, they may not reach the market for numerous reasons. Such reasons include the possibilities that the product will be ineffective or unsafe during clinical trials, will fail to receive necessary regulatory approvals, will be difficult to manufacture on a large scale, will be uneconomical to market or will be precluded from commercialization by proprietary rights of third parties. For more information about the risks we face, see “Risk Factors” included in Part I of our Annual Report on Form 10-K filed with the SEC and the discussions set forth below under the caption “Risk Factors.”

Although we believe that the expectations reflected in our forward-looking statements are reasonable, we cannot guarantee future results, events, levels of activity, performance or achievement. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless required by law.

INTEREST RATE RISK

We are exposed to interest rate risk on our short-term investments. The primary objective of our investment activities is to preserve principal while at the same time maximizing yields without significantly increasing risk. To achieve this objective, we invest in highly liquid and high quality government and other debt securities. To minimize our exposure due to adverse shifts in interest rates, we invest in short-term securities and ensure that the maximum average maturity of our investments does not exceed 40 months. If a 10% change in interest rates were to have occurred on June 30, 2003, this change would not have had a material effect on the fair value of our investment portfolio as of that date. Due to the short holding period of our investments, we have concluded that we do not have a material financial market risk exposure.

RISK FACTORS

The following information sets forth factors that could cause our actual results to differ materially from those contained in forward-looking statements we have made in this Quarterly Report and those we may make from time to time. For a more detailed discussion of the factors that could cause actual results to differ, see “Item 1: Business — Risks Factors” in our Annual Report on Form 10-K for the fiscal year ended December 31, 2002.

Risks Related to the Company

Our clinical trials may fail to demonstrate the safety and efficacy of our product candidates, which could prevent or significantly delay their regulatory approval.

Any failure or substantial delay in completing clinical trials for our product candidates may severely harm our business. Before obtaining regulatory approval for the sale of any of our potential products, we must subject these product candidates to extensive pre-clinical and clinical testing to demonstrate their safety and efficacy for humans. Clinical trials are expensive, time-consuming and may take years to complete. We are currently conducting Phase III clinical trials in our indiplon development program for insomnia. This is our most advanced clinical program and represents a significant portion of our total clinical development activities and expenditures. If our Phase III indiplon program is significantly delayed or fails to demonstrate safety and efficacy for the targeted patient populations or if the FDA does not approve the proposed indiplon product labeling, our business and reputation would be harmed and our stock price would be negatively affected.

In connection with the indiplon clinical trials, as well as those clinical trials of our multiple sclerosis APL, Type I diabetes APL, anxiety CRF R1 antagonist, IL-4 fusion toxin, and GnRH antagonist clinical programs, we face the risks that:

- the product may not prove to be efficacious;
- we may discover that a product candidate may cause harmful side effects;
- the results may not replicate the results of earlier, smaller trials;
- we or the FDA may suspend the trials;
- the results may not be statistically significant;
- patient recruitment may be slower than expected; and
- patients may drop out of the trials.

Also, late stage clinical trials are often conducted with patients having the most advanced stages of disease. During the course of treatment, these patients can die or suffer other adverse medical effects for reasons that may not be related to the pharmaceutical agent being tested but which can nevertheless adversely affect clinical trial results.

We expect to rely on our collaboration with Pfizer for the funding of the completion of our indiplon clinical program and for commercialization of indiplon.

Pfizer has agreed to:

- fund substantially all out of pocket costs related to future indiplon development, manufacturing and commercialization activities;
- fund a 200 person Neurocrine sales force to detail Zoloft® and, following FDA approval, indiplon in the Unites States;
- be responsible for obtaining all regulatory approvals outside of the United States and regulatory approvals in the United States after approval of the first indiplon NDA; and
- be responsible for sales and marketing of indiplon worldwide.

While our agreement with Pfizer requires Pfizer to use commercially reasonable efforts in the development and commercialization of indiplon, we cannot control the amount and timing of resources Pfizer may devote to our collaboration following FDA approval in the United States nor can we control when Pfizer will seek regulatory approvals outside of the United States. In addition, if Pfizer's development activities in pursuing new indications and uses of indiplon are not successful or Pfizer's sales and marketing activities for indiplon are not effective, indiplon sales and our business may be negatively affected.

Pfizer may terminate the collaboration at any time upon 180-days' notice, subject to payment of specified amounts related to ongoing clinical development activities. If Pfizer elects to terminate the collaboration prior to FDA approval, we will be responsible for Phase III indiplon development expenses while we seek another partner to assist us in the worldwide development and commercialization of indiplon. This could cause delays in obtaining marketing approvals and sales, and negatively impact our business. If Pfizer elects to terminate the collaboration after receipt of FDA approval, we would be forced to fund the Neurocrine sales force and/or seek new marketing partners for indiplon. This could lead to loss of sales and negatively impact our business. In the event the collaboration is terminated by Pfizer, we may not be successful in finding another collaboration partner on favorable terms, or at all, and any failure to obtain a new partner on favorable terms could adversely affect indiplon development and commercialization and our business.

We may not receive regulatory approvals for our product candidates or approvals may be delayed.

Regulation by government authorities in the United States and foreign countries is a significant factor in the development, manufacture and marketing of our proposed products and in our ongoing research and product development activities. Any failure to receive the regulatory approvals necessary to commercialize our product candidates would have a material adverse effect on our business. The process of obtaining these approvals and the subsequent substantial compliance with appropriate federal and state statutes and regulations require spending substantial time and financial resources. If we fail or our collaborators or licensees fail to obtain or maintain, or encounter delays in obtaining or maintaining, regulatory approvals, it could adversely affect the marketing of any products we develop, our ability to receive product or royalty revenues and our liquidity and capital resources. All of our products are in research and development and we have not yet requested or received regulatory approval to commercialize any product from the FDA or any other regulatory body. In addition, we have limited experience in filing and pursuing applications necessary to gain regulatory approvals, which may impede our ability to obtain such approvals.

In particular, human therapeutic products are subject to rigorous pre-clinical testing and clinical trials and other approval procedures of the FDA and similar regulatory authorities in foreign countries. The FDA regulates among other things, the development, testing, manufacture, safety, efficacy, record keeping, labeling, storage, approval, advertising, promotion, sale and distribution of biopharmaceutical products. Securing FDA approval requires the submission of extensive pre-clinical and clinical data and supporting information to the FDA for each indication to establish the product candidate's safety and efficacy. The approval process may take many years to complete and may involve ongoing requirements for post-marketing studies. Any FDA or other regulatory approval of our product candidates, once obtained, may be withdrawn. If our potential products are marketed abroad, they will also be subject to extensive regulation by foreign governments.

We plan to file an NDA for indiplon in the first half of 2004. We face the risk that the FDA could reject our NDA filing, find it incomplete or find it insufficient for marketing approval for indiplon, which may cause our business and reputation to be harmed and could adversely affect our stock price.

We have a history of losses and expect to incur substantial losses and negative operating cash flows for the foreseeable future, and we may never achieve sustained profitability.

Since our inception, we have incurred significant net losses, including net losses of $10.2 million, $23.6 million and $94.5 million for the three and six months ended June 30, 2003 and the year ended December 31, 2002, respectively. As a result of ongoing operating losses, we had an accumulated deficit of $225.5 million as of June 30, 2003. We were not profitable for the year ended December 31, 2002, and we do not expect to be profitable in 2003. We have not yet completed the development, including obtaining regulatory approvals, of any products and, consequently, have not generated revenues from the sale of products. Even if we succeed in developing and commercializing one or more of our drugs, we expect to incur substantial losses for the foreseeable future. We also expect to continue to incur significant operating and capital expenditures and anticipate that our expenses will increase substantially in the foreseeable future as we:

- seek regulatory approvals for our product candidates;
- develop, formulate, manufacture and commercialize our drugs;
- implement additional internal systems and infrastructure; and
- hire additional clinical and scientific personnel.

We also expect to experience negative cash flow for the foreseeable future as we fund our operating losses and capital expenditures. We will need to generate significant revenues to achieve and maintain profitability and positive cash flow. We may not be able to generate these revenues, and we may never achieve profitability in the future. Our failure to achieve or maintain profitability could negatively impact the market price of our common stock. Even if we do become profitable, we cannot assure you that we would be able to sustain or increase profitability on a quarterly or annual basis.

Because our operating results may vary significantly in future periods, our stock price may decline.

Our quarterly revenues, expenses and operating results have fluctuated in the past and are likely to fluctuate significantly in the future. Our revenues are unpredictable and may fluctuate, for among other reasons, due to our achievement of product development objectives and milestones, clinical trial enrollment and expenses, research and development expenses and the timing and nature of contract manufacturing and contract research payments. A high proportion of our costs are fixed, due in part to our significant research and development costs. Thus, small declines in revenue could disproportionately affect operating results in a quarter. Because of these factors, our operating results in one or more future quarters may fail to meet the expectations of securities analysts or investors, which could cause our stock price to decline.

We depend on continuing our current strategic alliances and developing additional strategic alliances to develop and commercialize our compounds.

We depend upon our corporate collaborators to provide adequate funding for a number of our programs. Under these arrangements, our corporate collaborators are responsible for:

- selecting compounds for subsequent development as drug candidates;
- conducting pre-clinical studies and clinical trials and obtaining required regulatory approvals for these drug candidates; and
- manufacturing and commercializing any resulting drugs.

Our strategy for developing and commercializing our products is dependent upon maintaining our current arrangements and establishing new arrangements with research collaborators, corporate collaborators and others. We

have active collaborations with Pfizer and GlaxoSmithKline (GSK). Because we rely heavily on our corporate collaborators, the development of our projects would be substantially delayed if our collaborators:

- fail to select a compound we have discovered for subsequent development into marketable products;
- fail to gain the requisite regulatory approvals of these products;
- do not successfully commercialize products that we originate;
- do not conduct their collaborative activities in a timely manner;
- do not devote sufficient time and resources to our partnered programs or potential products;
- terminate their alliances with us;
- develop, either alone or with others, products that may compete with our products;
- dispute our respective allocations of rights to any products or technology developed during our collaborations; or
- merge with a third party that may wish to terminate the collaboration.

These issues and possible disagreements with our corporate collaborators could lead to delays in the collaborative research, development or commercialization of many of our product candidates. Furthermore, disagreements with these parties could require or result in litigation or arbitration, which would be time-consuming and expensive. If any of these issues arise, it may delay the filing of our NDAs and, ultimately, our generation of product revenues.

We license some of our core technologies and drug candidates from third parties. If we default on any of our obligations under those licenses, we could lose our rights to those technologies and drug candidates.

We are dependent on licenses from third parties for some of our key technologies. These licenses typically subject us to various commercialization, reporting and other obligations. If we fail to comply with these obligations, we could lose important rights. For example, we have licensed indiplon from DOV Pharmaceutical, Inc. and IL-4 fusion toxin, which we call NBI-3001, from the National Institutes of Health. In addition, we license some of the core research tools used in our collaborations from third parties, including the CRF receptor we license from The Salk Institute and use in our CRF program collaboration with GSK and the excitatory amino acid transporters we license from Oregon Health Sciences University and use in our EAATs collaboration with Wyeth. Other in-licensed technologies, such as the GnRH receptor which we license from Mount Sinai School of Medicine and Melanocortin subtype 4 which we license from the University of Michigan, will be important for future collaborations for our GnRH and Melanocortin programs. If we were to default on our obligations under any of our product licenses, such as our license to indiplon, we could lose some or all of our rights to develop, market and sell the product. Likewise, if we were to lose our rights under a license to use proprietary research tools, it could adversely affect our existing collaborations or adversely affect our ability to form new collaborations. We also face the risk that our licensors could, for a number of reasons, lose patent protection or lose their rights to the technologies we have licensed, thereby impairing or extinguishing our rights under our licenses with them.

Because the development of our product candidates is subject to a substantial degree of technological uncertainty, we may not succeed in developing any of our product candidates.

All of our product candidates are in research or development and we do not expect any of our product candidates to be commercially available within a year, if at all. Only a small number of research and development programs ultimately result in commercially successful drugs. Potential products that appear to be promising at early stages of development may not reach the market for a number of reasons. These reasons include the possibilities that the potential products may:

- be found ineffective or cause harmful side effects during pre-clinical studies or clinical trials;
- fail to receive necessary regulatory approvals on a timely basis or at all;
- be precluded from commercialization by proprietary rights of third parties;
- be difficult to manufacture on a large scale; or
- be uneconomical or fail to achieve market acceptance.

If any of our products encounters any of these potential problems, we may never successfully market that product.

We are currently conducting Phase III clinical trials for indiplon, our insomnia product under development. Since this is our most advanced product program, our business and reputation would be particularly harmed, and our stock price may be adversely affected, if the product does not prove to be efficacious in these clinical trials or we fail to receive necessary regulatory approvals on a timely basis or achieve market acceptance.

If we cannot raise additional funding, we may be unable to complete development of our product candidates.

We may require additional funding to continue our research and product development programs, including pre-clinical testing and clinical trials of our product candidates, for operating expenses, and to pursue regulatory approvals for product candidates. We also may require additional funding to establish manufacturing and marketing capabilities in the future. We believe that our existing capital resources, together with interest income and future payments due under our strategic alliances, will be sufficient to satisfy our current and projected funding requirements for at least the next 12 months. However, these resources might be insufficient to conduct research and development programs as planned. If we cannot obtain adequate funds, we may be required to curtail significantly one or more of our research and development programs or obtain funds through additional arrangements with corporate collaborators or others that may require us to relinquish rights to some of our technologies or product candidates.

Our future capital requirements will depend on many factors, including:

- continued scientific progress in our research and development programs;
- the magnitude of our research and development programs;
- progress with pre-clinical testing and clinical trials;
- the time and costs involved in obtaining regulatory approvals;
- the costs involved in filing and pursuing patent applications and enforcing patent claims;
- competing technological and market developments;
- the establishment of additional strategic alliances;
- the cost of commercialization activities and arrangements, including manufacturing of our product candidates; and
- the cost of product in-licensing and any possible acquisitions.

We intend to seek additional funding through strategic alliances, and may seek additional funding through public or private sales of our securities, including equity securities. In addition, we have leased equipment and may continue to pursue opportunities to obtain additional debt financing in the future. However, additional equity or debt

financing might not be available on reasonable terms, if at all, and any additional equity financings will be dilutive to our stockholders.

We have no marketing experience, sales force or distribution capabilities, and if our products are approved, we may not be able to commercialize them successfully.

Although we do not currently have any marketable products, our ability to produce revenues ultimately depends on our ability to sell our products if and when they are approved by the FDA. We currently have no experience in marketing or selling pharmaceutical products. We are currently initiating marketing activities for indiplon by hiring staff with experience in pharmaceutical sales, marketing and distribution. We will rely on Pfizer to co-promote indiplon with us in the United States and rely exclusively on Pfizer to market indiplon outside of the United States. We will also rely on Pfizer to provide distribution, customer service, order entry, shipping, billing, customer reimbursement assistance and managed care sales support related to indiplon. If we fail to establish successful marketing and sales capabilities or fail to enter into successful marketing arrangements with third parties, our product revenues will suffer.

The independent clinical investigators and contract research organizations that we rely upon to conduct our clinical trials may not be diligent, careful or timely, and may make mistakes, in the conduct of our trials.

We depend on independent clinical investigators and contract research organizations (CROs) to conduct our clinical trials under their agreements with us. The investigators are not our employees, and we cannot control the amount or timing of resources that they devote to our programs. If independent investigators fail to devote sufficient time and resources to our drug development programs, or if their performance is substandard, it will delay the approval of our FDA applications and our introductions of new drugs. The CROs we contract with for execution of our clinical trials play a significant role in the conduct of the trials and the subsequent collection and analysis of data. Failure of the CROs to meet their obligations could adversely affect clinical development of our products. Moreover, these independent investigators and CROs may also have relationships with other commercial entities, some of which may compete with us. If independent investigators and CROs assist our competitors at our expense, it could harm our competitive position.

We have no manufacturing capabilities. If third-party manufacturers of our product candidates fail to devote sufficient time and resources to our concerns, or if their performance is substandard, our clinical trials and product introductions may be delayed and our costs may rise.

We have in the past utilized, and intend to continue to utilize, third-party manufacturers to produce the drug compounds we use in our clinical trials and for the potential commercialization of our future products. We have no experience in manufacturing products for commercial purposes and do not currently have any manufacturing facilities. Consequently, we depend on several contract manufacturers for all production of products for development and commercial purposes. If we are unable to obtain or retain third-party manufacturers, we will not be able to commercialize our products. The manufacture of our products for clinical trials and commercial purposes is subject to specific FDA regulations. Our third-party manufacturers might not comply with FDA regulations relating to manufacturing our products for clinical trials and commercial purposes or other regulatory requirements now or in the future. Our reliance on contract manufacturers also exposes us to the following risks:

- contract manufacturers may encounter difficulties in achieving volume production, quality control and quality assurance, and also may experience shortages in qualified personnel. As a result, our contract manufacturers might not be able to meet our clinical schedules or adequately manufacture our products in commercial quantities when required;

- switching manufacturers may be difficult because the number of potential manufacturers is limited. It may be difficult or impossible for us to find a replacement manufacturer quickly on acceptable terms, or at all;

- our contract manufacturers may not perform as agreed or may not remain in the contract manufacturing business for the time required to successfully produce, store or distribute our products;

- drug manufacturers are subject to ongoing periodic unannounced inspection by the FDA, the Drug Enforcement Agency, and corresponding state agencies to ensure strict compliance with good manufacturing practices and other government regulations and corresponding foreign standards. We do not have control over third-party manufacturers' compliance with these regulations and standards; and

- if our primary contract manufacturer should be unable to manufacture indiplon for any reason, or should fail to receive FDA approval or Drug Enforcement Agency approval, commercialization of indiplon could be delayed which would delay indiplon sales and our business would be negatively impacted.

Our current dependence upon third parties for the manufacture of our products may harm our profit margin, if any, on the sale of our future products and our ability to develop and deliver products on a timely and competitive basis.

If we are unable to retain and recruit qualified scientists or if any of our key senior executives discontinues his or her employment with us, it may delay our development efforts.

We are highly dependent on the principal members of our management and scientific staff. The loss of any of these people could impede the achievement of our development objectives. Furthermore, recruiting and retaining qualified scientific personnel to perform research and development work in the future is critical to our success. We may be unable to attract and retain personnel on acceptable terms given the competition among biotechnology, pharmaceutical and health care companies, universities and non-profit research institutions for experienced scientists. In addition, we rely on members of our Scientific Advisory Board and a significant number of consultants to assist us in formulating our research and development strategy. All of our consultants and members of the Scientific Advisory Board are employed by employers other than us. They may have commitments to, or advisory or consulting agreements with, other entities that may limit their availability to us.

We may be subject to claims that we or our employees have wrongfully used or disclosed alleged trade secrets of their former employers.

As is commonplace in the biotechnology industry, we employ individuals who were previously employed at other biotechnology or pharmaceutical companies, including our competitors or potential competitors. Although no claims against us are currently pending, we may be subject to claims that these employees or we have inadvertently or otherwise used or disclosed trade secrets or other proprietary information of their former employers. Litigation may be necessary to defend against these claims. Even if we are successful in defending against these claims, litigation could result in substantial costs and be a distraction to management.

Governmental and third-party payors may impose sales and pharmaceutical pricing controls on our products that could limit our product revenues and delay profitability.

The continuing efforts of government and third-party payors to contain or reduce the costs of health care through various means may reduce our potential revenues. These payors' efforts could decrease the price that we receive for any products we may develop and sell in the future. In addition, third-party insurance coverage may not be available to patients for any products we develop. If government and third-party payors do not provide adequate coverage and reimbursement levels for our products, or if price controls are enacted, our product revenues will suffer.

If physicians and patients do not accept our products, we may not recover our investment.

The commercial success of our products, if they are approved for marketing, will depend upon the acceptance of our products as safe and effective by the medical community and patients.

The market acceptance of our products could be affected by a number of factors, including:

- the timing of receipt of marketing approvals;

- the safety and efficacy of the products;

- the success of existing products addressing our target markets or the emergence of equivalent or superior products; and
- the cost-effectiveness of the products.

In addition, market acceptance depends on the effectiveness of our marketing strategy, and, to date, we have very limited sales and marketing experience or capabilities. If the medical community and patients do not ultimately accept our products as being safe and effective, we may not recover our investment.

Risks Related to Our Industry

We face intense competition and if we are unable to compete effectively, the demand for our products, if any, may be reduced.

The biotechnology and pharmaceutical industries are subject to rapid and intense technological change. We face, and will continue to face, competition in the development and marketing of our product candidates from academic institutions, government agencies, research institutions and biotechnology and pharmaceutical companies. Competition may also arise from, among other things:

- other drug development technologies;
- methods of preventing or reducing the incidence of disease, including vaccines; and
- new small molecule or other classes of therapeutic agents.

Developments by others may render our product candidates or technologies obsolete or noncompetitive.

We are performing research on or developing products for the treatment of several disorders including insomnia, anxiety, depression, diabetes, multiple sclerosis, irritable bowel syndrome, eating disorders, pain, autoimmunity and various female and male disorders, and there are a number of competitors to products in our research pipeline. If one or more of our competitors products or programs are successful, the market for our products may be reduced or eliminated.

Compared to us, many of our competitors and potential competitors have substantially greater:

- capital resources;
- research and development resources, including personnel and technology;
- regulatory experience;
- pre-clinical study and clinical testing experience;
- manufacturing and marketing experience; and
- production facilities.

Any of these competitive factors could reduce demand for our products.

If we are unable to protect our intellectual property, our competitors could develop and market products based on our discoveries, which may reduce demand for our products.

Our success will depend on our ability to, among other things:

- obtain patent protection for our products;
- preserve our trade secrets;
- prevent third parties from infringing upon our proprietary rights; and
- operate without infringing upon the proprietary rights of others, both in the United States and internationally.

Because of the substantial length of time and expense associated with bringing new products through the development and regulatory approval processes in order to reach the marketplace, the pharmaceutical industry places considerable importance on obtaining patent and trade secret protection for new technologies, products and processes. Accordingly, we intend to seek patent protection for our proprietary technology and compounds. However, we face the risk that we may not obtain any of these patents and that the breadth of claims we obtain, if any, may not provide adequate protection of our proprietary technology or compounds.

We also rely upon unpatented trade secrets and improvements, unpatented know-how and continuing technological innovation to develop and maintain our competitive position, which we seek to protect, in part, by confidentiality agreements with our commercial collaborators, employees and consultants. We also have invention or patent assignment agreements with our employees and some, but not all, of our commercial collaborators and consultants. However, if our employees, commercial collaborators or consultants breach these agreements, we may not have adequate remedies for any such breach, and our trade secrets may otherwise become known or independently discovered by our competitors.

In addition, although we own a number of patents, the issuance of a patent is not conclusive as to its validity or enforceability, and third parties may challenge the validity or enforceability of our patents. We cannot assure you how much protection, if any, will be given to our patents if we attempt to enforce them and they are challenged in court or in other proceedings. It is possible that a competitor may successfully challenge our patents or that challenges will result in limitations of their coverage. Moreover, competitors may infringe our patents or successfully avoid them through design innovation. To prevent infringement or unauthorized use, we may need to file infringement claims, which are expensive and time-consuming. In addition, in an infringement proceeding a court may decide that a patent of ours is not valid or is unenforceable, or may refuse to stop the other party from using the technology at issue on the ground that our patents do not cover its technology. Interference proceedings declared by the United States Patent and Trademark Office may be necessary to determine the priority of inventions with respect to our patent applications or those of our licensors. Litigation or interference proceedings may fail and, even if successful, may result in substantial costs and be a distraction to management. We cannot assure you that we will be able to prevent misappropriation of our proprietary rights, particularly in countries where the laws may not protect such rights as fully as in the United States.

The technologies we use in our research as well as the drug targets we select may unintentionally infringe the patents or violate the proprietary rights of third parties.

We cannot assure you that third parties will not assert patent or other intellectual property infringement claims against us or our collaboration partners with respect to technologies used in potential products. Any claims that might be brought against us relating to infringement of patents may cause us to incur significant expenses and, if successfully asserted against us, may cause us to pay substantial damages. Even if we were to prevail, any litigation could be costly and time-consuming and could divert the attention of our management and key personnel from our business operations. Furthermore, if a patent infringement suit were brought against us or our collaboration partners, we or our collaboration partners could be forced to stop or delay developing, manufacturing or selling potential products that are claimed to infringe a third party’s intellectual property unless that party grants us or our collaboration partners rights to use its intellectual property. In such cases, we could be required to obtain licenses to patents or proprietary rights of others in order to continue to commercialize our products. However, we may not be able to obtain any licenses required under any patents or proprietary rights of third parties on acceptable terms, or at all. Even if our collaboration partners or we were able to obtain rights to the third party’s intellectual property, these rights may be non-exclusive, thereby giving our competitors access to the same intellectual property. Ultimately, we

may be unable to commercialize some of our potential products or may have to cease some of our business operations as a result of patent infringement claims, which could severely harm our business.

We face potential product liability exposure far in excess of our limited insurance coverage.

The use of any of our potential products in clinical trials, and the sale of any approved products, may expose us to liability claims. These claims might be made directly by consumers, health care providers, pharmaceutical companies or others selling our products. We have obtained limited product liability insurance coverage for our clinical trials in the amount of $10 million per occurrence and $10 million in the aggregate. However, our insurance may not reimburse us or may not be sufficient to reimburse us for any expenses or losses we may suffer. Moreover, insurance coverage is becoming increasingly expensive, and we may not be able to maintain insurance coverage at a reasonable cost or in sufficient amounts to protect us against losses due to liability. We intend to expand our insurance coverage to include the sale of commercial products if we obtain marketing approval for product candidates in development, but we may be unable to obtain commercially reasonable product liability insurance for any products approved for marketing. On occasion, juries have awarded large judgments in class action lawsuits based on drugs that had unanticipated side effects. A successful product liability claim or series of claims brought against us would decrease our cash reserves and could cause our stock price to fall.

Our activities involve hazardous materials and we may be liable for any resulting contamination or injuries.

Our research activities involve the controlled use of hazardous materials. We cannot eliminate the risk of accidental contamination or injury from these materials. If an accident occurs, a court may hold us liable for any resulting damages, which may reduce our cash reserves and force us to seek additional financing.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

A discussion of our exposure to, and management of, market risk appears in Part I, Item 2 of this Quarterly Report on Form 10-Q under the heading “Interest Rate Risk.”

ITEM 4. CONTROLS AND PROCEDURES

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our Exchange Act Reports is recorded, processed, summarized and reported within the timelines specified in the Securities and Exchange Commission’s rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, to allow timely disclosure. In designing and evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can only provide reasonable assurance of achieving the desired control objectives, and in reaching a reasonable level of assurance, management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

As of June 30, 2003, the end of the quarter covered by this report, we carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures. Based on the foregoing, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective. There has been no change in our internal controls over financial reporting during our most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal controls over financial reporting.   .

PART II: OTHER INFORMATION

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

(A) The Company's Annual Meeting of Stockholders was held on May 22, 2003 (the "Annual Meeting").

(B) The following Class I Directors were elected at the Annual Meeting:

Name	Position	Term Expires
Joseph A. Mollica, Ph.D.	Class I Director	2006
Wylie W. Vale, Ph.D.	Class I Director	2006
W. Thomas Mitchell	Class I Director	2006

The following Class II and III Directors continue to serve their respective terms which expire on the Company's Annual Meeting of Stockholders in the year as noted:

Name	Position	Term Expires
Stephen A. Sherwin, M.D.	Class II Director	2004
Richard F. Pops	Class II Director	2004
Lawrence Steinman, M.D.	Class III Director	2005
Gary A. Lyons	Class III Director	2005

(C) At the Annual Meeting, stockholders voted on three matters: (i) the election of three Class I Directors for a term of three years expiring in 2006, (ii) the approval of the adoption of the Company's 2003 Incentive Stock Plan and the reservation of 1,100,000 shares of common stock for issuance thereunder, and (iii) the ratification of the appointment of Ernst & Young LLP as the Company's independent auditors for the fiscal year ending December 31, 2003. The voting results were as follows:

(i) The election of three Class I Directors for a term of three years:

Joseph A. Mollica Ph.D.	For 26,148,306	Withhold 1,185,666
Wylie W. Vale, Ph.D.	For 26,264,156	Withhold 1,069,816
W. Thomas Mitchell	For 26,295,042	Withhold 1,038,930

(ii) Approval of the adoption of the Company's 2003 Incentive Stock Plan, and the reservation of 1,100,000 of shares of common stock reserved for issuance, thereunder:

For 23,492,776	Against 3,819,054	Abstain 22,142

(iii) Ratification of the appointment of Ernst & Young, LLP as independent auditors for the fiscal year ending December 31, 2003:

For 26,427,299	Against 905,180	Abstain 1,493

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(A) EXHIBITS.

Exhibit Number	Description
10.1	Employment Agreement dated June 16, 2003 between the Registrant and Robert Little
10.2	Agreement between the Registrant and Pardee Homes for Purchase and Sale of Real Property

Exhibit Number	Description
10.3	First Amendment to Agreement for Purchase and Sale of Real Property and Escrow Instructions between the Registrant and Pardee Homes
10.4	Second Amendment to Agreement for Purchase and Sale of Real Property and Escrow Instructions between the Registrant and Pardee Homes
10.5	Third Amendment to Agreement for Purchase and Sale of Real Property and Escrow Instructions between the Registrant and Pardee Homes
10.6	Agreement between the Registrant and Pfizer, Inc. for Purchase and Sale of Real Property
10.7	Agreement between Science Park Center LLC and Pfizer for Purchase and Sale of Real Property
10.8	Fourth Amendment to Operating Agreement for Science Park Center LLC
10.9	Neurocrine Biosciences, Inc. Nonqualified Deferred Compensation Plan, dated August 5, 2003
10.10	Neurocrine Biosciences, Inc. 2003 Incentive Stock Plan (1)
21.1	Subsidiaries of the Registrant
31.1	Certification of Chief Executive Officer pursuant to Rules 13a-14 and 15d-14 promulgated under the Securities Exchange Act of 1934.
31.2	Certification of Chief Financial Officer pursuant to Rules 13a-14 and 15d-14 promulgated under the Securities Exchange Act of 1934.
32*	Certifications of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

(1) Incorporated by reference to the Company's Registrations Statement on Form S-8 filed on June 6, 2003

* These certifications are being furnished solely to accompany this quarterly report pursuant to 18.U.S.C. Section 1350, and are not being file for purposes of Section 18 of the Securities Exchange Act of 1934 and are not to be incorporated by reference into any filing of Neurocrine Bioscience, Inc., whether made before or after the date hereof, regardless of any general incorporation language in such filing.

(B) REPORTS ON FORM 8-K.

On April 9, 2003, the Company filed a report on Form 8-K, which reported under Item 5, the appointment of Lloyd Flanders to the position of Senior Vice President of Development.

On June 3, 2003 the Company filed a report on Form 8-K, which reported under Item 5, the appointment of Robert J. Little to the position of Senior Vice President of Commercial Operations.

[Table of Contents]

SIGNATURES

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

Dated: August 8, 2003	/s/ Paul W. Hawran
	Paul W. Hawran Executive Vice President and Chief Financial Officer (Duly authorized Officer and Principal Financial Officer)

EXHIBIT 10.1

EMPLOYMENT AGREEMENT

EMPLOYMENT AGREEMENT, dated as of June 16, 2003 by and between NEUROCRINE BIOSCIENCES, INC., 10555 Science Center Drive, San Diego, California 92121 (hereinafter the "Company"), and Robert Little (hereinafter "Executive").

R E C I T A L S

WHEREAS, the Company and Executive wish to set forth in this Agreement the terms and conditions under which Executive is to be employed by the Company on and after the date hereof; and

NOW, THEREFORE, the Company and Executive, in consideration of the mutual promises set forth herein, agree as follows:

ARTICLE 1

TERM OF AGREEMENT

1.1 COMMENCEMENT DATE. Executive's fulltime employment with the Company under this Agreement shall commence as of June 10, 2003 ("Commencement Date") and this Agreement shall expire after a period of three (3) years from the Commencement Date, unless renewed in accordance with paragraph 1.2 or terminated pursuant to Article 6.

1.2 RENEWAL. The term of this Agreement shall be automatically renewed for successive, additional three (3) year terms unless either party delivers written notice to the other at least ninety (90) days prior to the end of any term of an intention to terminate this Agreement or to renew it for a term of less than three (3) years but not less than (1) year. If the term of this Agreement is renewed for a term of less than three (3) years, then thereafter the term of this Agreement shall be automatically renewed for successive, additional identical terms unless either party delivers a written notice to the other of an intention to terminate this Agreement or to renew it for a different term of not less than one (1) year, such notice to be delivered at least ninety (90) days prior to the end of any term. The Company's failure to renew this Agreement at the end of any term shall be considered a termination without Cause as set forth in Section 6.4 below.

ARTICLE 2

EMPLOYMENT DUTIES

2.1 TITLE/RESPONSIBILITIES. Executive hereby accepts employment with the Company pursuant to the terms and conditions hereof. Executive agrees to serve the Company as a Senior Vice President Commercial Operations reporting to the Chief Executive Officer. Executive shall have the powers and duties commensurate with such position, including but not

limited to hiring personnel necessary to carry out the responsibilities for such position as set forth in the annual business plan approved by the Board of Directors.

2.2 FULL TIME ATTENTION. Executive shall devote his best efforts and his full business time and attention to the performance of the services customarily incident to such office and to such other services as the President or Board may reasonably request.

2.3 OTHER ACTIVITIES. Except upon the prior written consent of the President & Chief Executive Officer, Executive shall not during the period of employment engage, directly or indirectly, in any other business activity (whether or not pursued for pecuniary advantage) that is or may be competitive with, or that might place him in a competing position to that of the Company or any other corporation or entity that directly or indirectly controls, is controlled by, or is under common control with the Company (an "Affiliated Company"), provided that Executive may own less than two percent (2%) of the outstanding securities of any such publicly traded competing corporation.

ARTICLE 3

COMPENSATION

3.1 BASE SALARY. Executive shall receive a Base Salary at an annual rate of three hundred thousand dollars ($300,000), payable semi-monthly in equal installments in accordance with the Company's normal payroll practices. The Chief Executive Officer shall provide Executive with annual performance reviews, and, thereafter, Executive shall be entitled to such increase in Base Salary as the Chief Executive Officer and Board of Directors may from time to time establish in their sole discretion.

3.2 SIGNING BONUS. Executive will receive a signing bonus equal to fifty thousand dollars ($50,000). In the event Executive voluntarily terminates employment with the Company prior to June 16, 2004, Executive will repay the signing bonus to the Company on a prorata basis based on the uncompleted period of employment.

3.3 INCENTIVE BONUS. In addition to any other bonus Executive shall be awarded by the Company's Board of Directors, the Company shall pay Executive an annual bonus as determined by the Chief Executive Officer and Company's Board of Directors based upon achievement of Executive in meeting personal goals approved by the Chief Executive Officer and Board of Directors and achievement by the Company of corporate goals approved by the Board of Directors annually. Executive's personal goals and the Company's corporate goals will be set forth in writing by Board of Directors within ninety (90) days after the start of the Company's fiscal year. The Chief Executive Officer and Board of Directors shall, in their sole discretion, determine whether Executive's personal goals have been obtained. The Board of Directors shall, in its sole discretion, determine whether the corporate goals have been obtained.

3.3 EQUITY. The Executive will receive 3000 shares of restricted stock that will vest 1/36 per month over a three year period. The Executive will also receive a stock option to

purchase 75,000 shares of the Company's common stock with an exercise price of equal to the closing price of the Company's common stock as quoted on the NSADAQ National Market System on June 16, 2003. Such option shall vest over a four-year period with 25% of such vesting occurring on June 16, 2004 and 1/48 per month thereafter in accordance with the terms of the Company's 2003 Incentive Stock Incentive Plan, as amended. Each year starting in 2004 and continuing for the term of this Agreement, the Executive will be eligible to receive a Stock Option award under the Company's 2003 Incentive Stock Option Plan with the number of shares and exercise price as shall be determined by the Board of Directors.

3.4 WITHHOLDINGS. All compensation and benefits payable to Executive hereunder and the Agreement shall be subject to all federal, state, local and other withholdings and similar taxes and payments required by applicable law.

ARTICLE 4

EXPENSE ALLOWANCES AND FRINGE BENEFITS

4.1 VACATION. Executive shall be entitled to the greater of three (3) weeks of annual paid vacation or the amount of annual paid vacation to which Executive may become entitled under the terms of Company's vacation policy for employees during the term of this Agreement.

4.2 BENEFITS. During the term of this Agreement, the Company shall also provide Executive with the usual health insurance benefits it generally provides to its other senior management employees. As Executive becomes eligible in accordance with criteria to be adopted by the Company, the Company shall provide Executive with the right to participate in and to receive benefit from life, accident, disability, medical, pension, bonus, stock, profit-sharing and savings plans and similar benefits made available generally to executives of the Company as such plans and benefits may be adopted by the Company. The amount and extent of benefits to which Executive is entitled shall be governed by the specific benefit plan as it may be amended from time to time.

4.3 BUSINESS EXPENSE REIMBURSEMENT. During the term of this Agreement, Executive shall be entitled to receive proper reimbursement for all reasonable out-of-pocket expenses incurred by him (in accordance with the policies and procedures established by the Company for its senior executive officers) in performing services hereunder. Executive agrees to furnish to the Company adequate records and other documentary evidence of such expense for which Executive seeks reimbursement. Such expenses shall be reimbursed and accounted for under the policies and procedure established by the Company.

4.4 RELOCATION. The Company will reimburse the Executive for reasonable and customary out of pocket expenses relating to:

(i) Two house hunting trips to San Diego for Executive and up to one other person including round trip coach airfare and up to five (5) days lodging.

(ii) One-way coach airfare for Executive and up to one other person for final relocation to San Diego.

(iii) Temporary housing rent expenses following Executive's relocation to San Diego for a period of up to three (3) months subject to extension as reasonably necessary.

(iv) Reasonable and customary moving expenses (including temporary storage) of household goods and personal property (including up to three (3) vehicles) to San Diego.

(v) Rental car for up to ten (10) days (or longer dependent on arrival of Executive's vehicles in San Diego) following relocation to San Diego.

(vi) Reasonable and customary real estate commissions and closing costs on the sale of Executive's New Jersey home (including legal fees, transfer taxes, brokerage fees, title insurance and other non-recurring fees).

(vii) Up to 1.5 points of the principal balance of the mortgage on the first San Diego home purchased by Executive prior to June 16, 2005.

(viii) Up to two (2) trips to New Jersey to co-ordinate sale of Executive's New Jersey home and relocation of household goods and personal property including round trip coach airfare and reasonable paid vacation.

(ix) Cost to retain a tax specialist to provide personal income tax guidance associated with the Executive's relocation expenses for a three (3) year period.

(x) Incremental increase in federal and state income tax for a period of two (2) years by reason of payment by the Company of expenses set forth in (iii), (v) and (vi) above except for those expenses which are deductible for federal and state income tax purposes.

In the event Executive voluntarily terminates employment with the Company prior to June 16, 2004, Executive will repay to the Company all amounts paid by the Company to the Executive or on the Executive's behalf pursuant to (i)-(x) above on a prorata basis based on the uncompleted period of employment.

4.5 MORTGAGE EQUALIZATION. In connection with the purchase of a home in the San Diego area, the Company will provide an annual mortgage equalization payment over a five (5) year period. Such payments will be based on the a $250,000 differential in cost of equivalent homes in san Diego and New Jersey, will assume a 6% mortgage interest rate and will decline by 20% each year. Such annual equalization payments will be as follows from the date of purchase and payable semi-monthly (i) Year One - $15,000; (ii) Year Two - $12,000; (iii) Year Three - $9,600; (iv) Year Four - $7680; and (v) Year Five - $6144.

ARTICLE 5

CONFIDENTIALITY

5.1 PROPRIETARY INFORMATION. Executive represents and warrants that he has previously executed and delivered to the Company the Company's standard Proprietary Information and Inventions Agreement in form acceptable to the Company's counsel.

5.2 RETURN OF PROPERTY. All documents, records, apparatus, equipment and other physical property which is furnished to or obtained by Executive in the course of his employment with the Company shall be and remain the sole property of the Company. Executive agrees that, upon the termination of his employment, he shall return all such property (whether or not it pertains to Proprietary Information as defined in the Proprietary Information and Inventions Agreement), and agrees not to make or retain copies, reproductions or summaries of any such property.

5.3 NO USE OF PRIOR CONFIDENTIAL INFORMATION. Executive will not intentionally disclose to the Company or use on its behalf any confidential information belonging to any of his former employers or any other third party.

ARTICLE 6

TERMINATION

6.1 BY DEATH. The period of employment shall terminate automatically upon the death of Executive. In such event, all stock options held by Executive at the time of termination will continue to vest for a period of six (6) months following termination. All stock options held by Executive that are vested at the time of termination or within six (6) months thereafter will be exercisable in accordance with their terms for a period of one year. In addition, the Company shall pay to Executive's beneficiaries or his estate, as the case may be, any accrued Base Salary, any bonus compensation to the extent earned, any vested deferred compensation (other than pension plan or profit-sharing plan benefits which will be paid in accordance with the applicable plan), any benefits under any plans of the Company in which Executive is a participant to the full extent of Executive's rights under such plans, any accrued vacation pay and any appropriate business expenses incurred by Executive in connection with his duties hereunder, all to the date of termination (collectively Accrued Compensation), but no other compensation or reimbursement of any kind, including, without limitation, severance compensation, and thereafter, the Company's obligations hereunder shall terminate.

6.2 BY DISABILITY. If Executive is prevented from properly performing his duties hereunder by reason of any physical or mental incapacity for a period of one hundred twenty (120) consecutive days, or for one hundred and eighty (180) days in the aggregate in any three hundred and sixty-five (365) day period, then, to the extent permitted by law, the Company may terminate the employment of Executive at such time. In such event, all stock options held by Executive at the time of termination will continue to vest for a period of six (6) months following termination. All stock options held by Executive that are vested at the time of termination or within six (6) months thereafter will be exercisable in accordance with their terms for a period of one year following termination. In addiiton, the Company shall pay to Executive all Accrued Compensation, and shall continue to pay to Executive the Base Salary until such time, as Executive shall become entitled to receive disability insurance payments under the disability insurance policy maintained by the Company, but no other compensation or reimbursement of any kind, including without limitation, severance compensation, and

thereafter the Company's obligations hereunder shall terminate. Nothing in this Section shall affect Executive's rights under any disability plan in which he is a participant.

6.3 BY COMPANY FOR CAUSE. The Company may terminate the Executive's employment for Cause (as defined below) without liability at any time with or without advance notice to Executive. The Company shall pay Executive all Accrued Compensation, but no other compensation or reimbursement of any kind, including without limitation, severance compensation, and thereafter the Company's obligations hereunder shall terminate. Termination shall be for "Cause" in the event of the occurrence of any of the following: (a) any intentional action or intentional failure to act by Executive which was performed in bad faith and to the material detriment of the Company; (b) Executive intentionally refuses or intentionally fails to act in accordance with any lawful and proper direction or order of the Chief Executive Officer; (c) Executive willfully and habitually neglects the duties of employment; or (d) Executive is convicted of a felony crime involving moral turpitude, provided that in the event that an of the foregoing events is capable of being cured, the Board of Directors shall provide written notice to Executive describing the nature of such event and Executive shall thereafter have ten (10) business days to cure such event.

6.4 TERMINATION WITHOUT CAUSE. At any time, the Company may terminate the employment of Executive without liability other than as set forth below, for any reason not specified in Section 6.3 above, by giving thirty (30) days advance written notice to Executive. If the Company elects to terminate Executive pursuant to this Section 6.4,

(a) the Company shall pay to Executive all Accrued Compensation,

(b) the Company shall continue to pay to Executive as provided herein Executive's Base Salary over the period equal to nine (9) months from the date of such termination as severance compensation,

(c) the Company shall make a lump sum payment to Executive in an amount equal to a pro rata portion of the Executive's annual actual cash incentive bonus for Company's fiscal year preceding the year of termination based on the number of completed months of Executive's employment in the fiscal year plus nine (9)

(d) the vesting of all outstanding stock options held by Executive shall be accelerated so that the amount of shares vested under such option shall equal that number of shares which would have been vested if the Executive had continued to render services to the Company for nine (9) continuous months after the date of his termination of employment, and

(e) the Company shall pay all costs which the Company would otherwise have incurred to maintain all of Executive's health and welfare, and retirement benefits (either on the same or substantially equivalent terms and conditions) if the Executive had continued to render services to the Company for nine (9) continuous months after the date of his termination of employment.

The Company shall have no further obligations to Executive other than those set forth in the preceding sentence. During the period when such severance compensation is being paid to Executive, Executive shall not (i) engage, directly or indirectly, in providing services to any other business program or project that is competitive to a program or project being conducted by the Company or any Affiliated Company at the time of such employment termination (provided that Executive may own less than two percent (2%)

of the outstanding securities of any publicly traded corporation), or (ii) hire, solicit, or attempt to solicit on behalf of himself or any other party or any employee or exclusive consultant of the Company. If the Company terminates this Agreement or the employment of Executive with the Company other than pursuant to Section 6.1, 6.2 or 6.3, then this section 6.4 shall apply.

6.5 CONSTRUCTIVE TERMINATION A Constructive Termination shall be deemed to be a termination of employment of Executive without cause pursuant to Section 6.4. For Purposes of this Agreement, a "Constructive Termination" means that the Executive voluntarily terminates his employment except in connection with the termination of his employment for death, disability, retirement, fraud, misappropriation, embezzlement (or any other occurrence which constitutes "Cause" under section 6.3) or any other voluntary termination of employment by Executive other than a Constructive Termination after any of the following are undertaken without Executive's express written consent:

(a) the assignment to Executive of any duties or responsibilities which result in any diminution of position as judged against the duties and responsibilities assigned to executives with Executive's position in the Company's peer group of companies and shall not include (i) duties and responsibilities assigned to Executive with the understanding that as the Company grows and management staff increases in number, such duties and responsibilities will eventually be reassigned in a manner consistent with the Company's peer group of companies, (ii) change in reporting relationship that does not change in any material way the Executive's duties and responsibilities or (iii) any change in duties or responsibilities or reporting relationships that Executive does not identify as Constructive Termination to the Chief Executive Officer in writing within 15 days following the Chief Executive Officer's proposal of such change to Executive;

(b) a reduction by the Company in Executive's annual Base Salary by greater than five percent (5%);

(c) a relocation of Executive or the Company's principal executive offices if Executive's principal office is at such offices, to a location more than forty (40) miles from the location at which Executive is then performing his duties, except for an opportunity to relocate which is accepted by Executive in writing;

(d) any material breach by the Company of any provision of this Agreement; or

(e) any failure by the Company to obtain the assumption of this Agreement by any successor or assign of the Company.

6.6 TERMINATION FOLLOWING CHANGE IN CONTROL. In the event of a termination Without Cause or Constructive Termination within six (6) months after a Change in Control (as defined below) or Executive's voluntary termination within thirty (30) days following the six (6) month anniversary of a Change in Control, the Company shall pay to Executive a lump sum severance payment in an amount equal to one (1.0) times (Executive's then Base Salary plus annual actual

cash incentive bonus for Company's fiscal year preceding the year of termination). In addition, the Executive will receive at Executive's option (i) accelerated vesting of all stock options held by Executive by reason of the assumption or substitution of successor corporation stock options for the Executive's unvested Company stock options at the time of the Change in Control pursuant to the terms of the Company's 1992 Stock Incentive Plan, as amended, or (ii) a cash payment equal to the cash value of all unvested Company stock options held by Executive at the time of the Change in Control. In addition, the Executive will be reimbursed for the increase in federal and state income taxes payable by Executive by reason of the benefits provided under this Section 6.6.

6.7 CHANGE IN CONTROL. For purposes of this Agreement, a "Change in Control" shall have occurred if at any time during the term of Executive's employment hereunder, any of the following events shall occur:

(a) The Company is merged, or consolidated. or reorganized into or with another corporation or other legal person, and as a result of such merger, consolidation or reorganization less than fifty percent (50%) of the combined voting power of the then-outstanding securities of such corporation or person immediately after such transaction are held in the aggregate by the holders of voting securities of the Company immediately prior to such transaction;

(b) The Company sells all or substantially all of its assets or any other corporation or other legal person and thereafter, less than fifty percent (50%) of the combined voting power of the then-outstanding voting securities of the acquiring or consolidated entity are held in the aggregate by the holders of voting securities of the Company immediately prior to such sale;

(c) There is a report filed after the date of this Agreement on Schedule 13 D or schedule 14 D-1 (or any successor schedule, form or report), each as promulgated pursuant to the Securities Exchange Act of l934 (the "Exchange Act" disclosing that any person (as the term "person" is used in Section 13(d)(3) or Section 14(d)(2) of the exchange Act) has become the beneficial owner (as the term beneficial owner is defined under Rule 13d-3 or any successor rule or regulation promulgated under the Exchange Act) representing fifty percent (50%) or more of the combined voting power of the then-outstanding voting securities of the Company;

(d) The Company shall file a report or proxy statement with the Securities and Exchange Commission pursuant to the Exchange Act disclosing in response to item 1 of Form 8-X thereunder or Item 5(f) of Schedule 14 A thereunder (or any successor schedule, form or report or item therein) that the change in control of the Company has or may have occurred or will or may occur in the future pursuant to any then-existing contract or transaction; or

(e) During any period of two (2) consecutive years, individuals who at the beginning of any such period constitute the directors of the Company cease for any reason to constitute at least a majority thereof unless the election to the nomination for

election by the Company's shareholders of each director of the Company first elected during such period was approved by a vote of at least two-thirds of the directors of the Company then still in office who were directors of the Company at the beginning of such period.

6.8 TERMINATION BY EXECUTIVE. At any time, Executive may terminate his employment by giving thirty (30) days advance written notice to the Company. The Company shall pay Executive all Accrued Compensation, but no other compensation or reimbursement of any kind, including without limitation, severance compensation, and thereafter the Company's obligations hereunder shall terminate.

6.9 MITIGATION. Except as otherwise specifically provided herein, Executive shall not be required to mitigate the amount of any payment provided under this Agreement by seeking other employment or self-employment, nor shall the amount of any payment provided for under this Agreement be reduced by any compensation earned by Executive as a result of employment by another employer or through self-employment or by retirement benefits after the date of Executive's termination of employment from the Company.

6.10 COORDINATION. If upon termination of employment, Executive becomes entitled to rights under other plans, contracts or arrangements entered into by the Company, this Agreement shall be coordinated with such other arrangements so that Executive's rights under this Agreement are not reduced, and that any payments under this Agreement offset the same types of payments otherwise provided under such other arrangements, but do not otherwise reduce any payments or benefits under such other arrangements to which Executive becomes entitled.

ARTICLE 7

GENERAL PROVISIONS

7.1 GOVERNING LAW. The validity, interpretation, construction and performance of this Agreement and the rights of the parties thereunder shall be interpreted and enforced under California law without reference to principles of conflicts of laws. The parties expressly agree that inasmuch as the Company's headquarters and principal place of business are located in California, it is appropriate that California law govern this Agreement.

7.2 ASSIGNMENT; SUCCESSORS BINDING AGREEMENT.

(a) Executive may not assign, pledge or encumber his interest in this Agreement or any part thereof.

(b) The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company, by operation of law or by agreement in form and substance reasonably satisfactory to Executive, to assume and agree to perform this

Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place.

(c) This Agreement shall inure to the benefit of and be enforceable by Executive's personal or legal representatives, executors, administrators, successors, heirs, distributee, devisees and legatees. If Executive should die while any amount is at such time payable to his hereunder, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to Executive's devisee, legates or other designee or, if there be no such designee, to his estate.

7.3 CERTAIN REDUCTION OF PAYMENTS. In the event that any payment or benefit received or to be received by Executive under this Agreement would result in all or a portion of such payment to be subject to the excise tax on "golden parachute payments" under Section 4999 of the Internal Revenue Code of 1986, as amended (the "Code"), then Executive's payment shall be either (a) the full payment or (b) such lesser amount which would result in no portion of the payment being subject to excise tax under Section 4999 of the Code, whichever of the foregoing amounts, taking into account the applicable Federal, state and local employment taxes, income taxes, and the excise tax imposed by Section 4999 of the Code, results in the receipt by Executive on an after-tax basis, of the greatest amount of the payment notwithstanding that all or some portion of the payment may be taxable under Section 4999 of the Code.

7.4 NOTICE. For the purposes of this Agreement, notices and all other communications provided for in this Agreement shall be in writing and shall be deemed to have been duly given when delivered or mailed by certified or registered mail, return receipt requested, postage prepaid, addressed to the respective addresses set forth below or to such other address as either party may have furnished to the other in writing in accordance herewith, except that notice of change of address shall be effective only upon receipt.

To the Company:

Neurocrine Biosciences, Inc.
10555 Science Center Drive
San Diego, CA 92121
Attn.: President & Chief Executive Officer

To Executive:

7.5 MODIFICATION; WAIVER; ENTIRE AGREEMENT. No provisions of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing signed by Executive and such officer as may be specifically designated by the Board of the Company. No waiver by either party hereto at any time of any breach by the other party of, or compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or any prior or subsequent time. No agreements or representations, oral or otherwise,

express or implied, with respect to the subject matter hereof have been made by either party which are not expressly set forth in this Agreement.

7.6 VALIDITY. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.

7.7 CONTROLLING DOCUMENT. Except to the extent described in Section 6.l0, in case of conflict between any of the terms and condition of this Agreement and the document herein referred to, the terms and conditions of this Agreement shall control.

7.8 EXECUTIVE ACKNOWLEDGMENT. Executive acknowledges (a) that he has consulted with or has had the opportunity to consult with independent counsel of his own choice concerning this Agreement, and has been advised to do so by the Company, and (b) that he has read and understands the Agreement, is fully aware of its legal effect, and has entered into it freely based on his own judgment.

7.9 REMEDIES.

(a) INJUNCTIVE RELIEF. The parties agree that the services to be rendered by Executive hereunder are of a unique nature and that in the event of any breach or threatened breach of any of the covenants contained herein, the damage or imminent damage to the value and the goodwill of the Company's business will be irreparable and extremely difficult to estimate, making any remedy at law or in damages inadequate. Accordingly, the parties agree that the Company shall be entitled to injunctive relief against Executive in the event of any breach or threatened breach of any such provisions by Executive, in addition to any other relief (including damage) available to the Company under this Agreement or under law.

(b) EXCLUSIVE. Both parties agree that the remedy specified in Section 7.9(a) above is not exclusive of any other remedy for the breach by Executive of the terms hereof.

7.10 COUNTERPARTS. This Agreement may be executed in one or more counterparts, all of which taken together shall constitute one and the same Agreement.

7.11 PREVAILING PARTY EXPENSES. In the event that any action or proceeding is commenced to enforce the provisions of the Agreement, the court adjudicating such action or proceeding shall award to the prevailing party all costs and expenses thereof, including, but not limited to, all reasonable attorneys' fees, court costs, and all other related expenses.

EXECUTED BY THE PARTIES AS OF THE DAY AND YEAR FIRST ABOVE WRITTEN.

NEUROCRINE BIOSCIENCES, INC

/s/ Robert Little

Robert Little

By: /s/ Gary A. Lyons

Gary A. Lyons,
President and Chief Executive Officer

EXHIBIT 10.2

AGREEMENT FOR

PURCHASE AND SALE

OF REAL PROPERTY

AND ESCROW INSTRUCTIONS

This Agreement for Purchase and Sale of Real Property and Escrow Instructions (the "AGREEMENT") is made and entered into as of the 15th day of October, 2002, by and between PARDEE HOMES, a California corporation, formerly named Pardee Construction Company ("SELLER"), and NEUROCRINE BIOSCIENCES, INC., a Delaware corporation ("BUYER").

R E C I T A L S

A. Seller presently owns the fee interest in and to that certain real property consisting of approximately 13.77 acres of land, located in the City of San Diego, County of San Diego, State of California, as depicted on the Site Plan attached as Exhibit "A" and made a part hereof (hereinafter the "PROPERTY"). The Property currently consists of two (2) legal parcels and a portion of a third legal parcel, hereinafter referred to as follows: a single legal parcel consisting of approximately 7.73 acres of land ("PARCEL A"), as so depicted on Exhibit "A"; and a single legal parcel consisting of approximately 4.36 acres of land ("PARCEL B"), as so depicted on Exhibit "A" and legally described on Exhibit "B" attached hereto and incorporated herein. Prior to the "First Closing" (as defined in Paragraph 5(b) below) Seller intends to cause the Lot Line Adjustment (as defined in Paragraph 3(c) below) to be completed, which shall result in the existing boundary lines for Parcel A to be similar to those depicted on Exhibit "A," as legally described on Exhibit "B" attached hereto and incorporated herein, and resulting in the increase of the area of Parcel A to approximately 9.41 acres of Land. As used herein, the term "PROPERTY" shall be deemed to include all of Seller's right, title and interest in and to: the land of Parcels A and B (as expanded pursuant to the Lot Line Adjustment), together with all rights, privileges and easements appurtenant thereto or used in connection therewith, including, without limitation, all development rights, air rights, solar rights, water, water rights and water stock relating thereto, oil, gas and mineral rights, if any, all strips and gores, and all of Seller's right, title and interest in and to any streets, alleys, easements, rights-of-way, public ways, or other rights appurtenant, adjacent or connected thereto or used in connection therewith, whether or not of record (collectively, the "LAND"); (ii) all improvements on or in, the Land (collectively, the "IMPROVEMENTS"), and (iii) all intangible property (collectively, the "INTANGIBLE PROPERTY") now owned by Seller and used in connection with the Land or the Improvements, including, without limitation, any pending or future award made in condemnation thereof, or any payment in lieu of such condemnation, any award or payment for damage thereto, and any proceeds of insurance or claim of cause of action for damage, injury or loss thereto or thereof, any architectural, site, landscaping or other permits, applications, approvals, authorizations and other entitlements, transferable guarantees and warranties covering the Land and/or Improvements, all contract rights and all transferable utility contracts (including all deposit interests therein).

B. Seller desires to sell the Property to Buyer, and Buyer desires to purchase the Property from Seller, all on the terms and conditions hereinafter provided.

C. The parties have agreed that the sale of the Property shall be completed at two (2) closings, the "FIRST CLOSING" and "SECOND CLOSING," respectively. At the First Closing, Seller shall convey and Buyer shall purchase Parcel A (as depicted on Exhibit "A"), along with a ground lease of Parcel B. At the Second Closing, Seller shall convey and Buyer shall purchase Parcel B (as depicted on Exhibit "A").

NOW, THEREFORE, in consideration of the mutual promises contained herein and other valuable consideration, the parties hereto agree as follows:

1. Purchase of the Property.

For the purchase price and upon the terms and conditions hereinafter set forth, Seller agrees to sell the Property to Buyer and Buyer agrees to purchase the Property from Seller subject to the terms, covenants and conditions herein set forth.

2. Purchase Price of the Property.

The purchase price of the Property (the "PURCHASE PRICE") shall be approximately Twenty Five Million One Hundred Ninety-Two Thousand Four Hundred Ninety and 40/100 Dollars ($25,192,490.40), and shall more exactly equal the sum of: Forty-Two Dollars ($42.00) multiplied by the gross land area (in square feet) of the Property. The exact measurement of the square footage of the gross land of Parcel A and Parcel B shall be determined by the Survey to be obtained by Seller as provided in paragraph 3(a)(ii) below. The Purchase Price shall be payable as follows:

(a) Within seven (7) days after the Opening of Escrow, Buyer shall deposit with the Escrow Holder (defined in paragraph 5(a) below) the sum of Five Hundred Thousand Dollars ($500,000) (the "DEPOSIT") in the form of cash or immediately available funds.

(b) No later than one (1) business day after the expiration of the Due Diligence Period (provided that Buyer has not terminated this Agreement), Buyer shall deposit with Escrow Holder the additional sum of Five Hundred Thousand Dollars ($500,000) which shall become a part of the Deposit; unless Buyer elects to extend the First Closing in accordance with paragraph 27 below, in which event Buyer shall deposit with Escrow Holder the additional sum of Two Million Five Hundred Thousand Dollars ($2,500,000), for a total Deposit of Three Million Dollars ($3,000,000).

(c) At least one (1) day prior to the First Closing Date (as defined in paragraph 5(b) below), Buyer shall deliver into Escrow in immediately available funds that portion of the Purchase Price allocable to Parcel A, which shall be an amount equal to the sum of Forty Two Dollars ($42.00) multiplied by the gross land area (in square feet) of Parcel A (approximately Seventeen Million Two Hundred Fifteen Thousand Seven Hundred Eighty Three and 20/100 ($17,215,783.20)) (the "PARCEL A PURCHASE PRICE"), plus the Seller's Carry Costs payable pursuant to Section 27 below, if any less the Deposit and

interest thereon, plus or minus any adjustments for prorations and expenses required under paragraph 5(g) below for the First Closing.

(d) At least one (1) day prior to the Second Closing Date (as defined in paragraph 5(b) below), Buyer shall deliver into Escrow in immediately available funds that portion of the Purchase Price allocable to Parcel B, which shall be an amount equal to the sum of Forty-Two Dollars ($42.00) multiplied by the gross land area (in square feet) of Parcel B (approximately Seven Million Nine Hundred Seventy-Six Thousand Seven Hundred Seven Dollars and 20/100 ($7,976,707.20)) (the "PARCEL B PURCHASE PRICE"), less any credits against such purchase price pursuant to the terms of this Agreement, plus or minus any adjustments for prorations and expenses required under paragraph 5(g) below for the Second Closing.

(e) All monetary deposits in escrow by Buyer shall be placed in a separate interest bearing account for Buyer's benefit at a federally-insured financial institution, as Buyer shall direct. The Escrow Holder shall pay all interest accruing on the Deposit to Buyer on a monthly basis prior to the First Closing Date. Buyer and Seller shall instruct Escrow Holder to take instructions solely from Buyer regarding the investment and release of the Deposit during the period from the date deposited until the expiration of the Due Diligence Period, without any further authorization from Seller and notwithstanding any subsequent instructions to the contrary by Seller. After the expiration of the Due Diligence Period, unless acting pursuant to instructions received from Buyer prior to the expiration of the Due Diligence Period, Escrow Holder shall not release the Deposit, or any portion thereof, to Buyer, or change the nature or location of the investment of the Deposit, without prior written authorization to do so from both Seller and Buyer. With respect to the Deposit, Seller shall have no obligations to Buyer and Buyer shall have no obligations to Seller for any acts or omissions of the Escrow Holder or any institution in which the Deposit is invested by Escrow Holder.

3. Contingencies to the Purchase.

(a) Buyer's obligations under this Agreement are expressly conditioned upon the satisfaction or waiver of the following:

(i) Buyer's approval, in its sole discretion, of all matters of title affecting the Property as disclosed by a preliminary title report to be issued by Chicago Title Company ("TITLE COMPANY") covering the Property and fully-legible copies of all documents referred to in the exceptions set forth therein (the "TITLE REPORT"). Seller shall cause Title Company to deliver the Title Report to Buyer within five (5) business days after the full execution of this Agreement. Unless objected to in writing by Buyer prior to the end of the Due Diligence Period (defined in subparagraph (a)(iv) below), the exceptions and liens set forth on the Title Report shall be deemed approved by Buyer. Notwithstanding the foregoing, except for property taxes and assessments not yet due and payable and any liens created or caused by Buyer, any monetary liens ("MONETARY LIENS") upon the Property shall be eliminated by Seller prior to the First Closing Date. Any encumbrances disapproved by Buyer in writing other than the Monetary Liens are hereinafter referred to

as the "DISAPPROVED TITLE MATTERS". The exceptions and liens set forth on the Title Report, excepting the Disapproved Title Matters and Monetary Liens, shall be referred to herein as the "PERMITTED ENCUMBRANCES." Within seven (7) days after receiving any written notice of disapproval, Seller shall indicate whether it is willing or able to eliminate or correct the Disapproved Title Matters. If Seller fails to commit in writing, within ten (10) days after Seller's receipt of such disapproval, to eliminate or correct any Disapproved Title Matter, Seller shall be deemed to have indicated its unwillingness to eliminate the Disapproved Title Matter and Buyer shall have the option either to waive such Disapproved Title Matter in writing, in which case the title matter shall become a Permitted Encumbrance, or terminate this Agreement. In the event Buyer fails to elect to waive or terminate within ten (10) days after the expiration of said ten (10) day period, Buyer shall be deemed to have waived its right to terminate by reason of such Disapproved Title Matters. In the event Seller has agreed to remove the Disapproved Title Matters, but has not removed the Disapproved Title Matters within sixty (60) days after receipt of Buyer's notice of disapproval, Buyer, at its option, may either: (1) elect in writing to waive its prior disapproval; or (2) treat the failure to eliminate the Disapproved Title Matter as a failure of a contingency under this Agreement, in which event Buyer shall have the right to terminate this Agreement.

(ii) Within ten (10) days after the completion of the Lot Line Adjustment, Seller shall cause the Title Report to be updated and delivered by the Title Company to Buyer, to reflect any changes to matters of title affecting the Property resulting therefrom. The parties shall have the respective rights and obligations with respect to any new or changed title matters disclosed by the updated Title Report as are set forth above except that if any such new or changed title matters are disclosed after the expiration of the Due Diligence Period, Buyer shall have ten (10) days after receipt of the Updated Title Report to provide Seller with written notice of Buyer's disapproval of any of such title matters as Disapproved Title Matters. Within ten (10) days after receipt of Buyer's written notice of disapproval, Seller shall indicate whether Seller is willing and able to eliminate or correct such Disapproved Title Matters. If Seller fails to so commit in writing within ten (10) days after Seller's receipt of such disapproval, Seller shall be deemed to have indicated its unwillingness to eliminate the Disapproved Title Matter and Buyer shall have the option either to waive such Disapproved Title Matter in writing, in which case the title matter shall become a Permitted Encumbrance, or terminate this Agreement. In the event Buyer fails to elect to waive or terminate within ten (10) days after the expiration of the ten (10) day period for Seller's response, Buyer shall be deemed to have waived its right to terminate by reason of such Disapproved Title Matters. In the event Seller has agreed to remove the Disapproved Title Matters, but has not removed the Disapproved Title Matters within thirty (30) days after receipt of Buyer's notice of disapproval, Buyer, at its option, may either: (1) elect in writing to waive its prior disapproval; or (2) treat the failure to eliminate the Disapproved Title Matter as a failure of a contingency under this Agreement, in which event Buyer shall have the right to terminate this Agreement. Additionally, in the event that Title Company issues any modification or supplement to the Title Report between the expiration of the Due Diligence Period and the First Closing Date (with respect to Parcel A) or the Second Closing Date (with respect to Parcel B) that is not the result of activities of Buyer or any of Buyer's agents, representatives,

consultants or contractors, and, if, in Buyer's reasonable judgment, the change materially and adversely affects the Property or Buyer's projected use thereof, Buyer shall have three (3) business days after receipt of the modification or supplement to the Title Report in which to object thereto by written notice to Seller. If Buyer objects to such a change, Seller shall have five (5) business days after the date Seller receives Buyer's objection notice (and, if necessary, the applicable Closing Date shall be extended by the number of days necessary to give Seller this full five (5) business day period) in which to notify Buyer in writing of its election either to satisfy or cure Buyer's objection or not to satisfy or cure Buyer's objection. Seller shall have until the applicable Closing Date to cure or satisfy any objections that Seller elects to cure or satisfy and Seller's failure to do so by such Closing Date shall constitute a default by Seller under this Agreement. Seller shall be deemed to have elected not to cure or satisfy all of Buyer's objections if Seller fails to notify Buyer in writing of its election within the five (5) business day period referenced above. If Seller notifies Buyer in writing of its election not to satisfy the objection or Seller is deemed to have elected not to cure or satisfy Buyer's objection, then Buyer shall either: (A) waive the objection and proceed with the applicable Closing pursuant to all of the terms of this Agreement, or (B) terminate this Agreement; provided, however, that if Buyer's objection relates to a Monetary Lien arising from Seller's actions or failure to act, and if Buyer elects the option under clause (A) of the preceding sentence, then the Purchase Price shall be reduced by the amount of such Monetary Lien. Buyer shall notify Seller in writing of its election either to terminate this Agreement or waive its objection within five (5) business days after the earlier of Buyer's receipt of Seller's written notice election not to cure Buyer's objection or the expiration of the five (5) business day period within which Seller was required to notify Buyer of its election. If Buyer terminates this Agreement pursuant to this subparagraph prior to the First Closing, (i) this Agreement, and all of the obligations, rights and liabilities of Buyer and Seller to each other hereunder shall terminate; and (ii) Seller shall immediately direct Escrow Holder to return the Deposit to Buyer. If Buyer terminates this Agreement pursuant to this subparagraph after the First Closing, but before the Second Closing, (i) this Agreement, and all of the obligations, rights and liabilities of Buyer and Seller to each other hereunder shall terminate with respect to Parcel B only, and Buyer's and Seller's respective rights with respect to Parcel A and that portion of the Purchase Price received by Seller therefor, shall not be affected by such termination; provided, however, that the Ground Lease (as defined in paragraph 5 below) granted to Buyer over Parcel B shall be terminated and all improvements to Parcel B made pursuant thereto shall be quitclaimed to Seller.

(iii) Buyer's approval, in its sole discretion, of a currently dated ALTA survey or surveys of the Property showing all improvements and other physical conditions affecting the Property (the "SURVEY") prior to the end of the Due Diligence Period. Seller shall cause the Survey to be prepared and delivered to Buyer within fifteen (15) days after Opening of Escrow. In the event Buyer disapproves the Survey and the disapproved matters cannot be eliminated by Seller within sixty (60) days after the end of the Due Diligence Period, Buyer shall have the right to terminate this Agreement, and the First Closing shall be extended as necessary to provide Seller with such sixty (60) day period as may be reasonable for the removal of such disapproved matters. Not later than five (5)

days after the completion of the Lot Line Adjustment, Seller shall cause the Survey to be updated and delivered to the Title Company in order to allow the updated Title report to reflect the updated Survey.

(iv) Buyer's approval in its sole and absolute discretion of inspections, tests and studies concerning the Property and Buyer's proposed development thereof within the period expiring on January 15, 2003 (the "DUE DILIGENCE PERIOD"). Such inspections, tests and studies concerning the Property shall be performed at Buyer's sole cost and expense. Upon the execution hereof, Buyer and its agent, consultants and contractors shall have the right of entry upon the Property at reasonable times and upon reasonable notice for the purpose of conducting its investigations, surveys, assessments, inspections, tests and studies of the Property and the physical and economic conditions thereof, including, without limitation, the conduct of engineering, economic feasibility and soil tests. Seller shall have the right to be present at all such inspections, tests and studies, provided that such attendance shall not unreasonably delay or increase the cost of Buyer's performance of such inspection tests and studies. Buyer shall indemnify and hold Seller harmless from and against any and all loss or liability resulting from the activities of Buyer, its employees, agents consultants or contractors upon the Property provided, however, that Buyer's indemnity hereunder shall not include any losses, cost, damage or expenses resulting from (a) the acts of Seller or Seller's employees, agents, contractors or invitees, or (b) the discovery of any pre-existing condition of the Property; and further provided that Buyer shall have no obligation to repair any damage caused by Seller's negligence or willful misconduct or to remediate, contain, abate or control any Hazardous Material or any defect that existed at the Property prior to Buyer's entry thereon. Buyer shall, at its sole cost and expense, promptly repair any damage caused by such inspections, tests and studies if, for any reason, the Property is not transferred by Seller to Buyer. In the event Buyer disapproves, in its sole and absolute discretion, any of its inspections, tests and studies concerning the Property, Buyer shall have the right to terminate this Agreement upon written notice to Seller at any time prior to the end of the Due Diligence Period.

(v) Buyer's approval of the "PROPERTY DOCUMENTS" listed on Exhibit "C" attached hereto prior to the end of the Due Diligence Period. Within five (5) days after Opening of Escrow, Seller shall deliver the Property Documents to Buyer. Such studies and reports, if any, together with the Property Documents, are hereinafter referred to as the "DUE DILIGENCE MATERIALS". In the event Buyer disapproves the condition of the Property as a result of its review of the Due Diligence Materials, Buyer shall have the right to terminate this Agreement upon written notice to Seller at any time prior to the end of the Due Diligence Period.

(vi) The irrevocable commitment by the Title Company on or before the First Closing Date to issue to Buyer the Title Policy referred to in paragraph 4 below for Parcel A; and the irrevocable commitment by the Title Company on or before the Second Closing Date to issue to Buyer the Title Policy referred to in paragraph 4 below for Parcel B.

(vii) The Seller's representations and warranties shall be true and correct in all material respects.

(viii) The physical condition of the Property shall be substantially the same on the First Closing Date as on the Opening of Escrow, except for reasonable wear and tear and any damages due to any act of Buyer or Buyer's partners, employees, agents, consultants and contractors; provided, however, that if Buyer delays the First Closing Date in accordance with paragraph 27 below, for purposes of this subparagraph 3(a)(viii) shall mean the date upon which the First Closing would have occurred but for Buyer's election to delay the First Closing.

(ix) No action or proceeding shall have been commenced by or against Seller under the federal bankruptcy code or any state law for the relief of debtors or for the enforcement of the rights of creditors and no attachment, execution, lien or levy shall have attached to or been issued with respect to the Property or any portion thereof.

(x) As of the First Closing Date, no moratorium, statute, regulation, ordinance, or federal, state, county or local legislation, or order, judgment, ruling or decree of any governmental agency or of any court shall have been enacted, adopted, issued, entered or pending which would adversely affect Buyer's intended use of the Property; provided, however, that if Buyer delays the First Closing Date in accordance with paragraph 27 below, for purposes of this subparagraph 3(a)(x) shall mean the date upon which the First Closing would have occurred but for Buyer's election to delay the First Closing.

(xi) This Agreement, together with the Property Documents, or any matters disclosed to Buyer in writing pursuant hereto shall not contain any untrue statement of material fact.

Notwithstanding the Due Diligence Period, at all reasonable times from the Execution Date until the last Closing or earlier termination of this Agreement, Buyer, its employees, agents, consultants and contractors shall be entitled at Buyer's sole cost and expense to (i) enter onto the Property and perform any inspections, investigations, studies and tests of the Property, including, without limitation, physical, structural, mechanical, architectural, engineering, soils, geotechnical and environmental/asbestos tests that Buyer deems reasonable; and (ii) upon reasonable notice to Seller, cause an environmental assessment of the Property to be performed.

In the event any of the contingencies set forth in this subparagraph (a) above are not satisfied or waived by Buyer within the periods specified therein, Buyer may terminate this Agreement and the Escrow provided for below upon written notice to Seller and Escrow Holder, without prejudice to Buyer's other remedies by reason of any such failure (and which remedies shall survive each Close of Escrow or any termination by Buyer pursuant to this paragraph 3). In the event Buyer does not inform Seller in writing of its approval or disapproval of any of the contingencies set forth in this subparagraph (a) within the times above specified, said contingencies shall be deemed to have been approved. Upon termination of this Agreement and Escrow for failure of the contingencies in this subparagraph (a): (i) all documents shall be

returned to the party who deposited such documents into escrow or delivered same to the other party; (ii) the Deposit shall be returned to Buyer; (iii) each party shall bear one-half (1/2) of the Escrow Holder and Title Company cancellation costs; and (iv) neither party shall have any further liability to the other.

(b) If any contingency fails because of Seller's default hereunder, Buyer may terminate the Agreement, as set forth in subparagraph (a) above or close the transaction in accordance with this Agreement, without prejudice to Buyer's remedies because of such default.

(c) The parties' obligations under this Agreement are further conditioned upon the satisfaction or waiver of the following:

(i) Within sixty (60) days after Opening of Escrow, Buyer shall submit to Seller a site plan and conceptual plans showing all building elevations and material board for all buildings and related improvements (including parking facilities and signage) to be constructed by Buyer upon the Property ("BUYER'S CONCEPTUAL PLANS") for the review and approval by Seller in its sole discretion. Buyer agrees that Buyer's Conceptual Plans shall conform to Seller's Building Guidelines attached hereto as Exhibit "G." Buyer agrees that Seller's Building Guidelines are reasonable. In the event Buyer fails to submit Buyer's Conceptual Plans to Seller pursuant to the end of said sixty (60) day period, Seller shall have the right to terminate this Agreement by delivering to Buyer written notice thereof. Buyer understands and agrees that Buyer's grading of the Property will necessarily affect Lots 18 and 19 located to the south of the Property and Parcel 3 located to the north of the Property and that Seller may withhold its approval of the Buyer's Conceptual Plans if any grading associated therewith (as set forth in a grading plan included in the Conceptual Plans) would adversely impact the actual or potential development of Lots 18 and 19 or Parcel 3. Within twenty (20) days after Seller's receipt of Buyer's Conceptual Plans, Seller shall notify Buyer of its approval or disapproval of Buyer's Conceptual Plans, including, but not limited to, any materially adverse impact that the grading associated therewith (as set forth in a grading plan included in the Conceptual Plans) may have on the development of adjacent lots, (consistent with the existing graded elevation of said lots or changes to the grade of said lots pursuant to conceptual plans approved by Seller prior to the date of this Agreement). If Seller fails to notify Buyer of its disapproval of the Buyer's Conceptual Plans within said twenty (20) day period, the Buyer's Conceptual Plans shall be deemed approved. After Buyer's receipt of Seller's notice of disapproval, if Buyer revises the Buyer's Conceptual Plans, Buyer shall submit the revised Buyer's Conceptual Plans to Seller for its approval or disapproval which Seller shall give within fifteen (15) days after receipt thereof. This process shall continue until the Buyer's Conceptual Plans are approved. If Seller timely disapproves Buyer's Conceptual Plans and Seller and Buyer are unable to agree upon Buyer's Conceptual Plans within forty-five (45) days after Seller's receipt of such plans, either party shall have the right to terminate this Agreement; and the First Closing shall be extended to occur no earlier than the earlier of (A) Buyer's and Seller's mutual agreement upon Buyer's Conceptual Plans, or (B) the expiration of such forty-five (45) day period.

(ii) On or before January 15, 2003, Seller shall obtain from the City of San Diego at Seller's expense any necessary lot line adjustment, parcel map or similar document certifying to the satisfaction of Title Company that the Property consists of two separate legal parcels in the configuration depicted on Exhibit "A" and complies with all applicable subdivision laws, regulations and ordinances (the "LOT LINE ADJUSTMENT"). Any conditions or requirements imposed by any governmental authorities in connection with the Lot Line Adjustment which affect Seller or any property owned by Seller shall be subject to the written approval of Seller, in its sole discretion. Any conditions or requirements imposed by any governmental authorities in connection with the Lot Line Adjustment which affect Buyer's development of the Property shall be subject to Buyer's written approval, in its sole discretion. In the event Buyer or Seller disapprove any such conditions or requirements imposed in connection with the Lot Line Adjustment, and cannot reach an agreement concerning such disapproval prior to January 23, 2003, or in the event Seller is unable to obtain the Lot Line Adjustment prior to January 23, 2003, either party shall have the right to terminate this Agreement upon written notice to the other. Subject to the parties' right to approve certain conditions or requirements of the Lot Line Adjustment, Buyer shall perform all obligations imposed by the City of San Diego or other government agencies in connection with the Lot Line Adjustment.

Upon termination of this Agreement and Escrow for failure of the contingencies in this subparagraph (c): (i) all documents shall be returned to the party who deposited such documents into escrow or delivered same to the other party; (ii) Buyer's Deposit shall be returned to Buyer; (iii) each party shall bear one-half (1/2) of the escrow cancellation costs; and (iv) neither party shall have any further obligation to the other. Notwithstanding the foregoing, if a Close of Escrow does not occur because of a failure of either Seller or Buyer to comply with its obligations under this Agreement, any costs incurred in connection with the Escrow and not previously paid through Escrow, including any cancellation fees or other costs of Title Company, shall be paid by the defaulting party.

4. Title Insurance; Condition of Title.

(a) At each Close of Escrow, Buyer's fee simple title shall be insured by an ALTA Owner's Extended Coverage Policy of Title Insurance (1970 Form B), containing such endorsements as may be reasonably requested by Buyer (collectively, the "TITLE POLICIES") issued by Title Company. The Title Policy issued at the First Close of Escrow shall provide coverage in the amount of the Parcel A Purchase Price. The Title Policy issued at the Second Close of Escrow shall provide coverage in the amount of the Parcel B Purchase Price. The Title Policy issued to Buyer at the First Closing shall show fee simple title to Parcel A vested in Buyer, subject only to:

(i) Non-delinquent real property taxes and assessments;

(ii) The Permitted Encumbrances; and

(iii) Any other matters recorded by Escrow Holder pursuant to the terms of this Agreement or matters consented to, created or caused by Buyer prior to the Close of Escrow.

The Title Policy issued to Buyer at the Second Closing shall show fee simple title to Parcel B vested in Buyer alone, subject only to:

(i) Non-delinquent real property taxes and assessments;

(ii) The Permitted Encumbrances; and

(iii) Any other matters recorded by Escrow Holder pursuant to the terms of this Agreement or matters consented to, created or caused by Buyer prior to the Close of Escrow.

(b) Buyer and Seller each agree to deliver to Title Company such proof of their respective authority and authorization to enter into this Agreement and consummate the transactions contemplated hereby as may be reasonably required by the other party or Title Company.

5. Escrow Provisions.

(a) Within three (3) days following the full execution of this Agreement, Seller and Buyer shall open Escrow (the "ESCROW") by delivering a fully executed copy of this Agreement to Chicago Title Company (referred to herein as "ESCROW HOLDER"), at 925 "B" Street, San Diego, CA 92101, Attn: Shelva Molm, Escrow Officer. The "OPENING OF ESCROW" shall be deemed the date that this Agreement has been signed by the parties and delivered to Escrow Holder. Each party shall execute Escrow instructions on the standard form of Escrow Holder; provided, however, such additional instructions shall not modify the provisions of this Agreement. This Agreement shall be attached to and made an exhibit to such Escrow instructions. To the extent that such Escrow instructions conflict with any of the provisions of this Agreement, this Agreement shall control. If any requirements relating to the duties or obligations of the Escrow Holder hereunder are not acceptable to the Escrow Holder, or if the Escrow Holder requires additional instructions, the parties agree to make such deletions, substitutions and additions to the Escrow Instructions as counsel for Buyer and Seller shall mutually approve and which do not materially change this Agreement or its intent

(b) Buyer and Seller agree that, except as provided in subparagraph (i) below, the sale of the Property shall occur at two (2) closings, to be known as "First Closing" and the "Second Closing". At the First Closing, Seller shall convey to Buyer all of its interest in Parcel A. At the Second Closing, Seller shall convey to Buyer all of its interest in Parcel B. Although the First Closing may be delayed by Buyer in accordance with Section 27 below, the First Closing shall be scheduled to occur on January 31, 2003 and the actual closing shall be referred to as the "FIRST CLOSE OF ESCROW". The Second Closing shall be scheduled to occur on December 15, 2003; however, Seller may, in its sole discretion, postpone the Second Closing to not later than January 15, 2004 upon written notice to

Buyer and the actual closing shall be referred to herein as the "SECOND CLOSE OF ESCROW". On or before thirty (30) days prior to the First Close of Escrow, if the design of Buyer's improvements to the Property results in the need to construct such improvements over or in proximity to the lot line between Parcel A and Parcel B (and that the City will not recognize the Ground Lease as affording Buyer the right to construct its improvements over or in proximity to such lot line), Buyer may elect to acquire an undivided two-thirds (2/3) interest in the Property in lieu of Parcel A. In the event Buyer so elects, this Agreement shall be modified as follows: All references to Parcel A herein shall be modified to refer to such undivided two-thirds (2/3) interest, and all references to Parcel B herein shall be modified to refer to the remaining undivided one-third (1/3) interest in the Property; and in such event, there shall be no requirement for the execution and delivery of the Ground Lease; and in lieu thereof the parties shall enter into a co-tenancy agreement with similar terms and conditions to those contained in the Ground Lease; provided, however, that the Ground Lease shall be modified as necessary to comply with those regulations and rulings applicable to Section 1031 of the Internal Revenue Code of 1986, as amended (the "CODE"), and corresponding provisions of applicable state tax legislation, in order that the Buyer's co-tenancy interest will be considered a real estate interest rather than a partnership interest for the purpose of Buyer acquiring the Property as part of a so-called like like-kind exchange under Section 1031 (a "SECTION 1031 EXCHANGE")of the Code.

(c) At the First Close of Escrow, Seller shall execute and deliver to Buyer through Escrow a Grant Deed conveying to Buyer fee simple title to Parcel A. At the First Close of Escrow, Buyer and Seller shall execute and deliver to Escrow Holder a Ground Lease over Parcel B, in the form attached hereto as Exhibit "H" (the "GROUND LEASE"). The purpose of the Ground Lease is to provide Buyer with an interest in Parcel B sufficient to obtain construction permits for the development thereof, and all rent payable pursuant thereto shall be credited against the Parcel B Purchase Price at the Second Close of Escrow. At the Second Close of Escrow, Seller shall execute and deliver to Buyer through Escrow a Grant Deed conveying to Buyer fee simple title to Parcel B. The Grant Deeds shall be in Title Company's standard form.

(d) On or before the First Close of Escrow, Buyer shall deliver to Seller outside of escrow an original irrevocable standby letter of credit ("LETTER OF CREDIT") in the amount of the Parcel B Purchase Price ("LETTER OF CREDIT AMOUNT"). In the event Buyer defaults under this Agreement and fails to complete its purchase of Parcel B, Seller shall have the right to draw upon the Letter of Credit in the Letter of Credit Amount; such draw shall constitute payment to Seller of the Parcel B Purchase Price. In the event Seller draws upon the Letter of Credit, Buyer, Seller and Escrow Holder shall perform all of their obligations under this Agreement, except for Buyer's deposit of the balance of the Parcel B Purchase Price. Upon confirmation from Escrow Holder that the Parcel B Purchase Price has been received into Escrow, and prior to the distribution of such funds to Seller, Seller shall deliver the Letter of Credit to Escrow Holder, who shall release the Letter of Credit to Buyer contemporaneously with delivery of the Parcel B Purchase Price amount to Seller. Buyer's failure to deliver the Letter of Credit to Seller as required above shall be deemed to be a breach of this Agreement which shall entitle Seller to

terminate this Agreement, in addition to any other remedies available at law or in equity. In the event of such breach, Seller may retain Buyer's Deposit as liquidated damages, as provided in paragraph 11 below. The Letter of Credit shall be issued by Bank of America, Wells Fargo Bank or another major U.S. commercial bank acceptable to Seller, having a Los Angeles, California office at which the Letter of Credit may be drawn. The Letter of Credit shall have an expiration date no earlier than February 15, 2004. The Letter of Credit shall provide for payment to Seller upon the issuer's receipt of a sight draft from Seller together with Seller's certificate certifying that the Letter of Credit amount is due and payable from Buyer, and with no other conditions, and otherwise be in form and content satisfactory to Seller's attorneys.

(e) In consideration of Buyer's delivery of the Letter of Credit, Seller shall cause to be recorded against Parcel B at the First Close of Escrow, a deed of trust granted by Seller to Escrow Holder, as trustee, in favor of Buyer as beneficiary, in the form attached hereto as Exhibit "I" (the "DEED OF TRUST"), securing Seller's obligation to convey to Buyer fee simple title to Parcel B upon any draw under the Letter of Credit constituting payment in full to Seller of the Parcel B Purchase Price. Prior to the First Close of Escrow, Buyer shall execute and deliver to Escrow Holder a request for reconveyance, in Escrow Holder's standard form, requesting the reconveyance of Parcel B from the lien of the Deed of Trust in the event Buyer defaults under this Agreement prior to the Second Close of Escrow and Seller elects to terminate this Agreement without drawing upon the Letter of Credit. Escrow Holder shall hold such request for reconveyance of the Deed of Trust unless and until Buyer defaults under this Agreement and Seller releases the Letter of Credit to Buyer in accordance with subparagraph 5(d) above. If Buyer defaults under this Agreement and Seller releases the Letter of Credit to Buyer in accordance with subparagraph 5(d), Escrow Holder shall promptly cause the reconveyance of the lien of the Deed of Trust as an encumbrance on Seller's title to Parcel B. Buyer shall be solely responsible for the costs associated with the reconveyance of the Deed of Trust pursuant to this subparagraph 5(e).

(f) At the First Close of Escrow, Escrow Holder shall (i) cause the Grant Deed for Parcel A to be recorded in San Diego County; (ii) deliver to Seller the Parcel A Purchase Price, plus or minus Seller's share of any expenses or prorations; (iii) cause the Memorandum of Option to Purchase (in the form of Exhibit "E" hereto), Memorandum of Right of First Refusal (in the form of Exhibit "F" hereto) Ground Lease, (in the form of Exhibit "H" hereto), the Deed of Trust (in the form of Exhibit "I" hereto), and the Memorandum of Agreement (in the form of Exhibit "D" hereto) to be recorded in San Diego County. At the Second Close of Escrow, Escrow Holder shall (i) cause the Grant Deed for Parcel B to be recorded in San Diego County; (ii) deliver to Seller the Parcel B Purchase Price, plus or minus Seller's share of any expenses or prorations.

(g) Expenses and costs concerning the Escrow shall be borne as follows:

(i) Seller shall pay the portion of the Title Policy premiums for each policy applicable to a standard CLTA policy, any documentary transfer taxes, the recording fees

for the Grant Deeds and the other documents to be recorded pursuant to paragraph 5(f) above and one-half (1/2) of the Escrow fees;

(ii) Buyer shall pay the Title Policy premiums for each policy in excess of Seller's share described in clause (i) above, including the cost of any ALTA inspection, the cost of any title endorsements requested by Buyer in its sole discretion and one-half (1/2) of the Escrow fees;

(iii) At the First Close of Escrow, Buyer shall reimburse Seller for the cost of the Survey referred to in paragraph 3(a)(ii) above (it being agreed that the cost shall be limited to the cost of updating Seller's existing survey of the Property);

(iv) Seller and Buyer shall each bear their respective legal and accounting fees and costs (if any); and

(v) All other fees and charges shall be shared by the parties according to the usual custom in San Diego County.

(h) Prior to each Close of Escrow, Seller shall provide Escrow Holder and Buyer with the certification required by Internal Revenue Code Section 1445 (the "NON-FOREIGN PERSON CERTIFICATE"), and the certification required to show that withholding is not required pursuant to California Revenue and Taxation Code Sections 18662(e) and 26131(e). If Seller shall fail to deposit into Escrow the Non-Foreign Person Certificate as required by this Agreement, Buyer may at its option either (i) delay Close of Escrow until such time as Seller has complied with the conditions set forth herein, and such adjournment shall not place Buyer in default of its obligations hereunder, or (ii) withhold from the Purchase Price and remit to the Internal Revenue Service, a sum equal to ten percent (10%) of the gross selling price of the Property or such other sum as shall be required in accordance with the withholding obligations imposed upon Buyer pursuant to Section 1445 of the Code. Such withholding shall not place Buyer in default under this Agreement, and Seller shall not be entitled to claim that such withholding shall excuse Seller's performance under this Agreement.

(i) Real property taxes, any installments of bonds and any special taxes and assessments affecting the entire Property shall be prorated as of the First Closing Date based on the actual number of days in the month and year. Any reconciliation of estimated closing adjustments, or corrections of errors in the calculation of closing adjustments, shall be made as soon as practicable after each Close of Escrow and the provisions of this Section shall survive the last Close of Escrow.

(i) Notwithstanding any other provision of this Agreement to the contrary, Seller shall have the right, in its sole discretion, to convey the entire Property to Buyer at the First Closing, provided that all conditions to closing have been satisfied. If Seller so elects to convey the entire Property to Buyer at the First Closing: (i) the Ground Lease described in subparagraph (c) and the Letter of Credit described in subparagraph (d) above shall not be required; (ii) Buyer shall deposit into Escrow the entire Purchase Price for the

Property prior to the First Closing; and (iii) all other conditions applicable to the Second Closing shall be satisfied at the First Closing.

6. Change of Possession and Buyer's Right to Develop Property.

Possession of the Property and shall be delivered to Buyer at the First Close of Escrow free and clear of all leases or rights of other parties to possess or occupy all or any portion of the Property. Following the First Close of Escrow, Buyer shall have the right to develop the Property, subject to the terms and conditions set forth in this Agreement, the Ground Lease and in accordance with applicable law.

7. Seller's Covenants, Representations and Warranties.

As a material consideration for Buyer's entering into this Agreement, Seller hereby covenants, represents and warrants to Buyer as follows:

(a) Seller is a corporation duly organized and existing in good standing under the laws of the State of California. Seller has full power and authority to enter into this Agreement and carry out its undertakings hereunder.

(b) The execution of this Agreement by Seller and its delivery to Buyer and the performance hereof have been duly authorized by all necessary action on the part of Seller and its shareholders and/or board of directors, as applicable. This Agreement constitutes the binding obligation of Seller and is enforceable against Seller in accordance with its terms and does not violate the Articles of Incorporation of Seller or any contract, agreement or commitment to which the Seller is a party or by which Seller is bound.

(c) Seller has not received written notice from any governmental authority advising Seller of the existence of any violation relative to the Property of any applicable building codes, environmental, zoning, subdivision, and land use laws, the violation of which would have a material adverse effect upon the Property. To the best of Seller's knowledge, there are no threatened claims, litigation, legal action involving the Property to which Seller is a party, and there are no threatened condemnation or other private or governmental proceedings or investigations involving the Property.

(d) Except for any agreements terminable at will without penalty or premium, neither Seller nor its agents have entered into any agreements or understandings concerning the Property by which Buyer would be bound following the Close of Escrow.

(e) Seller does not use, treat, store or dispose of, and has not knowingly permitted anyone else, to use, treat, store or dispose of any hazardous or toxic materials ("HAZARDOUS MATERIALS") nor does Seller know of the existence of Hazardous Materials on, in, under or about the Property. Seller has not received written notice of any violation affecting the Property under any federal, state or local law or regulation relating to Hazardous Materials. For the purpose of this Agreement, "Hazardous Materials" shall include substances defined as "extremely hazardous substances," "hazardous substances," "hazardous materials," "hazardous waste," or "toxic substances," in the Comprehensive

Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. Section 9601, et seq., as amended; the Emergency Planning and Community Right-To-Know Act, 42 U.S.C. Sections 11001-11050, as amended; the Hazardous Materials Transportation Act, 49 U.S.C. Section 1801, et seq., as amended; the Toxic Substances Control Act, 15 U.S.C. Section 2601, et seq., as amended; the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, et seq.; and those substances defined as "hazardous waste" in Section 25117 of the California Health & Safety Code, as "infectious waste" in Section 25117.5 of the California Health & Safety Code, or as "hazardous substances" in Section 25316 of the California Health & Safety Code or "hazardous materials" as defined in Section 353 of the California Vehicle Code.

(f) Seller agrees that, from and after the date hereof, it will not hypothecate, transfer, encumber or affirmatively take any other action with respect to the Property, or any portion thereof, which would render Seller unable to convey the Property to Buyer pursuant to this Agreement. There are no leases or tenancies in effect on the Property and no facts or conditions exist that will prevent possession of the Property from being delivered to Buyer upon the Close of Escrow.

(g) Buyer and Seller hereby agree that (i) except for the warranties, representations and covenants of Seller set forth in this Agreement, Buyer is purchasing the Property on an "AS IS" basis without relying on any communications that may have been made by Seller, or any of Seller's agents or employees, with respect to the Property or Buyer's intended use thereof; (ii) the only representations and warranties made with respect to the Property are contained herein; and (iii) for purposes of this paragraph 7, Seller's "knowledge" shall be deemed to include the present knowledge of David D. Dunham (Senior Vice President of Seller) or Gregory P. Sorich (Vice President of Seller), and Seller's "written notice" shall be deemed to include notices received by one or more of said persons. Seller represents that the foregoing persons are the most knowledgeable of the circumstances and conditions relating to the Property and that they are the most likely persons within Seller's organization to receive notices relating to the condition of the Property. The foregoing does not imply and shall not be deemed to require Seller's independent investigation.

(h) From the opening of Escrow to the First Close of Escrow, or the earlier termination of this Agreement, Seller shall operate the Property in the ordinary course, and maintain the Property in the same manner as before the execution of this Agreement as though Seller were retaining the Property. During said period, Seller shall keep in effect all insurance coverage on the Property in effect as of the Effective Date and promptly comply with all requirements of the insurance companies with respect to such coverage. During said period, Seller shall not actively solicit or accept any back-up offer for the purchase of the Property.

(i) Prior to the First Close of Escrow, Seller shall promptly comply with all applicable laws, statutes, ordinances, rules and regulations of any and all governmental or quasi-governmental agencies having or claiming jurisdiction over the Property or the use of all or any part thereof ("LEGAL REQUIREMENTS").

(j) Prior to the First Close of Escrow, Seller shall pay before delinquency all taxes and assessments and all other impositions of every kind and nature whatsoever, levied, imposed or assessed, and all other expenses and obligations at any time incurred by Seller, in connection with the ownership, occupancy, use or operation of the Property.

(k) Seller agrees that Buyer shall have no liability as a successor in interest for any contracts or agreements entered into by Seller in connection with its operation of the Property except for obligations accruing after the Closing Date or which are set forth in the Property Documents, or in any document which is a Permitted Encumbrance.

(l) Seller shall indemnify, defend and hold harmless Buyer from and against any and all damages, liabilities, costs and expenses (including, without limitation, reasonable attorneys' fees) caused by any breach of any representation, warranty or covenant of Seller contained herein, subject to the provisions of this Agreement.

(m) To the best of Seller's knowledge, there is no material fact which has not been disclosed to Buyer which has a material adverse effect upon the Property, or the use or value thereof.

(n) To the best of Seller's knowledge, there are not presently pending (i) any special assessments, except those shown as exceptions on the Preliminary Report, (ii) condemnation actions against the Property or any part, and Seller has not received notice of any contemplated special assessments or eminent domain proceedings that would affect the Property except for those assessments that will be made by any applicable associations.

(o) No filing or petition under the United States Bankruptcy Law or any insolvency laws, or any laws for composition of indebtedness or for the reorganization of debtors has been filed with regard to Seller.

(p) Seller agrees to take no action that is likely to decrease the square footage of building improvements that may be constructed on the Property.

(q) Provided that the Building Plans submitted by Buyer for approval by governmental agencies and community groups have been approved by Seller pursuant to subparagraph 8(e) below, Seller agrees not to object to or oppose the approval of such Building Plans by such governmental agencies and community groups.

(r) All representations and warranties set forth in this paragraph 7 shall be true as of the date hereof and as of each Closing Date without the necessity of a separate certificate with respect thereto. All representations, warranties and covenants set forth in this paragraph 7 shall survive the last Close of Escrow hereunder.

8. Buyer's Covenants, Representations and Warranties.

As a material consideration for Seller's entering into this Agreement, Buyer hereby covenants, represents and warrants to Seller as follows:

(a) Buyer is a corporation duly organized and existing in good standing under the laws of the State of Delaware and is qualified to do business in California. Buyer has full power and authority to enter into this Agreement and to carry out its undertakings hereunder.

(b) The parties executing this Agreement on behalf of Buyer are duly authorized to do so and to execute all documents which it contemplates.

(c) This Agreement constitutes the binding obligation of Buyer and is enforceable against Buyer in accordance with its terms.

(d) Buyer has made (or will make prior to the Close of Escrow) an independent investigation with regard to the Property and Buyer's intended use thereof.

(e) Prior to commencement of construction, Buyer shall deliver to Seller, for Seller's written approval in its reasonable discretion, the following plans and other materials related to the improvements Buyer proposes to construct on the Property (the "BUILDING PLANS"): (i) complete building shell architectural plans, including elevations, sections, mechanical and roof plans; (ii) conceptual landscape plans, including lighting, landscape palette, hardscapes and architectural features; (iii) grading plans; (iv) conceptual signage plans for all signs to be erected upon the Property; and (v) color boards including glass, roofing materials, exterior elevation, colors, window mullions and veneer materials. Seller shall review and approve or reasonably disapprove the Building Plans within ten (10) days after Seller's receipt thereof. Seller shall not have the right to disapprove Buyer's Building Plans to the extent such plans conform to Buyer's Conceptual Plans approved by Seller. If Seller fails to notify Buyer of its disapproval of the Building Plans and the reasons therefor within said ten (10) day period, the Building Plans shall be deemed approved. After Buyer's receipt of Seller's notice of disapproval and the reasons therefor, if Buyer revises the Building Plans, Buyer shall submit the revised Building Plans to Seller for its approval or reasonable disapproval which Seller shall give within ten (10) days after receipt thereof. This process shall continue until the Building Plans are approved. Seller's failure to notify Buyer of its approval or reasonable disapproval and the reasons for such disapproval within said ten (10) day period shall be deemed Seller's approval of the Building Plans. Buyer hereby agrees that the building(s) and all other improvements constructed on the Property by Buyer, or its successors-in-interest, assigns or transferees shall be constructed in accordance with the Building Plans approved by Seller. Buyer agrees that the Building Plans shall conform to Seller's Building Guidelines attached hereto as Exhibit "F". Buyer agrees that Seller's Building Guidelines are reasonable. Seller agrees that Seller shall not disapprove of any portion of the Building Plans for any reason contrary to the Seller's Building Guidelines. Any material modifications to the Building Plans shall require Seller's prior written approval. To the extent that Seller has approved, or approves or permits any deviations from the Seller's Building Guidelines in the construction of any non-governmental buildings located on Lots 17, 18 or 19 of Employment Center Development Unit 2B, according to Map thereof No. 10945, filed in the Office of the County Recorder of San Diego County on May 21, 1984, located to the south of the Property, or Parcel 2 of Parcel Map No. 15061, filed in the Office of the County Recorder of San Diego County on December 16,

1987, located to the north of the Property, similar deviations in the construction of Buyer's buildings on the Property shall be permitted by Seller. It is intended that the approval process set forth above shall apply to the development of the entire Property; however, in the event the Property is developed in phases, Buyer shall only be required to submit Building Plans to Seller for the particular phase Buyer intends to develop at that time. Buyer may concurrently submit the Building Plans to Seller and related development applications to applicable government authorities for approval, provided that Buyer acknowledges that the Building Plans submitted to government authorities may be revised as a result of Seller's review and approval process, and no development approvals from government authorities shall limit Seller's rights under this subparagraph 8(e). Buyer's and Seller's covenants set forth in this paragraph 8(e) shall survive Close of Escrow. Buyer and Seller agree to execute and deliver to Escrow Holder prior to the First Close of Escrow a Memorandum of Agreement in the form attached hereto as Exhibit "C" confirming the parties' rights and obligations under this paragraph 8(e). Escrow Holder shall record such Memorandum of Agreement at the First Close of Escrow. Any liens upon the Property as security for loans shall be subordinate to the Memorandum of Agreement.

(f) From and after the First Close of Escrow until the Second Close of Escrow or the earlier termination of this Agreement, Buyer shall promptly comply with all Legal Requirements relating to the Property.

(g) Buyer covenants and agrees to become a member of the El Camino Real Owners Association which will, among other things, maintain certain open space, easement areas, medians and entry areas within the property over which it has jurisdiction. Buyer agrees to pay the dues and assessments of said association. Buyer understands and agrees that the Design Review Committee of said association has the right to review and approve all building plans for improvements (including signage) to be constructed on the Property. If and to the extent any portion of the Property to be purchased by Buyer is annexable but has not been annexed into the land covered by the Declaration of Covenants, Conditions and Restrictions for the El Camino Real Owners Association ("CC&RS"), such portion of the Property shall be so annexed at or prior to the Second Close of Escrow; provided, however, that upon any such annexation of the Property into the land covered by the CC&Rs, the members of the Design Review Committee of the El Camino Real Owners Association who are agents or employees of Pardee shall be bound by any prior approval by Seller of Buyer's Conceptual Plans approved by Seller (and, to the extent already approved by Seller, the Building Plans) are in form and substance reasonably satisfactory to such committee members.

(h) Buyer covenants and agrees to become a member of the Retention Basin Area Association and to pay dues and assessments as required by said association. If and to the extent any portion of the Property to be purchased by Buyer is annexable but has not been annexed into the land covered by the Declaration of Covenants, Conditions and Restrictions for the Retention Basin Area Association, such portion of the Property shall be so annexed at or prior to the Second Close of Escrow.

(i) All representations and warranties set forth in this paragraph 8 shall be true as of the date hereof and the Closing Date. All representations, warranties and covenants set forth in this paragraph 8 shall survive the Close of Escrow hereunder.

9. Option to Repurchase Property.

(a) In the event that Buyer fails to commence construction of office buildings designed to contain at least 150,000 rentable square feet of space described in Buyer's Conceptual Plans and Building Plans for the Property pursuant to the terms hereof within one (1) year following Buyer's receipt of all necessary development approvals, permits and environmental review documents prepared pursuant to the California Environmental Quality Act (collectively, the "ENTITLEMENTS") to allow construction of such office buildings, with such one (1) year period commencing upon the earlier of (i) expiration of the applicable statute of limitations for legal challenges to Entitlements or (ii) resolution of all legal challenges to such Entitlements which are timely filed, including all appeals thereof, Seller at its option (the "REPURCHASE OPTION") may repurchase: (i) Parcel A; or (ii) the Property, in the event Seller has conveyed both Parcel A and Parcel B to Buyer (hereinafter, the "REPURCHASE PROPERTY"); provided, however, that regardless of the reason for any delays in obtaining the Entitlements (including any Events of Force Majeure, as defined in paragraph 18 below), if the commencement of construction required hereunder does not occur for any reason by the third (3rd) anniversary of the First Closing Date, Seller shall have the right to exercise the Repurchase Option in accordance with paragraph 9(c). Notwithstanding the foregoing, the one (1) year period described in the preceding sentence shall be conditioned upon Buyer's reasonable and diligent efforts to obtain the Entitlements and timely response to any challenges to the Entitlements, and Buyer's failure to act reasonably and diligently to obtain the Entitlements and timely respond to any challenge thereto shall entitle Seller to accelerate the commencement of such one (1) year period if (A) Seller notifies Buyer in writing of Seller's determination that Buyer is not acting reasonably and diligently to obtain the Entitlements and (B) Buyer fails to reasonably satisfy Seller's concerns set forth in such notice relating to Buyer's alleged failure or cure such failure within thirty (30) days after Buyer's receipt of such notice; provided further, that such one (1) year period shall be extended for up to one (1) additional year due to Events of Force Majeure, as defined in paragraph 18 below, which may occur prior to the expiration of such one (1) period. The purchase price for the Repurchase Property shall be equal to the original purchase price paid to Seller by Buyer under this Agreement for the Repurchase Property. Upon the tender by Seller to Buyer of the said repurchase price, Buyer shall reconvey the Repurchase Property to Seller free and clear of any encumbrance except matters of record as of the original Close of Escrow(s) hereunder for the Repurchase Property.

(b) For the purpose of this paragraph 9, "COMMENCEMENT OF CONSTRUCTION" shall be deemed to have occurred only after a building permit has been obtained, rough grading has been completed and work on the foundations for the office buildings designed to contain at least 150,000 rentable square feet of space has commenced on the Property.

(c) Seller may exercise the Repurchase Option by giving written notice to Buyer on or before one (1) year after the expiration of the period within which Buyer is obligated to commence construction as specified in subparagraph (a) above, in which event Buyer and Seller shall execute escrow instructions to Escrow Holder providing for escrow to close within thirty (30) days from the opening thereof, and Buyer shall deposit into said escrow a grant deed to the Repurchase Property; provided, however, that if Buyer commences construction at any time prior to Seller's exercise of the Repurchase Option, the Repurchase Option shall be nullified thereby. Said escrow shall be subject only to approval by Seller of a then current preliminary title report. Any title exceptions shown thereon created after the Closing Date(s) for the Repurchase Property (except to the extent (i) required by law, (ii) granted to governmental, quasi-governmental entities or owners' associations having jurisdiction over the Repurchase Property, (iii) granted to utilities providers, or (iv) otherwise approved in writing by Seller at the time granted by Buyer) and disapproved by written notice to Buyer through escrow, shall be removed by Buyer at its sole expense at or prior to close of escrow. Seller and Buyer shall each pay one-half of (i) all escrow fees; (ii) the cost of documentary transfer tax for recording the deed; and (iii) the premium for a CLTA standard form owner's coverage policy of title insurance in the amount of the repurchase price, showing title to the Repurchase Property vested in Seller or its assigns free and clear of all liens, encumbrances or other title exceptions other than those expressly permitted hereunder. All other costs or expenses shall be allocated between the parties in the manner customary in San Diego County, California.

(d) Buyer agrees to execute and deliver through the Escrow a document in the form attached hereto as Exhibit "D" hereto and by this reference made a part hereof reflecting Seller's option to repurchase, as provided in this paragraph 9. Escrow Holder shall cause such document to be recorded at the First Close of Escrow. The Property shall remain subject to Seller's Repurchase Option under this paragraph 9 following any sale, assignment, transfer, conveyance or encumbrance of the Property until commencement of construction. Notwithstanding the foregoing, if Buyer offers to sell the Property to Seller pursuant to Seller's right of first refusal set forth in paragraph 10 below, and Seller fails to accept such Offer as provided therein, and Buyer subsequently sells all or any portion of the Property to a third party, the one (1) year time period set forth in subparagraph 9(a) shall commence to run, with respect to such portion of the Property so sold, as of the earlier of the (i) expiration of the applicable statute of limitations for legal challenges to such third party's Entitlements, or (ii) resolution of all legal challenges to such Entitlements which are timely filed, including all appeals thereof, but subject to Seller's right to accelerate the commencement of the one (1) year period, and extension of such one (1) year period for Events of Force Majeure, as set forth in subparagraph (a) above, but the period in which such third party must commence construction shall not be delayed beyond the third (3rd) anniversary of the date such portion of the Property is conveyed to such third party.

(e) The Repurchase Option created hereby shall be irrevocable by Buyer and shall be binding upon and inure to the benefit of the parties hereto and their respective successors in interest. Upon Buyer's written request following Buyer's commencement of

construction on the Property, Seller shall execute and deliver to Buyer any documents necessary to eliminate the Memorandum of Option to Purchase from record title to the Property.

10. Right of First Refusal to Purchase Property.

(a) Prior to the termination of Seller's rights under this paragraph 10 as provided in subparagraph (e) below, Buyer shall not sell or agree to sell the Property without first offering it to Seller. Subject to subparagraph (f) below, the term "SELL" shall include any transfer or conveyance of all or any portion of the Property or Buyer's interest in all or a portion of the Property, or a lease with a term of thirty (30) years or more. Buyer shall offer to sell the Property to Seller (the "OFFER") on the same terms and conditions to Seller as those proposed for a sale of the Property to a third party except that the purchase price shall be at the lower of the Purchase Price paid by Buyer to Seller for the Property pursuant to the terms of this Agreement (on a per gross square foot basis if only a portion of the Property is to be sold), or the purchase price offered to or by the third party. Seller shall have five (5) business days from receipt of the Offer (the "OFFER PERIOD") in which to accept or reject the Offer. The Offer shall expire at 5:00 P.M. Pacific Time on the last day of the Offer Period, unless, before that time, Seller has given notice of acceptance of the Offer. The Offer shall contain the name of the proposed purchaser, the proposed sale price, the terms of payment, the required deposit, the time and place for close of escrow and any other material terms and conditions on which the sale is to be consummated.

(b) If Seller gives timely notice of acceptance of the Offer, then Buyer shall be obligated to sell and Seller shall be obligated to purchase the Property (or portion thereof) at a price and on the terms of the Offer. If Seller does not give timely notice of acceptance of the Offer, Buyer may, for a period of six (6) months following the end of the Offer Period, sell the Property (or portion thereof) to the person identified in the Offer on the same terms and conditions set forth in the Offer, except for the purchase price which will be in the same amount which was originally offered to or by the third party.

(c) Buyer shall not sell the Property to any third party on terms or at a price more favorable to such third party than those contained in the Offer, nor shall Buyer sell the Property to any third party after expiration of the twelve (12) month period set forth in subparagraph (b) above without first making another Offer to Seller pursuant to the procedures set forth herein.

(d) Buyer shall deliver to Seller through Escrow a documents in the form of Exhibit "E" attached hereto and incorporated herein by reference. Escrow Holder shall record such document at the First Close of Escrow. Seller's right of first refusal shall run with the land and be binding upon Buyer's successors-in-interest in the Property. Upon termination of Seller's rights hereunder or Seller's failure to exercise its right of first refusal hereunder, Seller shall execute and deliver to Buyer an instrument terminating Seller's rights under this paragraph 10.

(e) Seller's rights under this paragraph 10 shall terminate upon the occurrence of all of the following: (i) a building permit has been obtained, rough grading has been completed and work on the foundations has commenced for office buildings designed to contain at least 150,000 rentable square feet of space described in Buyer's Conceptual Plans and Building Plans for the Property; and (ii) all landscaping to be installed on the Property has been completed.

(f) Notwithstanding anything herein to the contrary, the parties acknowledge that the purpose of this right of first refusal is to preclude Buyer from reselling the Property for a price higher than the price herein. The parties further acknowledge that Buyer may desire to (1) sell the Property and any building which Buyer will construct thereon to a third party before said building is constructed, subject to a leaseback of the office building to Buyer, or (2) sell the property to an accommodating purchaser who will construct the building(s) thereon for the purpose of a Section 1031 Exchange of Buyer's existing headquarters facilities for such building(s) located on the Property, or (3) some other transaction for the purpose of financing the development of the Property which results in Buyer being the primary occupant of the Property. Accordingly, this Right of First Refusal does not apply to a contract in which Buyer is selling both the Property and an office building to be constructed by Buyer, where the office building is to be leased back to Buyer, exchanged with Buyer or otherwise results in Buyer as the primary occupant of the Property. Additionally, Seller's right of first refusal shall not apply to a conveyance of the Property pursuant to a change of control of Buyer, as permitted under paragraph 14 below, or any foreclosure of a security interest in the Property if such security interest is granted for the benefit of a lender unrelated to Buyer.

11. Buyer's Default; Liquidated Damages; Seller's Default.

(a) IF BUYER DEFAULTS HEREUNDER AND ESCROW FOR THE SALE OF PARCEL A FAILS TO CLOSE AS A RESULT OF SUCH DEFAULT, THEN, SELLER'S SOLE REMEDY SHALL BE TO TERMINATE THIS AGREEMENT BY GIVING WRITTEN NOTICE THEREOF TO BUYER, WHEREUPON BUYER'S DEPOSIT (TOGETHER WITH ANY INTEREST THEREON WHILE DEPOSITED IN ESCROW), SHALL BE PAID TO SELLER BY ESCROW HOLDER (UNLESS ALREADY RELEASED TO SELLER PURSUANT TO PARAGRAPH 27 BELOW) AND RETAINED BY SELLER AS LIQUIDATED DAMAGES AND NEITHER PARTY HERETO SHALL HAVE ANY FURTHER LIABILITY OR OBLIGATION TO THE OTHER PARTY HERETO EXCEPT FOR SELLER'S RIGHT TO RECEIVE AND RETAIN SUCH LIQUIDATED DAMAGES. THE PARTIES HERETO ACKNOWLEDGE AND AGREE THAT SELLER'S ACTUAL DAMAGES IN THE EVENT OF BUYER'S DEFAULT HEREUNDER ARE UNCERTAIN IN AMOUNT AND DIFFICULT TO ASCERTAIN, AND THAT SUCH AMOUNT OF LIQUIDATED DAMAGES IS REASONABLE UNDER THE PROVISIONS OF CALIFORNIA CIVIL CODE SECTION 1671 ET SEQ., CONSIDERING ALL OF THE CIRCUMSTANCES EXISTING ON THE DATE HEREOF INCLUDING, WITHOUT LIMITATION, THE RELATIONSHIP OF SUCH AMOUNT TO THE RANGE OF POTENTIAL HARM TO SELLER THAT CAN REASONABLY BE ANTICIPATED AND THE

ANTICIPATION THAT PROOF OF ACTUAL DAMAGES RESULTING FROM SUCH DEFAULT WOULD BE COSTLY AND INCONVENIENT. IN PLACING ITS INITIALS IN THE SPACE BELOW, EACH PARTY HERETO SPECIFICALLY CONFIRMS THE ACCURACY OF THE FOREGOING AND THE FACT THAT SUCH PARTY HAS BEEN REPRESENTED BY COUNSEL WHO EXPLAINED THE CONSEQUENCES OF THIS LIQUIDATED DAMAGES PROVISION.

PH	GS CC
Buyer's Initials	Seller's Initials

(b) In the event the closing of the transaction contemplated in this Agreement does not occur by reason of any default by Seller, then (a) Escrow Agent shall return the Buyer's Deposit to Buyer, and (b) Buyer shall be entitled to pursue any remedy available to it, at law or in equity. Accordingly, Seller hereby acknowledges that, in the event of a breach or threatened breach of any of the provisions of this Agreement by Seller, damages at law may be an inadequate remedy to Buyer and, accordingly, without limiting any other remedies of Buyer, Seller's obligations under this Agreement may be enforceable by specific performance.

12. Condemnation.

(a) In the event that prior to the First Closing Date, all or any "material portion" (as defined in subparagraph (c) below) of the Property is subject to a taking or a threatened taking by public authority, Buyer shall have the right, exercisable by giving notice to Seller within fifteen (15) days after receiving written notice of such taking, and, if necessary, the First Closing Date shall be extended to give Buyer the full 15 day period to make such election, to either (i) to terminate this Agreement, in which case neither party shall have any further rights or obligations hereunder except that (x) any money (including, without limitation, the Deposit, and all interest accrued thereon) or documents in Escrow shall be returned to the party depositing the same, and (y) each party shall be responsible for one-half (1/2) of any title or Escrow cancellation fee, or (ii) to accept the Property in its then condition and to proceed with the First Close of Escrow without an abatement or reduction in the Purchase Price, in which case Buyer shall be entitled to receive an assignment of all of Seller's rights to any condemnation award payable by reason of such taking (provided, however, to the extent such award relates to Parcel B, Buyer shall only be assigned Seller's rights upon the Second Close of Escrow). If Buyer elects to proceed under clause (ii) above, Seller shall not compromise, settle or adjust any claims to such award without Buyer's prior written consent. In the event that after the First Close of Escrow and prior to the Second Closing Date, all or any portion of the Parcel B is subject to a taking or a threatened taking by public authority, the Second Close of Escrow shall be accelerated to occur prior to the date of such taking (or the date of granting a deed in lieu thereof, as required by the condemning authority accepting such deed), and Buyer shall accept Parcel B and pay the Parcel B Purchase Price without any abatement or reduction in such Purchase Price, in which case Buyer shall be entitled to receive an assignment of all of Seller's rights to and interest in any condemnation award payable by reason of such taking. Seller shall not compromise, settle or adjust any claims

to such award without Buyer's prior written consent, and Buyer shall have the sole right after the First Close of Escrow to negotiate and otherwise deal with the condemning authority with respect to any threatened taking of all or any portion of the Property.

(b) In the event that prior to a Closing Date any non-material portion of that portion of the Property to be conveyed at such Closing is subject to a taking or a threatened taking by public authority, Buyer shall accept such portion of the Property in its then condition and proceed with the First Close of Escrow and Second Close of Escrow without any abatement or reduction in the Purchase Price, in which case Buyer shall be entitled to receive an assignment of all of Seller's rights to any condemnation award payable by reason of such taking (provided, however, to the extent such award relates to Parcel B, Buyer shall only be assigned Seller's rights upon the Second Close of Escrow). In the event of any such non-material taking, Seller shall not compromise, settle or adjust any claims to such award without Buyer's prior written consent.

(c) For the purpose of this paragraph 12, a taking of a portion of the Property shall be deemed to involve a material portion thereof if the condemnation award with respect to such taking shall exceed Two Hundred Fifty Thousand Dollars ($250,000) or such taking would materially interfere with Buyer's development of the Property. The parties agree that the reduction of the buildable square footage of building improvements on the Property to less than 90% of the currently allowable buildable square footage of the Property (based on the current floor area ratio) shall be one example of a material interference with Buyer's development of the Property.

(d) Seller agrees to give Buyer written notice of any taking, or threatened taking, of the Property, promptly after learning of the same.

13. Broker's Commissions.

Upon each Close of Escrow, a real estate sales commission (each, a "COMMISSION") shall be paid by Seller to Business Real Estate Brokerage Company ("BRE"), as Seller's broker, pursuant to a separate agreement entered into between Seller and BRE. Forty-five percent (45%) of each Commission payable to BRE shall be paid to Buyer's broker, Phase 3 Properties, Inc. ("PHASE 3") upon each Close of Escrow hereunder. Except for Seller's payment to BRE of the Commission(s), and BRE's payment to Phase 3 of its share of such Commission(s) (from payment of which Seller shall indemnify and hold harmless Buyer), Seller and Buyer each agree that, to the extent any real estate commission or brokerage and/or finder's fee shall be earned or claimed in connection with this Agreement or the Close of Escrow hereunder, the payment of such fee or commission, and the defense of any action in connection therewith, shall be the sole and exclusive obligation of the party who requested the services of the broker and/or finder. In the event that any claim, demand or cause of action or brokerage and/or finder's fee is asserted against the party to this Agreement who did not request such services, the party through whom the broker or finder is making the claim shall indemnify, defend (with an attorney of the indemnitee's choice) and hold harmless the other from and against any and all such claims, demands and causes of action. Buyer hereby warrants and represents that it has not been

represented by any broker or "finder" in connection with its purchase of the Property, except for Phase 3.

14. Assignment.

Buyer shall not assign its rights under this Agreement without the prior written consent of Seller, which Seller may grant or withhold in its sole discretion; provided, however, Buyer shall have the right to assign its rights and obligations under this Agreement to (i) any entity which controls, is controlled by or is under common control with Buyer, (ii) any entity resulting from the merger, consolidation or other reorganization with Buyer whether or not Buyer is the surviving entity, (iii) any entity which acquires all or substantially all of the assets or stock of Buyer, (iv) any accommodating purchaser pursuant to a Section 1031 Exchange or (v) any entity as part of a sale/leaseback, operating lease or similar transaction pursuant to which Neurocrine Biosciences, Inc. or its corporate successor or affiliate leases the Property or the improvements from such entity pursuant to a written lease. As used herein, "CONTROL" means the ownership of more than 50% of the voting securities of an entity or possession of the right to vote more than 50% of the voting interest in the ordinary direction of the entity's affairs. In the event of an assignment permitted by this paragraph 14 or consented to in writing by Seller, the assignee will automatically become (i) the person to (a) deliver statements, notices, demands, approvals or other documents and (b) waive conditions, all as may be permitted or required by this Agreement and not then already accomplished by Buyer or a previous assignee, (ii) the grantee of the Seller's Grant Deed; (iii) the insured under the Title Policy, and (iv) the obligor under all of Buyer's obligations pursuant to this Agreement (with the exception of the occupancy obligations set forth in subparagraph 8(e) and elsewhere in this Agreement); further provided that the assignor, as the intended ultimate occupant of the Property shall be an intended third party beneficiary of all of Seller's covenants, representations, warranties and obligations under this Agreement. No assignment shall release Buyer from any liability hereunder to the extent arising prior to the effective date of such assignment.

15. Successors in Interest.

Subject to paragraph 14 above, this Agreement shall inure to the benefit of and be binding upon the successors, personal representatives, heirs and assigns of the parties hereto. This Agreement is not intended to benefit any person or entity not a party hereto.

16. Subdivision Improvement Agreements.

Pursuant to the terms of certain subdivision improvement agreements related to the Property, between Seller and the City of San Diego (collectively, the "SUBDIVISION IMPROVEMENT AGREEMENTS"), Seller is required to install certain landscaping and sidewalks on the Property to the extent not already installed thereon (the "LANDSCAPING WORK" and the "SIDEWALK WORK", respectively). Within one-hundred-eighty (180) days after the First Close of Escrow, Seller shall have access to the Property to complete and Seller shall complete any remaining obligations under the Subdivision Improvement Agreements with respect to the Sidewalk Work only and obtain the City's written acceptance of such work in accordance with the applicable provisions of the Subdivision Improvement Agreements, at Seller's sole cost and

expense. Within one-hundred eighty (180) days after the First Close of Escrow, Buyer shall either: (i) enter into an agreement with the City of San Diego to perform the Landscaping Work (as such Landscaping Work may be altered by agreement between Buyer and the City of San Diego pursuant to Buyer's development of the Property) and obtain the City's written agreement that Seller has no obligation to perform the Landscaping Work unless Seller subsequently takes title to the Property; or (ii) complete the Landscaping Work (as such Landscaping Work may be altered by agreement between Buyer and the City of San Diego pursuant to Buyer's development of the Property) at its sole cost and expense and obtain the City's written acceptance of such work in accordance with the applicable provisions of the Subdivision Improvement Agreements. Subject to the limitations set forth in the last sentence of this paragraph, in the event Buyer fails to perform its obligations with respect to the Landscaping Work under subparagraphs (i) or (ii) above, Seller shall have the right, but not the obligation, to enter upon the Property to take such actions as may be necessary to perform the Landscaping Work and Buyer shall pay Seller an amount equal to 110% of the actual costs incurred by Seller in order to perform such work within ten (10) days of a request therefor by Seller. In the event Seller fails to perform its obligations with respect to the Sidewalk Work, Buyer shall have the right, but not the obligation, to take such actions as may be necessary to perform the Sidewalk Work and Seller shall pay Buyer an amount equal to 110% of the actual costs incurred by Buyer in order to perform such work within ten (10) days of a request therefor by Buyer. Notwithstanding the foregoing, if Seller exercises the Repurchase Option or the right of first refusal to purchase the Property, Seller shall assume Buyer's (and any successor Property owner's) obligations relating to any Landscaping Work not performed by Buyer or Seller prior to the conveyance of the Property to Seller, and Buyer shall have no further liability hereunder, or under any agreement with the City of San Diego, for such unperformed Landscaping Work.

17. Required Actions of Buyer and Seller.

Buyer and Seller agree to execute all such instruments and documents and to take all actions pursuant to the provisions hereof in order to consummate the purchase and sale herein contemplated and shall use their best efforts to accomplish the First and Second Close of Escrow in accordance with the provisions hereof, or to further perfect the conveyance, transfer and assignment of the Property to Buyer.

18. Time Periods.

Unless "business day" is specified, the term "day" means a calendar day. The term "business day" means any day other than a Saturday, Sunday or federal or State of California holiday. If the last day for any act falls on a Saturday, Sunday or holiday, the time for performance shall be extended to the next business day. As used in this Agreement, an "Event of Force Majeure" shall mean any delay encountered by Buyer in carrying out its obligations under this Agreement resulting from strikes, lockouts, earthquakes, floods, unavailability of labor, inclement weather, unavailability of standard materials or customary facilities, equipment or supplies, governmental building moratoriums, governmental or administrative action or inaction, riot, insurrection, mob violence, acts of terrorism or civil commotion, war, acts of God or other acts beyond the reasonable control of Buyer (financial condition excepted) (individually or

collectively, "EVENTS OF FORCE MAJEURE"). The occurrence of any Events of Force Majeure shall not excuse any failure by Buyer to make any payment required under this Agreement.

19. Attorneys' Fees.

If either party files any action or brings any proceeding against the other party arising out of this Agreement, or any agreement executed pursuant hereto, or is made a party to any action or proceeding brought by Escrow Holder, then as between Buyer and Seller, the prevailing party shall be entitled to recover as an element of its costs of suit, and not as damages, reasonable attorneys' fees to be fixed by the court. The prevailing party shall mean the party which obtains the principal relief it has sought, whether by compromise, settlement or judgment.

20. Notices.

Any notice, request, demand, instruction or other communication to be given to either party hereunder shall be in writing and shall be delivered personally, transmitted by telecopier, sent by overnight courier or by registered or certified mail, return receipt requested, to the parties at the following addresses:

Seller:	Pardee Homes 12626 High Bluff Drive, Suite 100 San Diego, California 92130 Attention: Gregory P. Sorich Telephone: (858) 794-2500 Fax: (858) 794-2599
With a Copy to:	Pardee Homes 10880 Wilshire Boulevard, Suite 1900 Los Angeles, CA 90024 Attention: William A. Bryan Telephone: (310) 475-3525 Fax: (310) 446-1293
With a Copy to:	Sandler and Rosen, LLP 1801 Avenue of the Stars, Suite 510 Los Angeles, California 90067 Attention: Craig C. Birker Telephone: (310) 277-4411 Fax: (310) 277-5954
Buyer:	Neurocrine Biosciences, Inc. 10555 Science Center Drive San Diego, California 92121 Attention: Margaret Valeur-Jensen, Ph.D Telephone: (858) 658-7600 Fax: (858) 658-7605

With a Copy to: Brobeck, Phleger & Harrison LLP
12390 El Camino Real
San Diego, California 92130
Attention: W. Scott Biel
Telephone: (858) 720-2701
Fax: (858) 720-2555

or such other addresses as the parties may from time to time direct. The address to which any such communication shall be sent may be changed from time to time by notice sent in the same manner as set forth above. All notices shall be deemed delivered on the date personally delivered or upon receipt if transmitted by telecopier or sent by overnight courier, or forty-eight (48) hours after the date deposited into the United States mail.

21. Time is of the Essence.

Time is of the essence of this Agreement.

22. Entire Agreement.

This Agreement contains all of the agreements of the parties hereto with respect to the matters contained herein, and no prior agreement or understanding pertaining to any such matter shall be effective for any purpose. No provision of this Agreement may be amended or added to except by an agreement in writing signed by the parties hereto or their respective successors in interest.

23. Interpretation.

The language in all parts of this Agreement shall be construed under the laws of the State of California according to its normal and usual meaning, and not strictly for or against either Buyer or Seller.

24. Paragraph Headings.

Headings at the beginning of each numbered paragraph of this Agreement are solely for the convenience of the parties and are not a part of this Agreement.

25. Counterparts.

This Agreement and any amendments or supplements to it, and the Escrow Instructions herein referred to, may be executed in counterparts, and all counterparts together shall be construed as one document.

26. Confidentiality.

Neither Buyer nor Seller shall make any public announcement or disclosure of any information related to this Agreement to outside brokers or third parties, before the First Close of

Escrow on the Property, without the specific prior written consent of the other, except for such disclosures to the parties' lenders, creditors, partners, members, officers, employees, agents, consultants, attorneys, accountants, and exchange facilitators as may be necessary to permit each party to perform its obligations hereunder and as required to comply with applicable laws and rules of any exchange upon which a party's shares may be traded; provided, however, Seller may disclose the existence of this Agreement and the contents of any Due Diligence Materials to other potential purchasers of the Property. Buyer's and Seller's obligations under this paragraph 26 shall terminate upon the termination of this Agreement (other than by the Close of Escrow).

27. Section 1031 Exchange.

Buyer may consummate the purchase of either or both parcels of the Property as part of a Section 1031 Exchange, provided that: (1) although the consummation or accomplishment of the Exchange shall not be a condition precedent or condition subsequent to Buyer's obligations under this Agreement, Buyer may delay the First Closing to a date not later than September 15, 2003 for the sole purpose of complying with the timing requirements of a Section 1031 Exchange for Buyer's existing headquarters facilities, provided that as conditions of such delay, (a) Buyer shall have given Seller notice of such delay no later than December 31, 2002, (b) the Purchase Price of Parcel A shall be increased by an amount equal to Seller's imputed interest on the Parcel A Purchase Price, which shall be deemed to be 8.25% per annum, for the period of such delay ("SELLER'S CARRY COST"), which shall be payable by Buyer in monthly installments, in arrears, on the first day of each calendar month (and if the First Closing occurs on any day other than the last day of a calendar month, Seller's Carry Cost shall accrue on a per diem basis for that portion of the month in which the First Closing occurs, with such interest payable on the First Close of Escrow) by payment directly to Seller, (c) the Deposit shall be increased to Three Million Dollars ($3,000,000) as of the date that the Seller's conditions to the First Closing are otherwise satisfied, and the Deposit shall be released to Seller as of such date, and (d) all of Buyer's conditions to its obligations under this Agreement with respect to the First Closing shall be deemed satisfied or waived as of the date that the Seller's conditions to the First Closing are otherwise satisfied; (2) the Second Closing shall not be delayed or affected by reason of the Exchange; (3) Buyer shall effect the Exchange through an assignment of this Agreement, or its rights under this Agreement, to a qualified intermediary; (4) Seller shall not be required to take an assignment of the purchase agreement for the relinquished property or be required to acquire or hold title to any real property for purposes of consummating the Exchange; and (5) Buyer shall pay any additional costs that would not otherwise have been incurred by Buyer or Seller had Buyer not consummated its purchase through the Exchange. Seller shall not by this agreement or acquiescence to the Exchange have its rights under this Agreement affected or diminished in any manner or be responsible for compliance with or be deemed to have warranted to Buyer that the Section 1031 Exchange in fact complies with the requirements of the Code.

[Remainder of Page Intentionally Blank -- Signature Page Follows]

[Signature page to Agreement for Purchase and Sale of Real Property and Escrow Instructions]

IN WITNESS WHEREOF, the undersigned have executed this Agreement on the date first written above.

"Seller"

PARDEE HOMES,
a California corporation

By: /s/ Gregory P. Sorich

Its: Vice President

By: /s/ Charles Corum

Its: Assistant Vice President

"Buyer"

NEUROCRINE BIOSCIENCES, INC.,
a Delaware corporation

By: /s/ Paul W. Hawran

Its: Exec V.P.

By:______________________________

Its:________________________

CONSENT OF ESCROW AGENT

The undersigned Escrow Agent hereby agrees to (i) accept the foregoing Purchase Agreement, (ii) be Escrow Agent under said Purchase Agreement, (iii) make all filings required under Section 6045 of the Internal Revenue Code of 1986, as amended, and (iv) be bound by said Purchase Agreement in the performance of its duties as Escrow Agent; provided, however, the undersigned shall have no obligations, liability or responsibility under (a) this Consent or otherwise, unless and until said Purchase Agreement, fully signed by the parties, has been delivered to the undersigned, or (b) any amendment to said Purchase Agreement unless and until the same is accepted by the undersigned in writing.

Dated: ____________________

CHICAGO TITLE INSURANCE COMPANY

By ________________________________
Shelva Molm

EXHIBIT "A"

SITE PLAN

EXHIBIT "B"

LEGAL DESCRIPTION OF PROPERTY

Parcel A:

Parcel 4 of Parcel Map No. 15061, in the City of San Diego, County of San Diego, State of California, according to Map thereof filed in the Office of the County Recorder of San Diego County.

Plus

That portion of Parcel 3 of Parcel Map No. 15061, in the City of San Diego, County of San Diego, State of California, according to Map thereof filed in the Office of the County Recorder of San Diego County, more particularly described as follows:

Beginning at the most Southerly corner of said Parcel 3, thence along the Southwesterly and Northwesterly lines of said Parcel 3 the following courses: North 70(degree)17'30" West 916.08 feet; thence North 00(degree)37'21" East 82.70 feet; thence leaving said Northwesterly line South 70(degree)17'30" East 961.03 feet to the Southeasterly line of said Parcel 3, being the beginning of a non-tangent 1861.00 foot radius curve concave Southeasterly, to which a radial line bears North 56(degree)09'02" West; thence along said Southeasterly line, Southwesterly along the are of said curve through a central angle of 02(degree)28'07" a distance of 80.18 feet to the Point of Beginning.

Parcel B:

Lot 17 of Employment Center Development Unit No. 2B, in the City of San Diego, County of San Diego, State of California, according to Map thereof No. 10945, filed in the Office of the County Recorder of San Diego County.

EXHIBIT "B"

EXHIBIT "C"

PROPERTY DOCUMENTS

1. A current legal description of the Property.

2. An ALTA Survey, if available, for the Property. Buyer shall be responsible for the cost of updating such ALTA Survey.

3. All plans, drawings, and specifications relating to the Property and any soils reports, engineering and architectural studies, grading plans, topographical maps, and similar data for the Property, if available.

4. If such is available, a list and complete copies of all licenses, permits, maps, and covenants, conditions, and restrictions (CC&R's) for the Property.

5. Copies of the property tax bills, utility bills, and similar records for the Property for the past three (3) years.

6. The Subdivision Improvement Agreements (as defined in paragraph 16).

Recording Requested By
And When Recorded Mail To:

PARDEE HOMES
c/o Craig C. Birker
Sandler and Rosen, LLP
1801 Avenue of the Stars
Suite 510
Los Angeles, California 90067

MEMORANDUM OF AGREEMENT

The undersigned, NEUROCRINE BIOSCIENCES, INC., a Delaware corporation ("Buyer") and PARDEE HOMES, a California corporation ("Seller"), have entered into that certain Agreement for Purchase and Sale of Real Property and Escrow Instructions dated October 15, 2002 (the "Agreement"), affecting that certain the real property described as set forth in Exhibit "1" hereto and incorporated herein by this reference.

The parties have executed and recorded this instrument for the purpose of imparting notice of the parties' rights and obligations under paragraph 8(e) of the Agreement. Paragraph 8(e) of the Agreement provides as follows:

> (e) Prior to commencement of construction, Buyer shall deliver to Seller, for Seller's written approval in its reasonable discretion, the following plans and other materials related to the improvements Buyer proposes to construct on the Property (the "Building Plans"): (i) complete building shell architectural plans, including elevations, sections, mechanical and roof plans; (ii) conceptual landscape plans, including lighting, landscape palette, hardscapes and architectural features; (iii) grading plans; (iv) conceptual signage plans for all signs to be erected upon the Property; and (v) color boards including glass, roofing materials, exterior elevation, colors, window mullions and veneer materials. Seller shall review and approve or reasonably disapprove the Building Plans within ten (10) days after Seller's receipt thereof. Seller shall not have the right to disapprove Buyer's Building Plans to the extent such plans conform to Buyer's Conceptual Plans approved by Seller. If Seller fails to notify Buyer of its disapproval of the Building Plans and the reasons therefor within said ten (10) day period, the Building Plans shall be deemed approved. After Buyer's receipt of Seller's notice of disapproval and the reasons therefor, if Buyer revises the Building Plans, Buyer shall submit the revised Building Plans to Seller for its approval or reasonable

disapproval which Seller shall give within ten (10) days after receipt thereof. This process shall continue until the Building Plans are approved. Seller's failure to notify Buyer of its approval or reasonable disapproval and the reasons for such disapproval within said ten (10) day period shall be deemed Seller's approval of the Building Plans. Buyer hereby agrees that the building(s) and all other improvements constructed on the Property by Buyer, or its successors-in-interest, assigns or transferees shall be constructed in accordance with the Building Plans approved by Seller. Buyer agrees that the Building Plans shall conform to Seller's Building Guidelines attached hereto as Exhibit "F". Buyer agrees that Seller's Building Guidelines are reasonable. Seller agrees that Seller shall not disapprove of any portion of the Building Plans for any reason contrary to the Seller's Building Guidelines. Any material modifications to the Building Plans shall require Seller's prior written approval. To the extent that Seller has approved, or approves or permits any deviations from the Seller's Building Guidelines in the construction of any non-governmental buildings located on Lots 17, 18 or 19 of Employment Center Development Unit 2B, according to Map thereof No. 10945, filed in the Office of the County Recorder of San Diego County on May 21, 1984, located to the south of the Property, or Parcel 2 of Parcel Map No. 15061, filed in the Office of the County Recorder of San Diego County on December 16, 1987, located to the north of the Property, similar deviations in the construction of Buyer's buildings on the Property shall be permitted by Seller. It is intended that the approval process set forth above shall apply to the development of the entire Property; however, in the event the Property is developed in phases, Buyer shall only be required to submit Building Plans to Seller for the particular phase Buyer intends to develop at that time. Buyer may concurrently submit the Building Plans to Seller and related development applications to applicable government authorities for approval, provided that Buyer acknowledges that the Building Plans submitted to government authorities may be revised as a result of Seller's review and approval process, and no development approvals from government authorities shall limit Seller's rights under this subparagraph 8(e). Buyer's and Seller's covenants set forth in this paragraph 8(e) shall survive Close of Escrow. Buyer and Seller agree to execute and deliver to Escrow Holder prior to the First Close of Escrow a Memorandum of Agreement in the form attached hereto as Exhibit "C" confirming the parties' rights and obligations under this paragraph 8(e). Escrow Holder shall record such Memorandum of Agreement at the First Close of Escrow. Any liens upon the Property as security for loans shall be subordinate to the Memorandum of Agreement.

The parties' rights and obligations shall be subject to the terms and conditions contained in the Agreement. In the event of any inconsistency between this Memorandum and the Agreement, the Agreement shall control. This Memorandum and the Agreement shall bind and

inure to the benefit of the parties hereto, and their respective heirs, successors and assigns, subject, however, to the provisions of the Agreement on assignment.

EXHIBIT "D"

IN WITNESS WHEREOF, Buyer and Seller have executed this Memorandum this _____ day of ____________, 200__.

PARDEE HOMES,
a California corporation

By:_____________________________
Its:_______________________

NEUROCRINE BIOSCIENCES, INC.,
a Delaware corporation

By:_____________________________
Its:_______________________

EXHIBIT "D"

EXHIBIT "E"

Recording Requested By
And When Recorded Mail To:

PARDEE HOMES
c/o Craig C. Birker
Sandler and Rosen, LLP
1801 Avenue of the Stars
Suite 510, Century City
Los Angeles, California 90067

- ---

MEMORANDUM OF OPTION TO PURCHASE

FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, the undersigned, NEUROCRINE BIOSCIENCES, INC., a Delaware corporation ("Buyer") has granted and hereby grants to PARDEE HOMES, a California corporation ("Pardee"), the option to purchase, upon and subject to the terms, covenants, conditions and agreements set forth in a certain Agreement for Purchase and Sale of Real Property and Escrow Instructions between Buyer and Pardee dated October 15, 2002 (the "Agreement"), and particularly paragraph 9, thereof, the real property described as set forth in Exhibit "1" hereto and incorporated herein by this reference.

The option to purchase shall commence on the recordation of this instrument and shall terminate, to the extent not exercised, on such date as provided in the aforesaid Agreement, but not later than the expiration of twenty (20) years from the date of the Agreement, and shall otherwise be subject to the terms and conditions contained therein. No further instrument shall be required to remove this Memorandum from title other than the commencement of construction within the time frame specified in the Agreement.

The parties have executed and recorded this instrument for the purpose of imparting notice of the Agreement and the respective rights and obligations of Buyer and Pardee. The price and other terms are set forth in the Agreement, all of the terms, covenants, and conditions of which are incorporated herein by reference as though set forth fully herein. In the event of any inconsistency between this Memorandum and the Agreement, the Agreement shall control. This Memorandum and the Agreement shall bind and inure to the benefit of the parties hereto, and their respective heirs, successors and assigns, subject, however, to the provisions of the Agreement on assignment.

IN WITNESS WHEREOF, Buyer and Pardee have executed this Memorandum this _____ day of ____________, ______.

PARDEE HOMES,
a California corporation

By:______________________________
Its:______________________

NEUROCRINE BIOSCIENCES, INC.,
a Delaware corporation

By:______________________________
Its:______________________

EXHIBIT "E"

EXHIBIT "F"

Recording Requested By
And When Recorded Mail To:

PARDEE HOMES
c/o Craig C. Birker
Sandler and Rosen, LLP
1801 Avenue of the Stars
Suite 510, Century City
Los Angeles, California 90067

MEMORANDUM OF RIGHT OF FIRST REFUSAL

By this Memorandum, NEUROCRINE BIOSCIENCES, INC., a Delaware corporation ("Buyer") hereby grants to PARDEE HOMES, a California corporation ("Pardee") a right of first refusal to purchase the real property, together with all improvements located upon the real property legally described as set forth in Exhibit "1" attached hereto and by this reference incorporated herein and upon the terms more particularly set forth in paragraph 10 of the Agreement For Purchase and Sale of Real Property and Escrow Instructions dated October 15, 2002, between Buyer and Pardee (the "Agreement").

Pardee's right of first refusal shall commence on the recordation of this instrument and shall terminate, to the extent not exercised, as provided in the aforesaid Agreement, but not later than the expiration of twenty (20) years from the date of the Agreement set forth above, and shall otherwise be subject to the terms and conditions contained therein. No further instrument shall be required to remove this Memorandum from title other than the commencement of construction within the time frame specified in the Agreement.

The parties have executed and recorded this instrument for the purpose of imparting notice of the Agreement and the respective rights and obligations of Buyer and Pardee. The price and other terms are set forth in the Agreement, all of the terms, covenants, and conditions of which are incorporated herein by reference as though set forth fully herein. In the event of any inconsistency between this Memorandum and the Agreement, the Agreement shall control. This Memorandum and the Agreement shall bind and inure to the benefit of the parties hereto, and their respective heirs, successors and assigns, subject, however, to the provisions of the Agreement on assignment.

IN WITNESS WHEREOF, Buyer and Pardee have signed this Memorandum this _____ day of ____________, 200__.

NEUROCRINE BIOSCIENCES, INC.,
a Delaware corporation

By:_______________________________
Its:______________________

PARDEE HOMES,
a California corporation

By:_______________________________
Its:______________________

EXHIBIT "F"

EXHIBIT "G"

SELLER'S BUILDING GUIDELINES

The following include some, but not all, of the design criteria utilized by Seller in its review of Buyer's Conceptual Plans and the Building Plans:

1. No tilt-up concrete buildings will be permitted.

2. The proposed project will not exceed the maximum floor area ratio to meet a minimum of 4 cars per 1,000 SF of usable area for office space of the buildings, and 3 cars per 1,000 SF of usable area for laboratory space of the buildings, provided that the Buyer's Conceptual Plans shall indicate the location for additional parking spaces to provide at least 4 cars per 1,000 square feet of usable area of additional office space in the event that any or all of the laboratory space of the buildings is converted to office space.

3. Up to 50% of the building exterior may be done in visual glass and a minimum of 50% of the exterior shall be done in natural granite, marble, brick or natural stones. All exterior glass shall be vision glass only. Spandrel glass will not be accepted. Exterior cladding materials that will not be permitted will be exterior finish and insulation systems (EFIS), dryvit, and STO, etc. (plaster or stucco, artificial stone or cast stone products).

4. All mechanical equipment whether ground mounted or on building rooftops shall be screened from view from ground level, at grade, where they will be in enclosures of materials similar to the buildings, and otherwise aesthetically-screened from above-grade locations. Trash dumpsters shall also be placed within an enclosure consistent in design to the buildings.

5. Covering approximately 50% of the building's exterior, glass plays an extremely important role in the aesthetic expression of any building. Windows set in within the exterior cladding material will consist of glass within aluminum frames of bronze anodized, or a kynar finish and/or other similar finishes, including, without limitation, black or dark gray finishes. Bright or mill aluminum will not be an acceptable product. Glass shall be either clear or lightly tinted up to a shading heat gain coefficient of 0.50. Viracon one inch (1") bronze uncoated insulating glass (as described in the performance specifications for uncoated insulating glass located at the Viracon website [www.viracon.com]), and glass of similar specifications, is expressly permitted for building exterior glass. Color for the window frames and glass tinting shall be approved by Seller. Windows integrated within the exterior skin shall be recessed from the face of the cladding materials so as to read as punched openings. The cladding material shall return into the window opening a minimum of six inches. Glass and fenestration that are not permitted:

A. Reflective glass (as determined by a shading heat gain coefficient greater than that set forth above)

B. Dark-tinted gray light or bronze glass (as determined by a shading heat gain coefficient greater than that set forth above)

C. Spandrel glass

D. Non-recessed window openings.

EXHIBIT "G"

EXHIBIT "H"

GROUND LEASE

This Ground Lease (this "LEASE") is made and entered into as of the 30th day of May, 2003, (the "COMMENCEMENT DATE") by and between PARDEE HOMES, a California corporation ("LANDLORD") and NEUROCRINE INTERNATIONAL LLC, A DELAWARE LIMITED LIABILITY COMPANY ("TENANT").

RECITALS

This Lease is entered into upon the basis of the following facts, understandings and intentions of Landlord and Tenant:

A. Landlord is the fee owner of certain real property situated in the City of San Diego, County of San Diego, State of California and more particularly described in EXHIBIT A attached hereto (the "SITE"). The Site consists of two separate legal parcels as follows: a single legal parcel consisting of approximately 9.41 acres of land ("PARCEL A") and a single legal parcel which shall consist of approximately 4.36 acres of land ("PARCEL B"). Parcel B is more particularly described in Exhibit B attached hereto, and is sometimes hereinafter referred to as the "PREMISES."

B. Pursuant to that certain Agreement for Purchase and Sale of Real Property and Escrow Instructions dated October 15, 2002, by and between Landlord, as Seller and Neurocrine Biosciences, Inc. ("NBI") as Buyer as amended by First Amendment dated January 15, 2003, Second Amendment dated February 28, 2003 and Third Amendment dated May 28, 2003 (as so amended, the "PURCHASE AGREEMENT"), Landlord shall sell the Parcel A to NBI (or its successor, assign or permitted designee) such party shall purchase Parcel A from Landlord on the terms and conditions contained in the Purchase Agreement. NBI has assigned its interest under the Purchase Agreement with respect to the purchase of Parcel A to Peony Acquisitions LLC, a Delaware limited liability company ("Peony").

C. Upon acquisition of Parcel A by Peony, Tenant desires to lease the Premises from Landlord.

NOW, THEREFORE, FOR GOOD AND VALUABLE CONSIDERATION, THE RECEIPT AND SUFFICIENCY OF WHICH ARE HEREBY ACKNOWLEDGED, Landlord and Tenant, each for itself, its successors and assigns, do hereby agree to perform all of the terms, covenants, conditions and agreements herein provided to be kept and performed by Landlord and Tenant, respectively.

ARTICLE I - ADDITIONAL DEFINITIONS

The terms defined below shall, have the meanings specified, unless the context clearly indicates otherwise:

1.1 Tenant's Equipment. "TENANT'S EQUIPMENT" shall mean any items of movable machinery, trade fixtures, furniture, furnishings or other personal property which are capable of

being moved without substantial damage, whether or not attached to a building, located on the Premises during the term of this Lease.

1.2 Tenant's Improvements. "TENANT'S IMPROVEMENTS" shall mean all buildings, landscaping, driveways, parking areas, sidewalks, utilities and other improvements (excluding Tenant's Equipment) which from time to time are placed, constructed or located upon the Premises during the Term of this Lease.

1.3 Lease Year. "LEASE YEAR" shall mean a one-year period commencing on the Commencement Date or any anniversary thereof and expiring at midnight on the date before the next anniversary thereof.

ARTICLE II - DEMISE AND TERM

2.1 Demise. Landlord hereby demises and leases the Premises to Tenant, and Tenant hereby takes and accepts the same from Landlord in its unqualified "AS IS, WHERE IS AND WITH ALL FAULTS" condition.

2.2 Term. The term of this Lease shall be for a period (the "TERM") commencing on the Commencement Date and continuing until 11:59 P.M. on the thirty-first (31st) anniversary of the Commencement Date, unless canceled or terminated prior to the expiration of the Term.

Notwithstanding the foregoing, the following events may cause the early termination of this Lease:

2.2.1 Upon the earlier of (a) Second Closing (as defined in Paragraph 5(b) of the Purchase Agreement), and (b) the termination of the Purchase Agreement without transfer of Landlord's title to the Premises pursuant thereto, this Lease shall terminate.

2.2.2 Upon Termination of this Lease for any reason other than the transfer of Landlord's title to the Premises pursuant to the Purchase Agreement, then Tenant shall convey to Landlord good and clear title to the Tenant's Improvements, if any, in their then unqualified "AS IS, WHERE IS AND WITH ALL FAULTS" condition, subject to matters of record but free of all mortgages, liens, and other encumbrances securing the payment of money and all leasehold rights of others and otherwise without warranty or representation by Tenant.

2.3 Ground Lease. Landlord acknowledges that this is and shall for all purposes be considered a ground lease, with Tenant retaining fee title ownership, including all rights and privileges relating thereto, to all Tenant's Equipment and Tenant's Improvements located at the Premises, except as otherwise expressly provided herein.

2.4 Covenant of Quiet Enjoyment. Subject to the terms and provisions of this Lease, Landlord covenants that Tenant shall lawfully, peaceably, and quietly have, hold, occupy, and enjoy the Premises during the term hereof, without hindrance or ejection by Landlord or by any persons lawfully claiming under Landlord; the foregoing covenant of quiet enjoyment is in lieu of any other covenant, express or implied.

ARTICLE III - RENT

3.1 Rent. Commencing on the Commencement Date, Tenant agrees to pay rent ("RENT") to Landlord, in quarterly installments in the amount of $100,000 per quarter of the Lease Year, payable in advance, at the address of Landlord or such other place as Landlord may by written notice to Tenant from time to time direct, without demand, deduction, or offset, except as expressly otherwise provided herein, provided, however, if the Term commences on other than the first day of an applicable quarter, or if the Term expires on other than the last day of an applicable quarter, then the Quarterly Rent shall be prorated according to the portion of the Term. Upon the Second Closing, if any, all Rent, received by Landlord and interest thereon accruing at the rate of 8.25% per annum, shall be credited against the Parcel B Purchase Price (as defined in the Purchase Agreement).

ARTICLE IV - USE

4.1 Use. Tenant may use the Premises for the construction, operation, development, maintenance, repair and use of the Tenant Improvements and the operation of Tenant's business therein, and for the parking of vehicles associated therewith, and for ingress to and egress from any adjacent properties, (the "PERMITTED USE"), and for any other legal purpose or purposes. Landlord agrees not to impose, or consent to, any use restrictions on the Premises limiting the Permitted Use, without in each case the prior written consent of Tenant, in its sole discretion. Tenant shall procure at its expense any permits and licenses required for the Permitted Use upon the Premises and shall indemnify Landlord against any liability under any such permit or license or for the failure to obtain the same. Except as provided in the Purchase Agreement, nothing contained in this Lease shall be deemed to impose upon Tenant, either directly, indirectly, constructively or implicitly, an obligation to construct improvements upon the Premises, or remain open and operating for any period or in accordance with any operating schedule, procedure or method, all of which shall be within the absolute discretion of Tenant. No failure to use the Premises shall, per se, constitute abandonment thereof.

4.2 Legal Compliance. Subject to such contest as Tenant may elect, Tenant shall at its expense comply with the valid requirements of all governmental authorities now or hereafter in force controlling or regulating the use of the Premises by Tenant.

4.3 Utility and Other Charges. Tenant shall pay, before the same becomes delinquent, all charges for gas, electricity, water, heat, telephone, computer service, sewage and other utilities or services furnished to or for the benefit of the Premises. To the extent required by law and at no expense to Landlord, Landlord shall join in the execution of any applications required by the provider of such utility service if necessary to do so in order for such service to be extended or offered to the Premises and/or Tenant.

ARTICLE V - TAXES

5.1 Definition; Payment. The term "TAXES" shall mean and include all real and personal property taxes and special assessments which are assessed with respect to the Premises, the Tenant's Equipment and the Tenant's Improvements for the period commencing with the Commencement Date through the end of the Term, including, without limitation, payments made

with respect to the Premises and/or the Site pursuant to any payment in lieu of tax (i.e., "pilot") agreement with any applicable taxing authority, exclusive of (a) taxes, assessments or charges, however characterized, including supplemental taxes, abatements, reassessments and deferments, payable with respect to periods prior to the Commencement Date, and (b) deferred, catch-up ad valorem or roll-back taxes applicable to the period prior to the Commencement Date. Such excluded amounts under (a) and (b) above shall be the responsibility of Landlord and paid by Landlord when due. If Tenant's obligation to pay Taxes shall cover a period that is less than a full tax year, then such Taxes shall be prorated on a daily basis. Landlord shall promptly provide to Tenant copies of each assessment or tax valuation notice received by Landlord affecting the Premises. Tenant shall be entitled to negotiate, at Tenant's sole expense, directly with the taxing authority regarding the tax valuation of any portion of the Premises, the Tenant's Equipment or the Tenant's Improvements. Tenant shall pay the Taxes as hereinafter provided.

5.1.1 Tenant shall pay all Taxes directly to the taxing authority before the same shall become delinquent.

5.1.2 Where any tax or special assessment is permitted by law to be paid in installments, Tenant may elect to pay such tax or special assessment in installments as and when each such installment becomes due; provided, that Tenant shall only be liable for its share of those installments which actually are or should have been paid by Tenant during the Term of this Lease in accordance with this Section 5.1.

5.2 Right to Contest Taxes. Tenant may contest at its sole expense the validity or amount of any tax or assessment, in whole or in part, or endeavor to obtain a reduction of the assessed valuation for the purposes of reducing the Taxes, by an appropriate proceeding commenced and conducted within applicable time periods provided that the same does not result in an actual or reasonably foreseeable adverse effect on the tax treatment of the balance of the Tax Parcel. If the Premises are separately assessed for tax purposes, then Tenant shall only have the right to contest Taxes assessed on the Premises and Tenant's Improvements. Notwithstanding the foregoing, before initiating any such proceeding, Tenant shall notify Landlord of Tenant's intention to do so. If Landlord elects to initiate and prosecute such proceeding directly in its own name, by giving Tenant written notice of such election not later than ten (10) business days after receipt of such notice from Tenant, then Tenant shall have no right to institute such proceedings unless Landlord fails to do so within twenty (20) days after Landlord gives such notice to Tenant. If Landlord notifies Tenant that Landlord elects to initiate and prosecute such proceedings, then Landlord shall promptly initiate and diligently prosecute such proceedings to a determination thereof and Tenant shall have the right to join in such proceedings. If Landlord does not elect to initiate and prosecute such proceedings, Landlord shall join in any such proceedings initiated by Tenant if necessary to do so in order to prosecute such proceedings properly, and Landlord shall cooperate in any contest conducted by Tenant; provided, however, that any such contest shall be taken without expense to Landlord, except that, to the extent Landlord's other property shall benefit therefrom, an allocable portion of such expenses shall be netted from any collections received by Landlord. Nothing herein contained, however, shall be so construed as to allow a challenged tax to remain unpaid so as to incur any interest or penalty thereon. Promptly upon the determination of any such contest, Tenant shall pay any amounts (including all penalties and interest) due in respect of the challenged tax, except that if the contested amount includes any amount payable by Landlord, Landlord shall remain

liable for such amount, which shall be paid promptly upon such determination. Tax refunds obtained pursuant to any contest conducted by Tenant shall be payable to Tenant, and Tenant is authorized to collect the same. Landlord shall be entitled to collect, and Tenant shall pay to Landlord, if Tenant collects the same, net of Tenant's reasonable expenses of obtaining such refunds, or portions thereof, any refunds, or portions thereof, attributable to taxes or assessments previously paid by Landlord and not reimbursed by Tenant. If Landlord contests the validity or amount of any taxes and/or assessments covering the Premises, Tenant shall be entitled to collect, and Landlord shall pay to Tenant, if Landlord collects the same, net of Landlord's reasonable expenses of obtaining such refunds, or portions thereof, any refunds, or portions thereof, attributable to Taxes previously paid by Tenant.

ARTICLE VI - INSURANCE

6.1 Tenant's Insurance. Tenant, at its expense, shall maintain at all times during the Term the following insurance policies: (a) all risk replacement cost property insurance, including extended coverage, vandalism, malicious mischief, water damage coverage and demolition and debris removal, insuring all personal property owned or used by Tenant and located in or upon the Premises; (b) commercial general liability insurance, contractual liability insurance and property damage insurance with respect to the Premises, with reasonable limits to be set by Landlord from time to time but in any event not less than $3,000,000 per occurrence for personal injury, sickness or death or for damage to or destruction of property and not less than $3,000,000 aggregate for personal injury, sickness or death or for damage to or destruction of property; and (c) all risk replacement cost property insurance on the Tenant's Equipment and the Tenant's Improvements to be constructed on the Premises, covering all risks of direct physical loss or damage and so-called "extended coverage" risks. All such policies shall be issued by insurers authorized to do business in the State of California and shall contain a waiver of any rights of subrogation thereunder. In addition, the policies shall name Landlord as an additional insured, shall require at least thirty (30) days prior written notice to Landlord of termination or nonrenewal and shall be primary and not contributory to policies maintained by Landlord. Tenant shall deliver to Landlord certificates evidencing the foregoing insurance or renewal thereof, as the case may be.

6.2 Waiver of Subrogation. Landlord shall allow Tenant to offset against the amount of any loss, cost, damage, liability or expense suffered or incurred by Landlord which Tenant shall be obligated to pay to Landlord under any provision of this Lease, the net proceeds of any insurance received by Landlord for or on account of such loss, cost, damage, liability or expense, provided that the allowance of such offset does not invalidate or prejudice the policy or policies under which such proceeds were payable.

Tenant shall allow Landlord to offset against the amount of any loss, cost, damage, liability or expense suffered or incurred by Tenant which Landlord shall be obligated to pay to Tenant under any provision of this Lease, the net proceeds of any insurance received or to be received by Tenant for or on account of such loss, cost, damage, liability or expense, provided that the allowance of such offset does not invalidate the policy or policies under which such proceeds were payable.

The parties hereto shall each endeavor to procure an appropriate clause in, or endorsement to, any fire or extended coverage insurance policy covering the Premises and the buildings and personal property, fixtures and equipment located thereon or therein, pursuant to which the insurance companies waive subrogation or consent to a waiver of right of recovery, and, having obtained such clauses and/or endorsements of waiver of subrogation or consent to a waiver of right of recovery, each party hereby agrees that it will not make any claim against or seek to recover from the other for any loss or damage to its property or property of others resulting from fire or other perils to the extent the same are covered by such fire and extended coverage insurance; provided, however, that the release, discharge, exoneration and covenant not to sue herein contained shall be limited by the terms and provisions of the waiver of subrogation clauses and/or endorsements or clauses and/or endorsements consenting to a waiver of right of recovery and shall be coextensive therewith. If either party may obtain such clause or endorsement only upon payment of an additional premium, such party shall promptly so advise the other party and shall be under no obligation to obtain such clause or enforcement unless such other party pays the additional premium.

6.3 Tenant's Risk. Tenant agrees that Landlord shall have no responsibility or liability for any loss or damage, however caused, to any of the Tenant's Improvements, Tenant's Equipment, or any other real or personal property of any nature of Tenant or of anyone claiming by, through, or under Tenant unless caused by Landlord's gross negligence or willful misconduct.

ARTICLE VII - LIENS

In the event any mechanic's lien is filed against the Premises as a result of services performed for or materials furnished for the use of Tenant or Landlord, the party permitting or causing such lien to be so filed ("LIENOR") agrees to cause such lien to be discharged within thirty (30) days after the written request of the other party, either by paying the indebtedness which gave rise to such lien or by posting bond or other security as shall be required by law to obtain such release and discharge. If the Lienor shall fail to cause such lien to be discharged or bonded against or properly insured over to the sole satisfaction of the other party within such thirty (30) day period, then, in addition to any other right or remedy, the other party may, but shall not be obligated to (i) discharge the same either by paying the amounts claimed to be due or by procuring the discharge of such lien from the Premises by bonding proceedings or other legal proceedings, or (ii) obtain title insurance coverage over the lien by a title insurance company acceptable to the other party. Nothing herein shall prevent the Lienor from contesting the validity of the indebtedness which gave rise to the lien in any manner it so chooses, so long as the Lienor discharges such lien as aforesaid. The Lienor agrees to defend, protect, indemnify and hold harmless the other party from and against all claims and demands, including any action or proceeding brought thereon, and all costs, losses, expenses and liabilities of any kind relating thereto, including reasonable attorneys' fees and costs of suit, arising out of or resulting from such lien.

ARTICLE VIII IMPROVEMENTS AND ALTERATIONS;
MAINTENANCE; DAMAGE AND DESTRUCTION

8.1 Construction of Improvements. Tenant is not under any obligation to commence construction of any improvements on the Premises, but if Tenant does so it will diligently pursue such construction to completion of an enclosed shell. Tenant or its agents may, at Tenant's sole risk and expense, from time to time throughout the Term of the Lease (a) perform all necessary site assessments, feasibility studies, environmental assessments, surveys and any additional due diligence tests and studies on the Site which Tenant, in its sole discretion, may deem necessary, (b) make such improvements to the Premises as it determines, and (c) thereafter improve, expand, contract, reconfigure, demolish, or otherwise alter the Tenant's Improvements as Tenant deems in its best interests. If it is necessary to grant easements to the provider of any utility service over, across or through either the Premises or the Site, Landlord agrees to and shall execute without undue delay the appropriate documentation prepared by Tenant or on Tenant's behalf so long as such easements do not materially interfere with the use of the Site by Landlord.

8.2 Permits. Landlord shall, at no expense to Landlord (except as reimbursed by Tenant), join in the application for all permits, variances, special uses, licenses or authorizations deemed necessary or desirable by Tenant in connection with the construction of Tenant's Improvements and/or use of the Premises if necessary in order to prosecute such applications properly, provided that the same shall have first been reviewed and approved by Landlord, which approval shall not be unreasonably withheld or delayed, provided the same do not materially adversely affect the remainder of the Site or the performance of the Site Work. In addition, Tenant shall have the right to review and approve any and all applications for changes or variances to zoning of the Premises, or for conditional use permits, where such permits or changes, if granted, may change the use, zoning or character of any portion of the Premises, which approval shall not be unreasonably withheld.

8.3 Maintenance. Tenant shall keep and maintain the Premises, together with all Tenant's Improvements and other facilities thereon, in good condition and repair.

8.4 Damage. Tenant shall take such action as may be required under applicable municipal ordinances and other laws, rules and regulations with respect to any damage or destruction of the Tenant's Improvements. Tenant shall not have any obligation to repair and/or rebuild the Tenant's Improvements damaged by fire or other casualty or cause. Tenant shall have the right to determine how much, if any, of the damaged or destroyed Tenant's Improvements it chooses to rebuild, and Landlord shall not have the right to terminate this Lease if Tenant elects to rebuild and/or repair any material portion of the Tenant's Improvements. Whether or not Tenant elects to repair or rebuild, Tenant shall promptly provide a sightly safety barrier and shall use diligent efforts to place the Premises in an orderly and safe condition.

ARTICLE IX ASSIGNMENT, SUBLETTING AND LEASEHOLD MORTGAGE

9.1 Assignment and Subletting.

9.1.1 Tenant shall have the right from time to time to transfer or assign this Lease or any interest herein or sublet the Premises or any portion thereof to any entity that

controls, is controlled by, or is under common control with the Tenant named herein or to a third party as part of sale/leaseback operating lease, 1031 exchange or similar transaction pursuant to which Tenant leases the Property from such third party pursuant to a written lease in its sole discretion and without obtaining the consent of Landlord; provided, however, that any transaction or series of transactions whereby the occupant of the Premises ceases to control, be controlled by, or be under common control with the Tenant named herein shall constitute an assignment or sublease subject to the provisions of Section 9.1.2 below, and if any such transaction or series of transactions shall occur without the express written consent of Landlord in each instance, such assignment shall be deemed ineffective and the interest of the Tenant under this lease shall automatically revert to the Tenant originally named herein. For the purposes of this Article, the term "CONTROL" means possession, directly or indirectly, of the power to direct or cause the direction of the management, affairs and policies of anyone, whether through the ownership of voting securities, by contract or otherwise.

9.1.2 Except as expressly permitted pursuant to Section 9.1 above, and pursuant to Section 9.2 below, Tenant shall not, directly or indirectly, assign, mortgage, pledge, or otherwise transfer, voluntarily or involuntarily, this Lease or any interest herein or sublet (which term shall include, without limitation, granting of concessions, licenses and the like or allowing any other person or entity to occupy the whole or any part of the Premises), without, in each instance, having first received the express written consent of Landlord, which consent shall not unreasonably withheld, conditioned or delayed. Any assignment, sublease, mortgage, or other transfer of all or any part of Tenant's interest in this Lease or in the Premises is hereinafter referred to as a "TRANSFER." No Transfer whether or not permitted under Sections 9.1 or 9.2 or approved by Landlord in accordance with the foregoing sentence, shall relieve Tenant of its liability for the performance of all of the terms, agreements, covenants and conditions of this Lease unless Landlord, in its sole discretion, by separate written agreement, elects to release Tenant.

9.2 Leasehold Mortgagee and Beneficiary. Tenant shall have the right at any time and from time to time (and as many times as Tenant desires), without Landlord's consent, to mortgage or otherwise encumber Tenant's leasehold estate and Tenant's rights under this Lease and interest in the Project, and in any and all subleases and in and to all rents payable thereunder, together with any or all improvements appurtenant thereto, pursuant to one or more leasehold mortgages or deeds of trust ("LEASEHOLD MORTGAGE") and related instruments reasonably required by the holder of such Leasehold Mortgage to perfect such holder's security interest in and to Tenant's leasehold estate and all appurtenant rights and interests relating thereto, and Tenant may assign its interest in the Lease, the leasehold estate, the Project and all proceeds thereof as collateral security for such Leasehold Mortgage. In no event shall the fee to the Premises or Landlord's interest in and to this Lease be subject or subordinate in any way to any such Leasehold Mortgage or to any sale/leaseback or any other financing arrangement of any nature entered into by or on behalf of Tenant. Notwithstanding any other provision of this Lease to the contrary, until such time as Landlord shall have been provided written notice of the existence of any Leasehold Mortgage or Other Financing Arrangement, as the case may be, together with a copy of same, and the name and notice address of the applicable Leasehold Mortgagee (defined below) or Permitted Transferee, as the case may be, Landlord shall not be required to perform any of its obligations with respect to such Leasehold Mortgagee or Permitted Transferee, as the case may be, nor shall such Leasehold Mortgagee or Permitted Transferee, as

the case may be, be entitled to exercise any of its rights hereunder. Landlord shall be obligated to hold all such documents and information related to the Leasehold Mortgage or Other Financing Arrangement confidential, according to terms to be agreed upon by Landlord and Tenant.

9.2.1 Notwithstanding any other provision of this Lease to the contrary, no Leasehold Mortgage shall be granted unless and until such Leasehold Mortgagee shall have entered into a written agreement with Tenant, for the benefit of Landlord, providing for the following:

a. the Leasehold Mortgagee shall, contemporaneously with the delivery thereof to Tenant, send Landlord copies of all notices to Tenant under the Leasehold Mortgage and all other communications to Tenant regarding any exercise of remedies under such Leasehold Mortgage;

b. upon any default by Tenant under such Leasehold Mortgage, but subject to Tenant's cure rights under such Leasehold Mortgage, and any other right of Tenant to purchase the Premises or other real property interest securing such Leasehold Mortgage, or to otherwise redeem its interest in the Premises from the lien of the Leasehold Mortgage, Landlord may elect to purchase the interest of the Leasehold Mortgagee at par. (For the purposes hereof, "par" is the amount of the payment due to the Leasehold Mortgagee pursuant to the Leasehold Mortgagee, and secured by the value of the Premises and of Tenant's Improvements;

c. following any default by Tenant under such Leasehold Mortgage, and Tenant's failure to cure such default, or to otherwise redeem its interest in the Premises from the Leasehold Mortgage, Landlord shall have a right of first refusal to purchase the interest of the Leasehold Mortgagee prior to any transfer of such interest to any third party, other than at a public auction as to which Landlord has received actual written notice at least ten (10) days prior to the date of such auction; and

d. that any such Leasehold Mortgage shall be limited to the acquisition, development and construction costs (including, but not limited to, all financing costs and other soft costs associated therewith) associated with the development of the Premises as to which the Landlord has a reversionary right (or which the Leasehold Mortgagee holds as collateral under a Leasehold Mortgage) and, in any event, shall not be cross-collateralized with any other obligations of the obligor.

9.2.2 Landlord shall not have the right to exercise any remedies under this Lease unless Landlord shall first give the mortgagee under the Leasehold Mortgage (a "LEASEHOLD MORTGAGEE"), (i) a notice of its intent to exercise its rights hereunder (the "REMEDIES NOTICE") containing a statement of all existing defaults under this Lease, and (ii) the opportunity to cure such default(s), as follows: the Leasehold Mortgagee shall be entitled to cure any stated monetary default for a period of fifteen (15) business days after receipt of such Remedies Notice; the Leasehold Mortgagee shall be entitled to cure any stated non-monetary default for a period of thirty (30) days after receipt of such Remedies Notice, provided however, that if such non-monetary default is not reasonably susceptible of cure within such 30-day period, then, provided the Leasehold Mortgagee has commenced to cure such Default within

such 30-day period and thereafter prosecutes the same to completion with reasonable diligence, the Leasehold Mortgagee shall be entitled to such additional time as is reasonably necessary to cure such Default. If the Leasehold Mortgagee cures all stated defaults in accordance with the foregoing provisions, then both the notice of default given to Tenant and the Remedies Notice shall be null and void and of no effect. Landlord agrees to accept performance of Tenant's obligations hereunder by the Leasehold Mortgagee with the same force and effect as though observed or performed by Tenant.

9.2.3 Nothing contained herein shall require the Leasehold Mortgagee, to cure any Default not reasonably susceptible of being cured by the Leasehold Mortgagee, including but not limited to a Default based upon the bankruptcy or insolvency of Tenant. If the stated default is cured and the Leasehold Mortgagee discontinues such foreclosure or other steps, this Lease shall continue in full force and effect as if Tenant had not defaulted under this Lease.

9.2.4 Under no circumstances shall the Leasehold Mortgagee be liable for the performance of Tenant's obligation hereunder unless and until the Leasehold Mortgagee acquires Tenant's rights and interest by foreclosure or other assignment, transfer or proceeding. In the event that the Leasehold Mortgagee so acquires Tenant's rights and interest, the liability of the Leasehold Mortgagee, its successors and assigns shall be limited to their leasehold interest pursuant to this Lease, and then only for obligations which arise during the period of such ownership. None of the Leasehold Mortgagee, or its respective successors or assigns, or any agent, partner, officer, trustee, director, shareholder or principal (disclosed or undisclosed) of the Leasehold Mortgagee shall have any personal liability hereunder. The Leasehold Mortgagee shall be released from any obligations hereunder arising after the transfer of its leasehold interests.

9.2.5 In the event a Leasehold Mortgagee, or its nominee designated for that purpose, acquires Tenant's interest in this Lease, the leasehold estate and Tenant's Improvements pursuant to any proceedings for foreclosure of such Leasehold Mortgage, or by a voluntary assignment or transfer of this Lease and the leasehold estate and Tenant's Improvements in lieu of foreclosure or otherwise, the Leasehold Mortgagee or its nominee or assignee as aforesaid shall be deemed an assignee of all the rights of Tenant under this Lease.

9.2.6 Within ten (10) business days after written request by Tenant or Tenant's Permitted Assignee, Landlord agrees to deliver an estoppel certificate to any proposed Leasehold Mortgagee or to Tenant certifying (if such be the case): (i) the amount of Rent and additional rent due under this Lease, if any, and the date to which Rent has been paid; (ii) that this Lease is in full force and effect; (iii) that Landlord has no knowledge of any Default under this Lease or, if any default exists, specifying the nature of the default; and (iv) that there are no defenses or offsets which may be asserted by Landlord against Tenant in respect of obligations pursuant to this Lease or if defenses or offsets exist, specifying the nature of such offsets or defenses.

9.2.7 If Tenant, or any trustee of Tenant, shall reject this Lease pursuant to Section 365(h) of the Bankruptcy Code, 11 U.S.C. Section 101, et seq. (the "BANKRUPTCY CODE"), (i) Tenant shall without further act or deed be deemed to have elected under Section 365(h)(1) of the Bankruptcy Code to remain in possession of the Premises for the balance of the term of this

Lease, (ii) any exercise or attempted exercise by Tenant of a right to treat this Lease as terminated under Section 365(h)(1) of the Bankruptcy Code shall be void and (iii) no Leasehold Mortgage shall be affected or impaired by any such rejection of this Lease. (For the purposes of Section 365(h) of the Bankruptcy Code, the term "POSSESSION" shall mean the right to possession of the Property granted to Tenant under this Lease notwithstanding that all or part of the Premises shall have been subleased.)

ARTICLE X ADDITIONAL REPRESENTATIONS, WARRANTIES AND COVENANTS

10.1 Third Party Rights. Landlord covenants that during the Term Landlord shall not grant to anyone, any rights in the Site that would materially limit or interfere with Tenant's right to use the Premises as permitted under this Lease.

10.2 Binding Agreement on Landlord. Landlord represents and warrants that the individuals signing this Lease and all other documents executed or to be executed pursuant hereto on behalf of Landlord are and shall be duly authorized to sign the same on Landlord's behalf and to bind Landlord thereto. This Lease is and shall be binding upon and enforceable against Landlord in accordance with its terms.

10.3 Binding Agreement on Tenant. Tenant represents and warrants that the individuals signing this Lease and all other documents executed or to be executed pursuant hereto on behalf of Tenant are and shall be duly authorized to sign the same on Tenant's behalf and to bind Tenant thereto. This Lease is and shall be binding upon and enforceable against Tenant in accordance with its terms.

10.4 Hazardous Substances. Tenant shall indemnify, protect, defend and hold Landlord and its officers, directors, employees, shareholders, agents and their respective successors and assigns, forever harmless from and against any and all claims, actions, judgments, liabilities, liens, damages, penalties, fines, costs and expenses, including but not limited to attorneys' fees, costs of defense and expert/consultant fees asserted against, imposed on, or suffered or incurred by Landlord (or the Premises) directly or indirectly arising out of or in connection with any Hazardous Materials that have been introduced to the Premises by Tenant, any of its affiliates (but, for the purposes of this Section 10.4, Landlord, and any other entity that would constitute an affiliate of Tenant solely by reason of its relationship to Landlord shall not be considered affiliates of Tenant), any party claiming by, through, or under Tenant, or the agents, contractors, or employees of any of them. The representations and warranties in this Lease and the indemnity obligations set forth hereunder shall survive the expiration or termination of this Lease.

ARTICLE XI - SURRENDER

11.1 Expiration of Term. Upon the expiration or earlier termination of the Term of this Lease for any reason other than transfer of Landlord's title to the Premises pursuant to the Purchase Agreement, Tenant will remove such of Tenant's Equipment as Landlord may require to be removed by notice to Tenant or that Tenant may elect to remove, and surrender and deliver to Landlord the Premises and to the extent then existing, the Tenant's Improvements, in their then "AS IS, WHERE IS AND WITH ALL FAULTS" condition. The Tenant's Improvements

that remain upon the Premises at such expiration or earlier termination for any reason other than transfer of Landlord's title to the Premises pursuant to the Purchase Agreement and any of Tenant's Equipment not so required or elected to be removed shall automatically become the property of Landlord, and Landlord hereby agrees to accept title thereto and Tenant agrees to convey to Landlord good and clear title to such Tenant Improvements free and clear of (a) all mortgages, liens, and other encumbrances securing the payment of money, and (b) all leasehold rights of others, unless approved in writing by Landlord, which approval may be withheld or conditioned at Landlord's sole discretion, and otherwise without representation or warranty by Tenant.

ARTICLE XII - HOLDING OVER AFTER TERM

If Tenant shall hold the Premises after the expiration or earlier termination of this Lease for any reason other than transfer of Landlord's title to the Premises pursuant to the Purchase Agreement, such holding over shall, in the absence of written agreement on the subject, be deemed to have created a tenancy from month to month terminable on thirty (30) days notice by either party to the other, at a monthly rental equal to the monthly rental payable during the last year of said Term.

ARTICLE XIII - DEFAULT

13.1 Tenant's Default. Tenant shall be in "DEFAULT" under this Lease if (i) Tenant shall not have paid the Rent or other amounts payable by Tenant pursuant to this Lease within fifteen (15) business days following Tenant's receipt of written notice from Landlord stating that such payment was not made when due (a "MONETARY DEFAULT"); or (ii) Tenant shall not have performed any of the other covenants, terms, conditions or provisions of this Lease within thirty (30) days after Tenant's receipt of written notice specifying such failure; provided however, with respect to those failures which cannot with due diligence be cured within said 30-day period, Tenant shall not be deemed to be in default hereunder if Tenant commences to cure such default within such 30-day period and thereafter diligently continues to cure such default (a "NON-MONETARY DEFAULT").

13.2 Landlord's Remedies. If Landlord shall claim that Tenant is in Default, then, in addition to all other rights and remedies of Landlord under this Lease, at law, or in equity, Landlord's shall have the right to draw down upon the full amount of the Letter of Credit (as defined in the Purchase Agreement) in satisfaction of Tenant's purchase obligations under the Purchase Agreement, and convey title to the Property to Tenant, subject to Landlord's rights as Seller under the Purchase Agreement.

In addition to the foregoing, Landlord may (but shall not be obligated to) cure such Default on behalf of Tenant, and upon demand by Landlord, Tenant shall promptly pay to Landlord as additional rent the reasonable costs and expenses of such cure. Notwithstanding anything contained in this Lease to the contrary, in the event of an emergency situation, as reasonably determined by Landlord based on circumstances known at the time, the correction of which is Tenant's responsibility, Landlord shall immediately notify Tenant orally or by facsimile, and upon the failure of Tenant to immediately correct the emergency situation, Landlord shall have the right to correct the same and receive reimbursement therefor pursuant to

the terms set forth in the foregoing sentence, provided that the failure of Tenant to immediately correct the emergency situation shall not be considered a Default under this Lease. An "emergency" situation shall be presumed if the prompt or immediate failure to cure has the potential to result in injuries to persons or damage to property or a material, adverse consequence to the business(es) then being operated on the Site.

13.3 Landlord's Default and Tenant's Remedies. In the event of any breach or default by Landlord under this Lease which continues for a period of thirty (30) days after notice thereof from Tenant; (provided, however, with respect to those failures which cannot with due diligence be cured with said 30-day period, Landlord shall not be deemed to be in default hereunder if Landlord commences to cure such default within such 30-day period and thereafter continues the curing of such default with all due diligence), then in addition to all other rights and remedies of Tenant under this Lease and at law or equity, Tenant may (but shall not be obligated to) cure such breach on behalf of Landlord, and upon demand by Tenant, Landlord shall promptly pay to Tenant the reasonable costs and expenses of such cure. Notwithstanding anything contained in this Lease to the contrary, in the event of an emergency situation, as reasonably determined by Tenant based on circumstances known at the time, the correction of which is Landlord's responsibility, Tenant shall immediately notify Landlord, and upon the failure of Landlord to immediately correct the emergency situation, Tenant shall have the right to correct the same and receive reimbursement therefor pursuant to the terms set forth in the foregoing sentence, provided that the failure of Landlord to immediately correct the emergency situation shall not be considered a default under this Lease. An "emergency" situation shall be presumed if the prompt or immediate failure to cure has the potential to result in injuries to persons or damage to property or a material, adverse consequence to the business(es) then being operated on the Premises.

13.4 Delay; Waiver. No delay or omission by either party hereto to exercise any right or power accruing upon any noncompliance or default by the other party with respect to any of the terms of this Lease shall impair the exercise of any such right or power or otherwise be construed to be a waiver thereof, except as otherwise herein provided. A waiver by either of the parties hereto of any of the covenants, conditions or agreements hereof to be performed by the other shall not be construed to be a waiver of any subsequent breach thereof or of any other covenant, condition or agreement herein contained.

13.5 Bankruptcy. If a petition of bankruptcy or reorganization shall be filed by Tenant or if any such petition shall be filed against Tenant and not dismissed within one hundred twenty (120) days of filing, or if in any proceeding based upon the insolvency of Tenant a receiver or trustee of all of the property of Tenant shall be appointed and shall not be discharged within one hundred twenty (120) days after such appointment, then any such event shall be a Default under this Lease unless the trustee or receiver affirms or assumes this Lease within one hundred twenty (120) days (or such reasonable period as the court with jurisdiction shall determine) after the commencement of the proceedings and cures any other Default under this Lease within one hundred twenty (120) days (or within such reasonable period as the court with jurisdiction shall determine) after affirmation or assumption of this Lease. In any event, the foregoing shall be subject to all applicable federal and state bankruptcy laws.

ARTICLE XIV - CONDEMNATION

In the event of a condemnation of all or any portion of the Premises then the provisions of Section 12 of the Purchase Agreement shall control and the this Lease shall terminate as of the date of any such taking, and Rent shall be prorated as of such date.

14.1 Awards. Pursuant to the terms of Section 12 of the Purchase Agreement, Tenant shall be entitled to the entire award made for such condemnation with respect to the Premises, and for Tenant's Improvements including any severance damages with respect thereto. Tenant shall further be entitled to make a separate claim for an award (i) made with respect to a taking of its trade fixtures or Tenant's Equipment, (ii) made with respect to Tenant's removal or relocation costs, damages to Tenant's personal property, any special damages of Tenant, or loss of Tenant's business profits or goodwill, (iii) made for the value of the leasehold estate of Tenant for the remainder of the Term of this Lease, (iv) made with respect to the diminution in the value of Tenant's leasehold interest attributable to the operation of the Premises, and (v) for damages for interruptions or dislocation of Tenant's business and for moving and remodeling expenses. Any awards in addition to the awards described herein shall be payable to Tenant.

ARTICLE XV - EXPENSE OF ENFORCEMENT

In any action to enforce any of the rights and remedies hereunder, or arising on account of a default in the performance of any of the obligations hereunder, then the substantially prevailing party in any such litigation shall also receive from the other party all costs and reasonable attorneys' fees, including in-house legal fees, incurred by such party in such litigation, including on appeal.

ARTICLE XVI - NOTICE

All notices, demands and requests (collectively, the "NOTICE") required or permitted to be given under this Lease must be in writing and shall be deemed to have been given as of the date such notice is (i) delivered to the party intended, (ii) delivered to the then designated address of the party intended, or (iii) sent by nationally recognized overnight courier or by United States certified mail, return receipt requested, postage prepaid and addressed to the then-designated address of the party intended. The initial addresses of the parties shall be:

To Landlord: Pardee Homes
12626 High Bluff Drive, Suite 100
San Diego, CA 92130
Attn: Gregory P. Sorich
Telephone: (858) 794-2500
Facsimile: (858) 794-2599

With a copy to: Pardee Homes
10880 Wilshire Blvd., Suite 1900
Los Angeles, CA 90024
Attn: William A. Bryan
Telephone: (310) 475-3525

Facsimile: (310) 446-1293

With a copy to: Sandler & Rosen, LLP
1801 Avenue of the Stars, Suite 510
Los Angeles, CA 90067
Attn: Craig C. Birker, Esq.
Telephone: (310) 277-4411
Facsimile: (310) 277-5954

To Tenant: Care of:

Neurocrine Biosciences, Inc.
1055 Science Center Drive
San Diego, CA 92121
Attn: Paul Hawran
Telephone: (858) 658-7600
Facsimile: (858) 658-7605

Upon at least ten (10) days prior written notice, each party shall have the right to change its address to any other address within the United States of America.

ARTICLE XVII - MISCELLANEOUS

17.1 Entire Agreement. This Lease, along with the Purchase Agreement, and the exhibits hereto and thereto contain the entire agreement between the parties relating to the Premises. Any prior negotiations, correspondence, memoranda or agreements are superseded in total by this Lease and the exhibits hereto. This Lease has been fully negotiated at arms length between the signatories hereto, and after advice by counsel and other representatives chosen by such signatories, and such signatories are fully informed with respect thereto; no such signatory shall be deemed the scrivener of this Lease; and, based on the foregoing, the provisions of this Lease and the exhibits hereto shall be construed as a whole according to their common meaning and not strictly for or against any party. Landlord and Tenant may consider, approve or disapprove any proposed amendment to this Lease in their respective sole and absolute discretion without regard to reasonableness or timeliness. This Lease shall be binding upon, inure to the benefit of, and be enforceable by Landlord and Tenant, and their respective successors and permitted assigns. Time is declared to be of the essence of this Lease.

17.2 Headings. The Article headings contained in this Lease are for purposes of reference only and shall not limit or define the meaning of any of the terms or provisions hereof.

17.3 Governing Law. This Lease shall be governed by and construed in accordance with the laws of the State of California.

17.4 Force Majeure. Whenever performance is required of any party hereunder, such party shall use all due diligence to perform and take all necessary measures in good faith to perform; provided, however, that if completion of performance shall be delayed at any time by reason of acts of God, significant variations from normal weather conditions reasonably expected during the period in question, war, civil commotion, acts of terrorism, riots, strikes, picketing, or other labor disputes, unavailability of labor or materials or damage to work in progress by reason of fire or other casualty or causes beyond the reasonable control of a party (other than financial reasons), then the time for performance as herein specified shall be appropriately extended by the time of the delay actually caused. The provisions of this section shall not operate to excuse any party from the prompt payment of any monies required by this Lease.

17.5 Brokers. Tenant and Landlord represent and warrant to each other that (except as covered pursuant to the Purchase Agreement) neither has had any dealings or discussions with any broker or agent, licensed or otherwise in connection with this Lease. Landlord and Tenant each covenants to protect, defend, hold harmless and indemnify the other from and against any and all losses, liabilities, damages, costs and expenses (including reasonable legal fees) arising out of or in connection with any other claim by any brokers or agents for brokerage commissions relating to this Lease (in excess of those payable pursuant to the Purchase Agreement) alleged to be due because of dealings or discussions with the indemnifying party.

17.6 Approvals.

17.6.1 Except as otherwise specifically provided in this Lease, with respect to any matter which either Landlord or Tenant has specifically been granted an approval or consent right under this Lease, nothing contained in this Lease shall limit the right of a party to exercise its business judgment, or act in a subjective manner with respect to any matter as to which it has specifically been granted such right, or the right to act in its sole discretion or sole judgment, whether "objectively" reasonable under the circumstances, and any such decision shall not be deemed inconsistent with any covenant of good faith and fair dealing otherwise implied by law to be part of this Lease. The parties intend by this Lease to set forth their entire understanding with respect to the terms, covenants, conditions and standards pursuant to which their obligations are to be judged and their performance measured. Pursuant to the Permitted Uses, Landlord agrees to execute such easements and restrictions of record, with respect to the Premises, as may be necessary for Tenant's development of the Site as a single campus project, as may be requested from time to time by Tenant.

17.6.2 Unless provision is made for a specific time period, each response to a request for an approval or consent required to be provided pursuant to this Lease shall be given by the party to whom directed within thirty (30) days of receipt. Each disapproval shall be in writing and, subject to Section 17.6.1 above, the reasons shall be clearly stated. If a response is not given within the required time period, the requested party shall be deemed to have given its approval if the original notice stated that failure to respond within the applicable time period will be deemed an approval.

17.7 Notice of Lease. Landlord and Tenant have executed and delivered to each other a memorandum of this Lease for recording. The Memorandum of Lease shall promptly be recorded by Tenant in the appropriate public records for the Premises.

17.8 Inspection. Landlord and its authorized agents shall at any and all reasonable times, and upon reasonable notice to Tenant, have the right to enter the Premises to inspect the same, or to show the Premises to prospective mortgagees.

17.9 Survival. Notwithstanding the expiration or termination of the Term of this Lease, all obligations of the parties hereunder that accrued or are attributable to any period prior to such expiration or termination, including, without limitation, any obligation to pay Rent and additional rent for any such period and any indemnity obligations with respect to occurrences during any such period, shall remain in effect and enforceable until performed in full.

17.10 Counterparts. This Lease may be signed in counterparts, each of which shall be deemed an original and all of which when taken together shall constitute one instrument.

IN WITNESS WHEREOF, the parties hereto have executed these presents as of the day and year first above written.

"LANDLORD" PARDEE HOMES a California corporation	"TENANT" NEUROCRINE INTERNATIONAL LLC, a Delaware limited liability company By: NEUROCRINE BIOSCIENCES, INC. Its: Managing Member
By: ________________________________	By: ________________________________
Name: ________________________________	Name: ________________________________
Title: ________________________________	Title ________________________________

EXHIBIT A - LEGAL DESCRIPTION OF THE SITE

PARCEL A

Parcel 4 of Parcel Map No. 15061, in the City of San Diego, County of San Diego, State of California, according to Map thereof filed in the Office of the County Recorder of San Diego County.

That portion of Parcel 3 of Parcel Map No. 15061, in the City of San Diego, County of San Diego, State of California, according to Map thereof filed in the Office of the County Recorder of San Diego County, more particularly described as follows:

Beginning at the most Southerly corner of said Parcel 3, thence along the Southwesterly and Northwesterly lines of said Parcel 3 the following courses: North 70(degree)17'30" West 916.08 feet; thence North 00(degree)37'21" East 82.70 feet; thence leaving said Northwesterly line South 70(degree)17'30" East 961.03 feet to the Southeasterly line of said Parcel 3, being the beginning of a non-tangent 1861.00 foot radius curve concave Southeasterly, to which a radial line bears North 56(degree)09'02" West; thence along said Southeasterly line, Southwesterly along the arc of said curve through a central angle of 02(degree)28'07" a distance of 80.18 feet to the Point of Beginning.

PARCEL B

Lot 17 of Employment Center Development Unit No. 2B, in the City of San Diego, County of San Diego, State of California, according to Map thereof No. 10945, filed in the Office of the County Recorder of San Diego County.

EXHIBIT B - LEGAL DESCRIPTION OF THE PREMISES

Lot 17 of Employment Center Development Unit No. 2B, in the City of San Diego, County of San Diego, State of California, according to Map thereof No. 10945, filed in the Office of the County Recorder of San Diego County.

EXHIBIT "I"

DEED OF TRUST

RECORDING REQUESTED BY

Chicago Title Insurance Company

WHEN RECORDED, RETURN TO:

Brobeck, Phleger & Harrison
12390 El Camino Real
San Diego, California 92130
Attn: W. Scott Biel

(Space Above for Recorder's Use)

DEED OF TRUST,
ASSIGNMENT OF LEASES AND RENTS AND FIXTURE FILING
(LETTER OF CREDIT/SECURITY DEPOSIT)

THIS DEED OF TRUST, ASSIGNMENT OF LEASES AND RENTS AND FIXTURE FILING ("Deed of Trust"), is made effective as of the ___ day of _________, 2003, by PARDEE HOMES, a California corporation ("Trustor"), as trustor, to CHICAGO TITLE INSURANCE COMPANY ("Trustee"), for the use and benefit of NEUROCRINE BIOSCIENCES, INC., a Delaware corporation ("Beneficiary").

WHEREAS, Trustor has agreed to sell to Beneficiary and Beneficiary has agreed to purchase from Trustor pursuant to the terms and conditions of that certain Agreement for Purchase and Sale of Real Property and Escrow Instructions dated October 14, 2002, by and between Trustor as Seller and Beneficiary as Buyer (the "Purchase Agreement") that certain land located in San Diego, California, as more particularly described as "Parcel B" in the Purchase Agreement and on Exhibit "A" attached hereto and incorporated herein by this reference (the "Land");

WHEREAS, concurrently herewith Trustor has agreed to lease to Beneficiary, and Beneficiary has agreed to lease from Trustor, the Land and any improvements thereto, either

existing or subsequently constructed by or for Beneficiary, pursuant to the terms and conditions of that certain Ground Lease, dated as of the date hereof (the "Ground Lease"), between Trustor, as landlord, and Beneficiary, as tenant;

WHEREAS, concurrently herewith Beneficiary shall deliver to Trustor an irrevocable standby letter of credit in the amount of the Parcel B Purchase Price (as defined in Paragraph 2(c) of the Purchase Agreement), which amount shall be approximately Seven Million Nine Hundred Seventy Six Thousand Seven Hundred Seven Dollars and 20/100 ($7,976,707.20) (the "Letter of Credit");

WHEREAS, pursuant to the terms of the Purchase Agreement, Trustor has agreed and is obligated to set-off the amount of the Letter of Credit given by Beneficiary against the Parcel B Purchase Price payable by Beneficiary to Trustor under the Purchase Agreement, and upon such set-off, Trustor is obligated to convey fee title to the Mortgaged Property (defined below) to Beneficiary in accordance with the terms of the Purchase Agreement;

WHEREAS, Trustor and Beneficiary desire to secure such obligation and agreement of Trustor to convey the Mortgaged Property as hereinafter described; and

NOW, THEREFORE, in consideration of the premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and in order to secure Trustor's due and punctual performance of the Secured Obligations, Trustor does hereby, give, grant, bargain, sell, warrant, convey, mortgage, transfer, grant a security interest in, set over, deliver, confirm and convey unto Trustee, in trust, with power of sale and right of entry as hereinbelow provided, upon the terms and conditions of this Deed of Trust, the following "Mortgaged Property" described hereinafter.

1. Grant and Assignment. For good and valuable consideration, Trustor hereby irrevocably and unconditionally grants, transfers and assigns to Trustee, in trust, with power of sale and right of reentry and possession, all right, title and interest of Trustor in the Land;

TOGETHER with all right, title and interest of Trustor, if any, in all buildings and improvements now located or hereafter to be constructed thereon (collectively "Improvements");

TOGETHER with all right, title and interest of Trustor, if any, in the appurtenances, privileges, easements, franchises and tenements thereof, including all minerals, oil, gas and other hydrocarbon substances thereon or therein, air rights, water rights and development rights, and any land lying in the streets, roads or avenues, open or proposed, in front of or adjoining the Land and Improvements;

TOGETHER with all right, title and interest of Trustor, if any, in all equipment, machinery, fixtures, chattels, furniture, furnishings and other articles of tangible personal property and any additions to, substitutions for, changes in or replacements of the whole or any part thereof now or at any time hereafter affixed to, attached to, placed upon or used in any way in connection with the use, enjoyment, occupancy or operation of the Land and Improvements or any portion thereof, including all building materials and equipment now or hereafter delivered to the Land and Improvements and intended to be installed in or about the same, and all inventory,

accounts, deposit accounts, accounts receivable, contract rights, development and use rights, permits, licenses, applications, architectural and engineering plans, specifications and drawings, chattel paper, instruments, documents, notes, drafts and letters of credit arising from or related to the Land and Improvements and any business conducted thereon by Trustor and any other intangible personal property and rights relating to the Land and Improvements or any part thereof or to the operation thereof or used in connection therewith, including, without limitation, tradenames and trademarks (collectively "Personal Property");

TOGETHER with all of Trustor's right, title and interest, if any, to all proceeds (including claims or demands thereto) from the conversion, voluntary or involuntary, of any of the Land, Improvements or Personal Property into cash or liquidated claims, including, without limitation, proceeds of all present and future fire, hazard or casualty insurance policies and all condemnation awards or payments in lieu thereof made by any public body or decree by any court of competent jurisdiction for taking or for degradation of the value in any condemnation or eminent domain proceeding, and all causes of action and the proceeds thereof of all types for any damage or injury to the Land, Improvements or Personal Property or any part thereof, including, without limitation, causes of action arising in tort or contract and causes of action for fraud or concealment of a material fact, and all claims, causes of action and recoveries by settlement or otherwise for any damage to, or loss, taking or diminution in the value of, any of the Mortgaged Property, or for any breach (or rejection in bankruptcy) of any of the Leases (defined below) from Trustor as lessor, by any lessee thereunder (or such lessee's trustee in bankruptcy) (collectively "Proceeds").

IN ADDITION, Trustor absolutely and irrevocably assigns to Beneficiary all right, title and interest of Trustor in and to all leases and other rental agreements and other contracts and agreements relating to use and possession (collectively "Leases") of any of the Land or Improvements, including, without limitation, the Ground Lease, and the rents, issues, profits and proceeds therefrom together with all guarantees thereof and all deposits (to the full extent permitted by law) and other security therefor (collectively "Rents"), provided, however, that until an Event of Default hereunder, neither the assignment of Leases and Rents hereunder, nor any provisions contained in this Deed of Trust with respect to the Leases or Rents shall be deemed to amend, modify or otherwise affect the relative rights between Beneficiary and Trustor under the Ground Lease, and that until an Event of Default hereunder, in the event that any term or provision of this Deed of Trust would otherwise be deemed to modify or contradict the terms or provisions of the Ground Lease, the provisions of the Ground Lease shall control and the terms of the Deed of Trust shall not apply. Notwithstanding the foregoing, upon an Event of Default hereunder, this Deed of Trust shall control all relative rights between Beneficiary and Trustor under the Ground Lease. (The Land, Improvements, Personal Property, Proceeds, and all other right, title and interest of Trustor described above are hereinafter collectively referred to as "Mortgaged Property.")

2. Obligations Secured.

(a) Trustor makes this Deed of Trust, for the purpose of securing:

(i) Performance of all obligations of Trustor to Beneficiary under the Purchase Agreement, including, without limitation, Trustor's obligation to convey the Property to Beneficiary as required pursuant to the Purchase Agreement;

(ii) Performance of all obligations of Trustor under this Deed of Trust; and

(iii) All modifications, extensions and renewals (if any) of one or more of the obligations secured hereby, including without limitation, modifications, extensions or renewals of the Lease or the Purchase Agreement, whether or not the modification, extension or renewal is evidenced by a new or additional contract.

(b) The obligations of Trustor secured by this Deed of Trust are herein collectively called the "Secured Obligations". All persons who may have or acquire an interest in the Property shall be deemed to have notice of, and shall be bound by, the terms of this Deed of Trust and any other instruments or documents made or entered into in connection herewith and each of the Secured Obligations.

3. Representations and Warranties. Trustor acknowledges, represents and warrants as follows:

(a) Trustor is a corporation duly formed and validly existing under the laws of the State of California, authorized to do business in the State of California. The execution, delivery and performance of this Deed of Trust have been duly authorized by all necessary action of Trustor.

(b) When executed and delivered by the undersigned on behalf of Trustor, this Deed of Trust will be valid and binding obligations of Trustor, legally enforceable in accordance with their express terms.

(c) Trustor's execution and performance of this Deed of Trust does not conflict with or violate any law, statute, rule or regulation or any order of any court or other governmental authority or, any contract or other obligation of Trustor or any other person.

4. Condemnation Proceeds.

(a) So long as no Event of Default hereunder has occurred and so long as the Ground Lease has not expired or terminated, all awards of damages and all other compensation payable directly or indirectly by reason of a condemnation for public or private use affecting any interest in any of the Mortgaged Property and all proceeds of any insurance policies payable by reason of loss of or damage to any part of the Land and Improvements shall be governed by the terms of the Purchase Agreement. Upon an Event of Default hereunder, Trustor unconditionally waives all rights of a property owner under the provisions of California Code of Civil Procedure Section 1265.225(a), or any

successor statute, providing for the allocation of condemnation proceeds between a property owner and a lienholder.

5. Liens, Encumbrances and Charges. Trustor shall immediately discharge any lien, claim or encumbrance which is not caused or permitted by Beneficiary to be incurred or which is not approved by Beneficiary in writing and which has or may attain priority over this Deed of Trust; provided that Trustor shall not be required to discharge any lien, claim or encumbrance which is a Permitted Encumbrance (as defined in Section 3 of the Purchase Agreement).

6. Distributions. Trustor shall pay the costs and expenses associated with the operation of the Property, including, but not limited to, financing costs, charges or fees in connection with the Lease until the earlier the date of Trustor's fulfillment of all of its Secured Obligations hereunder.

7. Additional Obligations. Trustor shall not create, incur or suffer to exist any indebtedness for borrowed money or any other material obligations to which the holder or obligee thereof has recourse against the Mortgaged Property to satisfy the same without Beneficiary's prior written consent, which consent Beneficiary may withhold in its sole discretion, provided that nothing herein shall preclude Trustor from incurring personal liability and recourse obligations to the extent expressly permitted pursuant to the Lease.

8. Notice of Losses, Claims and Actions. Trustor shall give Beneficiary prompt notice in writing of the assertion of any claim, of the filing of any action or proceeding, of the occurrence of any damage to any of the Mortgaged Property, of any condemnation offer or action and of any Event of Default.

9. Further Assurances. Trustor shall do, execute, acknowledge and deliver, at its sole cost and expense, all and every such further acts, deeds, conveyances, mortgages, assignments, estoppel certificates, notices of assignment, transfers and assurances as Beneficiary may reasonably require from time to time in order to better assure, convey, assign, transfer and confirm unto the Beneficiary, the rights granted Beneficiary under this Deed of Trust, and other instruments executed in connection with this Deed of Trust, or any other instrument under which a Trustor may be or may hereafter become bound to convey, mortgage or assign to Beneficiary for carrying out the intention of facilitating the performance of the terms of this Deed of Trust.

10. Beneficiary's Powers. Except for claims or actions arising, directly or indirectly, from or in any way related to Beneficiary's obligations or liabilities under the Lease, Beneficiary may commence, appear in, defend or prosecute any assigned claim or action; and Beneficiary may adjust, compromise, settle and collect all claims and awards assigned to Beneficiary. Without affecting the liability of any other person liable for the payment of any obligation herein mentioned, without affecting the lien or charge of this Deed of Trust upon any portion of the Mortgaged Property not then or theretofore released as security for the full amount of the Secured Obligations, and without affecting Beneficiary's obligations under the Ground Lease, Beneficiary may, from time to time and without notice (i) release any person so liable, (ii) extend the maturity or alter any of the terms of any such obligation, (iii) grant other indulgences, (iv) release or reconvey, or cause to be released or reconveyed, at any time and at Beneficiary's option, any parcel, portion or all of the Mortgaged Property, (v) take or release any other or

additional security for any Secured Obligation or (vi) compromise or make other arrangements with debtors in relation thereto.

11. Trustee's Powers. At any time, or from time to time, without liability therefor and without notice, upon written request of Beneficiary and at Beneficiary's sole expense, and without affecting the effect of this Deed of Trust upon the remainder of the Mortgaged Property, Trustee may (i) reconvey any part of the Mortgaged Property, (ii) consent in writing to the making of any map or plat thereof, (iii) join in granting any easement thereon or (iv) join in any extension agreement or any agreement subordinating the lien or charge hereof. The grantee in any reconveyance may be described as the "person or persons legally entitled thereto," and the recitals therein of any matters or facts shall be conclusive proof of the truthfulness thereof.

12. Transfers. Trustor agrees that Trustor shall not, without Beneficiary's written consent: except as permitted under the Lease, directly or indirectly sell, transfer or convey or further pledge, encumber, hypothecate, mortgage, assign or lease, whether voluntary, involuntary or by operation of law, or suffer or permit the same, all or any part of the Property.

13. Event of Default. Each of the following events is a "Event of Default" hereunder:

(a) Trustor's failure to convey the Mortgaged Property to Beneficiary pursuant to the Purchase Agreement;

(b) Any other breach or default by Trustor of any covenant of Trustor under this Deed of Trust and which Trustor does not cure within the "Applicable Cure Period," as defined below, or, in the event such cure cannot be completed within such time period, which Trustor does not diligently and continuously prosecute to completion, but in no event later than 45 days thereafter. As used herein, the "Applicable Cure Period" is, unless otherwise specifically set forth herein, the 30-day period commencing on the date Trustor receives written notice of the occurrence of such breach or default;

(c) Trustor's making of any transfer prohibited by Section 12 of this Deed of Trust;

(d) Trustor makes an assignment for the benefit of creditors, files a petition in bankruptcy, is adjudicated insolvent or bankrupt, petitions or applies to any tribunal for any receiver of or any trustee for Trustor or any substantial part of Trustor's property, commences any proceeding relating to Trustor under any reorganization, arrangement, readjustment of debt, dissolution or liquidation law or statute of any jurisdiction, whether now or hereafter in effect, or there is commenced against or with respect to Trustor or any substantial portion of Trustor's property any such proceeding and an order for relief is issued or such proceeding remains undismissed for a period of thirty (30) days; or

(e) Trustor shall dissolve, liquidate or wind up its affairs or shall bring any legal action or take any other action contemplating such dissolution, liquidation or winding up.

14. Remedies. Upon the occurrence of an Event of Default, Beneficiary may at any time, at its option and in its sole discretion, declare all Secured Obligations of the defaulting party to be due and payable and the same shall thereupon become immediately due and payable; provided, upon the occurrence of any Event of Default set forth in Sections 13(d) and 13(e), all of the

Trustor's Secured Obligations shall automatically be immediately due and payable. Beneficiary may also do any or all of the following, although it shall have no obligation to do any of the following:

(a) Either in person or by agent, with or without bringing any action or proceeding, or by a receiver appointed by a court and without regard to the adequacy of Beneficiary's security, enter upon and take possession of the Mortgaged Property, or any part thereof, and do any acts which Beneficiary deems necessary or desirable to preserve the value, marketability or rentability of the Mortgaged Property, or to increase the income therefrom or to protect the security hereof and, with or without taking possession of any of the Mortgaged Property, sue for or otherwise collect all rents and profits, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection, including attorney's fees and expenses, upon the Secured Obligations, all in such order as Beneficiary may determine. The collection of rents and profits and the application thereof shall not cure or waive any Event of Default or notice thereof or invalidate any act done in response thereto or pursuant to such notice.

(b) Bring an action in any court of competent jurisdiction to foreclose this instrument.

(c) Exercise any or all of the remedies available to a secured party under the UCC.

(d) Elect to sell by power of sale the Property which is Land and Improvements or which Beneficiary has elected to treat as Land and Improvements and, upon such election, such notice of Event of Default and election to sell shall be given as may then be required by law. Thereafter, upon the expiration of such time and the giving of such notice of sale as may then be required by law, at the time and place specified in the notice of sale, Trustee shall sell such property, or any portion thereof specified by Beneficiary, at public auction to the highest bidder for cash in lawful money of the United States. Trustee may, and upon request of Beneficiary shall, from time to time, postpone the sale by public announcement thereof at the time and place noticed therefor. If the Land consists of more than one legal parcel, Beneficiary may designate the order in which the same shall be offered for sale or sold. Trustor waives all rights to direct the order in which any of the Mortgaged Property will be sold in the event of any sale under this Deed of Trust, and also any of right to have any of the Mortgaged Property marshalled upon any sale. In the case of a sale under this Deed of Trust, the said property, real, personal and mixed, may be sold in one parcel or more than one parcel. Should Beneficiary desire that more than one such sale or other disposition be conducted, Beneficiary may, at its option, cause the same to be conducted simultaneously, or successively on the same day, or at such different days or times and in such order as Beneficiary may deem to be in its best interest. Any person, including a Trustor, Trustee or Beneficiary, may purchase at the sale. Upon any sale, Trustee shall execute and deliver to the purchaser or purchasers a deed or deeds conveying the property so sold, but without any covenant or warranty whatsoever, express or implied, whereupon such purchaser or purchasers shall be let into immediate possession. Beneficiary, from time to time before the trustee's sale pursuant to this section, may rescind any notice of breach or default and of election to cause to be sold the Property by executing and delivering to Trustee a written notice of such rescission, which notice, shall also constitute a cancellation of any prior declaration of

default and demand for sale. The exercise by Beneficiary of such right of rescission shall not constitute a waiver of any breach or default then existing or subsequently occurring or impair the right of Beneficiary to execute and deliver to Trustee, as above provided, other declarations of default and demand for sale, and notices of breach or default, the obligations hereof, nor otherwise affect any provision, covenant or condition of the Purchase Agreement and/or of this Deed of Trust or any of the rights, obligations or remedies of the parties thereunder or hereunder.

(e) Exercise each of its other rights and remedies under this Deed of Trust.

(f) Except as otherwise required by law, apply the proceeds of any foreclosure or disposition hereunder to payment of the following: (i) the expenses of such foreclosure or disposition, (ii) the cost of any search or other evidence of title procured in connection therewith and revenue stamps on any deed or conveyance, (iii) all sums expended under the terms hereof, not then repaid, with accrued interest in the amount provided herein, (iv) all other sums secured hereby and (v) the remainder, if any, to the person or persons legally entitled thereto.

(g) Upon any sale or sales made under or by virtue of this section, whether made under the power of sale or by virtue of judicial proceedings or of a judgment or decree of foreclosure and sale, Beneficiary may bid for and acquire the Mortgaged Property or any part thereof. In lieu of paying cash for the Mortgaged Property, Beneficiary may make settlement for the purchase price by crediting against the defaulting party's Secured Obligations the sales price of the Mortgaged Property, as adjusted for the expenses of sale and the costs of the action and any other sums for which the defaulting Trustor is obligated to reimburse Trustee or Beneficiary under this Deed of Trust.

15. Releases, Extensions, Modifications and Additional Security. Without notice to or the consent, approval or agreement of Trustor, any subsequent owner of any part of the Property, any maker, surety, guarantor, or endorser of this Deed of Trust or any other Secured Obligation, or any holder of a lien or other claim on all or any part of the Mortgaged Property, whether senior or subordinate hereto, Beneficiary may, from time to time, do one or more of the following: release any person's liability for the payment of any Secured Obligation, take any action or make any agreement extending the maturity or otherwise altering the terms or increasing the amount of any Secured Obligation, or accept additional security or release all or a portion of the Property and other security for any Secured Obligation. No such release of liability, taking of additional security, release of security, change in terms or conditions of any Secured Obligation, or other action shall release or reduce the personal liability of a Trustor (if any), subsequent purchasers of all or any part of the Mortgaged Property, or release or impair the priority of the lien of this Deed of Trust upon any of the Mortgaged Property.

16. No Waiver. Any failure by Beneficiary to insist upon the strict performance by a Trustor of any of the terms and provisions of this Deed of Trust shall not be deemed to be a waiver of any of the terms and provisions of any of this Deed of Trust; and Beneficiary, notwithstanding any such failure, shall have the right thereafter to insist upon the strict performance by Trustor of any and all of the terms and provisions of this Deed of Trust. The acceptance by Beneficiary of any sum less than the sum then due shall be deemed an acceptance on account only and shall not

constitute a waiver of the obligation of a Trustor to pay the entire sum then due. A Trustor's failure to pay said entire sum due shall be and shall continue to be an Event of Default hereunder notwithstanding such acceptance of such lesser amount on account, and Beneficiary shall be entitled to exercise all rights conferred upon it following an Event of Default hereunder notwithstanding such acceptance.

17. Cumulative. The rights of Beneficiary arising under this Deed of Trust the Purchase Agreement and the Ground Lease shall be separate, distinct and cumulative, and none of them shall be in exclusion of the others. All covenants hereof shall be construed as affording to Beneficiary rights additional to and not exclusive of the rights conferred under any applicable law.

18. Reconveyance. Upon written request of Beneficiary stating that all sums secured hereby have been paid, and upon surrender of this Deed of Trust to Trustee for cancellation, and upon payment of its fees (which shall be paid by Beneficiary), Trustee shall reconvey, without warranty, the Property then held hereunder. The recitals in any such reconveyance of any matters or facts shall be conclusive proof of the truth thereof. The grantee in such reconveyance may be described as "the person or persons legally entitled thereto."

19. Substitution. Provided that such successor Trustee consents to and assumes in writing the obligations of Trustee as the "Escrow Holder" under the Purchase Agreement, including but not limited to the Trustee's reconveyance obligations with respect to the lien of this Deed of Trust set forth therein, Beneficiary may substitute Trustee hereunder in any manner now or hereafter provided by law or, in lieu thereof, Beneficiary may from time to time, by an instrument in writing, substitute a successor or successors to any Trustee named herein or acting hereunder, which instrument, executed and acknowledged by Beneficiary and recorded in the office of the recorder of the county or counties in which the Land and Improvements are situated, shall be conclusive proof of proper substitution of such successor Trustee, who shall thereupon and without conveyance from the predecessor Trustee, succeed to all its title, estate, rights, powers and duties.

20. Law. This Deed of Trust shall be governed by and construed in accordance with the laws of the state in which the Land is located.

21. Severable. If any provision of this Deed of Trust or its application to any person or circumstance is held invalid, the other provisions hereof or the application of the provision to other persons or circumstances shall not be affected.

22. Successors and Assigns. Each of the covenants and obligations of Trustor set forth in this Deed of Trust shall run with the land and shall bind Trustor, its heirs, personal representatives, successors and assigns and all subsequent encumbrances and tenants of the Property and shall inure to the benefit of Beneficiary and its respective successors and assigns.

23. Captions. The captions or headings at the beginning of each section hereof are for the convenience of the parties and are not a part of this Deed of Trust.

24. Amendments. This Deed of Trust contains (or incorporates) the entire agreement of the parties hereto with respect to the matters discussed herein, and this Deed of Trust may only be modified or amended by a written instrument executed by each of the parties hereto.

25. No Third Party Beneficiaries. This Deed of Trust is made and entered into for the sole protection and benefit of the parties hereto, and no other person or entity shall be a direct or indirect beneficiary of, or shall have any direct or indirect cause of action or claim in connection with this Deed of Trust.

26. Notice. Any notice, request, demand, consent, approval or other communication ("Notice") provided or permitted under this Deed of Trust, or any other instrument contemplated hereby, shall be in writing, signed by the party giving such Notice, and shall be given by personal delivery to the other party or by United States certified or registered mail, postage prepaid, return receipt requested, addressed to the party for whom it is intended at its address as set forth below. Unless otherwise specified, Notice shall be deemed given when received, but if delivery is not accepted, on the earlier of the date delivery is refused or the third day after same is deposited in any official United States Postal Depository. Any party from time to time, by Notice to the other parties given as above set forth, may change its address for purposes of receipt of any such communication.

To Landlord:
Pardee Homes
12626 High Bluff Drive, Suite 100
San Diego, CA 92130
Attn: Gregory P. Sorich
Telephone: (858) 794-2500
Facsimile: (858) 794-2599

with a copy to:
Pardee Homes
10880 Wilshire Blvd., Suite 1900
Los Angeles, CA 90024
Attn: William A. Bryan
Telephone: (310) 475-3525
Facsimile: (310) 446-1293

With a copy to:
Sandler & Rosen, LLP
1801 Avenue of the Stars, Suite 510
Los Angeles, CA 90067
Attn: Craig C Birker, Esq.
Telephone: (310) 277-4411
Facsimile: (310) 277-5954

To Tenant:
Neurocrine Biosciences, Inc.
1055 Science Center Drive
San Diego, CA 92121
Attn: Margaret Valeur-Jensen, PhD
Telephone: (858) 658-7600

Facsimile: (858) 658-7605

With a copy to: Brobeck, Phleger & Harrison LLP
12390 El Camino Real
San Diego, CA 92130
Attn: W. Scott Biel, Esq.
Telephone: (858) 720-2500
Facsimile: (858) 720-2555

27. Time. Time is of the essence of each provision of this Deed of Trust.

28. Survival of Warranties. All representations, warranties, covenants and agreements of Trustor hereunder shall survive the delivery of this Deed of Trust and shall continue in full force and effect until the full and final payment and performance of Trustor's Secured Obligations.

29. Waivers. Trustor agrees that it shall not at any time insist upon, plead, claim or take the benefit or advantage of any law now or hereafter in force providing for any stay of execution, extension or marshalling in the event of foreclosure of the liens and security interests hereby created.

30. Specific Performance. At any time, Beneficiary may commence and maintain an action in any court of competent jurisdiction for specific performance of any of the covenants and agreements contained herein or in the Purchase Agreement, and may obtain the aid and direction of the court in the performance of any of the covenants and agreements contained herein or in the Purchase Agreement, and may obtain orders or decrees directing the execution of the same and, in case of any sale hereunder, directing, confirming or approving its or Trustee's acts and granting it such relief as may be warranted in the circumstances.

31. Attorneys' Fees. In the even any action is brought by Trustor or Beneficiary against the other to enforce or for the breach of any of the terms, covenants or conditions contained in this Deed of Trust, the prevailing party shall be entitled to recover reasonable attorneys' fees to be fixed by the court, together with costs of suit therein incurred.

32. WAIVER OF JURY TRIAL. BENEFICIARY AND TRUSTOR EACH WAIVE TRIAL BY JURY IN ANY ACTION OR OTHER PROCEEDING (INCLUDING COUNTERCLAIMS), WHETHER AT LAW OR EQUITY, BROUGHT BY BENEFICIARY OR A TRUSTOR AGAINST THE OTHER ON MATTERS ARISING OUT OF OR IN ANY WAY RELATED TO OR CONNECTED WITH THIS DEED OF TRUST, THE LEASE, THE PURCHASE AGREEMENT, OR ANY TRANSACTION CONTEMPLATED BY, OR THE RELATIONSHIP BETWEEN BENEFICIARY AND A TRUSTOR, OR ANY ACTION OR INACTION BY ANY PARTY UNDER, ANY OF THE DEED OF TRUST, GROUND LEASE, OR PURCHASE AGREEMENT DOCUMENTS.

33. Request for Notice. Pursuant to California Government Code Section 27321.5(b), Trustor hereby requests that a copy of any notice of default and a copy of any notice of sale given pursuant to this Deed of Trust be mailed to Trustor at the address set forth above.

34. Obligations of Tenant. Nothing in this Deed of Trust shall be deemed to amend, modify, limit, waive or otherwise affect the liabilities, obligations, duties, covenants and agreements of the Beneficiary as the Tenant under the Ground Lease.

[SIGNATURE PAGE TO DEED OF TRUST]

IN WITNESS WHEREOF, this Deed of Trust has been duly executed and acknowledged by the undersigned as of the day and year first above written.

TRUSTOR PLEASE NOTE: UPON THE OCCURRENCE OF A DEFAULT, CALIFORNIA PROCEDURE PERMITS THE TRUSTEE TO SELL THE MORTGAGED PROPERTY AT A SALE HELD WITHOUT SUPERVISION BY ANY COURT AFTER EXPIRATION OF A PERIOD PRESCRIBED BY LAW. UNLESS YOU PROVIDE AN ADDRESS FOR THE GIVING OF NOTICE, YOU MAY NOT BE ENTITLED TO NOTICE OF THE COMMENCEMENT OF SALE PROCEEDINGS. BY EXECUTION OF THIS DEED OF TRUST, YOU CONSENT TO SUCH PROCEDURE. BENEFICIARY URGES YOU TO GIVE PROMPT NOTICE OF ANY CHANGE IN YOUR ADDRESS SO THAT YOU MAY RECEIVE PROMPTLY ANY NOTICE GIVEN PURSUANT TO THIS DEED OF TRUST.

"TRUSTOR"

PARDEE HOMES
a California corporation

By: ------------------------------------

Name: ------------------------------------

Its: ------------------------------------

By: ------------------------------------

Name: ------------------------------------

Its: ------------------------------------

EXHIBIT A

PROPERTY DESCRIPTION

REAL PROPERTY in the City of San Diego, County of San Diego, State of California, described as follows:

Lot 17 of Employment Center Development Unit No. 2B, in the City of San Diego, County of San Diego, State of California, according to Map thereof No. 10945, filed in the Office of the County Recorder of San Diego County.

EXHIBIT "I"

EXHIBIT 10.3

FIRST AMENDMENT TO AGREEMENT FOR PURCHASE AND SALE OF REAL PROPERTY AND ESCROW INSTRUCTIONS

This First Amendment to Agreement for Purchase and Sale of Real Property and Escrow Instructions (the "Amendment") is by and between PARDEE HOMES, a California corporation ("Seller") and NEUROCRINE BIOSCIENCES, INC., a Delaware corporation ("Buyer") and is dated as of January 15, 2003.

A. Seller and Buyer are parties to that certain Agreement for Purchase and Sale of Real Property and Escrow Instructions dated as of October 15, 2002 (the "Purchase Agreement").

B. Seller and Buyer wish to modify the Purchase Agreement pursuant to the terms and conditions hereof.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Seller and Buyer hereby agree as follows:

1. All capitalized terms used herein which have defined meanings in the Purchase Agreement shall have the same defined meanings herein, except as expressly provided in this Amendment.

2. Pursuant to paragraph 27 of the Purchase Agreement, Buyer has elected to delay the First Closing from January 31, 2003 to a date not later than September 15, 2003 for the sole purpose of complying with the timing requirements of a Section 1031 Exchange for Buyer's existing headquarters facilities. Seller's Carry Cost shall be calculated from February 1, 2003 through the date of the First Closing and the first monthly payment of Seller's Carry Cost shall be due March 1, 2003.

3. Buyer hereby confirms that the contingencies to Buyer's purchase set forth in paragraphs 3(a)(iii), (iv) and (v) of the Purchase Agreement have been satisfied or are waived, and except as set forth in Buyer's written notice to Seller of Buyer's Disapproved Title Matters, dated as of January 15, 2003 (the "TITLE NOTICE LETTER"), the contingencies set forth in paragraphs 3(a)(i) and (ii) have been satisfied or are waived; provided, however, Buyer shall have until February 28, 2003 to obtain (1) all necessary approvals by applicable community planning boards, planning groups and any subcommittees or panels thereof relating to Buyer's design, development and intended use of the Property, and (2) comments and proposed conditions acceptable to Buyer relating to the proposed issuance of a CEQA negative declaration by applicable governmental authority for Buyer's intended development and use of the Property. In the event the foregoing contingency is not satisfied or waived by Buyer on or before February 28, 2003, Buyer may terminate the Agreement and the Escrow upon written notice to Seller and Escrow Holder; provided that Buyer shall take all reasonable action necessary to cause the Project to be placed for consideration on the agenda(s) for the February, 2003 meeting(s) of all applicable community planning boards and groups.

Upon termination of the Agreement and escrow for the failure of such contingency: (i) all documents shall be returned to the party who deposited such documents into escrow or deliver the same to the other party; (ii) the Deposit shall be returned to Buyer; (iii) Each party shall bear one-half (1/2) of the Escrow Holder and Title Company cancellation costs; (iv) neither party shall have any further liability to the other. In the event Buyer does not inform Seller of its approval or disapproval of the foregoing contingency on or before February 28, 2003, said contingency shall be deemed to have been satisfied or waived. Notwithstanding anything to the contrary in paragraph 2(b) of the Purchase Agreement, provided that the foregoing contingency is satisfied or deemed satisfied on or before February 28, 2003, then no later than March 3, 2003, Buyer shall deposit with Escrow Holder the additional sum of $2,500,000 for a total Deposit of $3,000,000 and the Deposit shall be released by Escrow Holder to Seller on such date.

4. The parties acknowledge that Seller has disapproved the Conceptual Plans regarding Buyer's proposed construction of a standing-seam metal roof on the buildings of the Property only, and the parties agree that the forty-five (45) day period within which Seller and Buyer are to agree upon Buyer's Conceptual Plans as set forth in paragraph 3(c)(i) of the Purchase Agreement, with respect to the acceptability and design of the standing-seam metal roof only is hereby extended to February 14, 2003.

5. The parties hereby confirm that the contingency set forth in paragraph 3(c)(ii) of the Purchase Agreement (the "Lot Line Adjustment") has been satisfied subject to the Disapproved Title Matters contained in Buyer's Title Notice Letter.

6. Except as modified hereby, the Purchase Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, Seller and Buyer have executed this Amendment as of the date first above written.

PARDEE HOMES, a California corporation	NEUROCRINE BIOSCIENCES, INC., a Delaware corporation
By: /s/ Gregory P. Sorich	By: /s/ Paul W. Hawran
Gregory P. Sorich	Paul W. Hawran
"Seller"	"Buyer"

EXHIBIT 10.4

SECOND AMENDMENT TO AGREEMENT FOR PURCHASE AND SALE OF REAL PROPERTY AND ESCROW INSTRUCTIONS

This Second Amendment to Agreement for Purchase and Sale of Real Property and Escrow Instructions (the "Amendment") is by and between PARDEE HOMES, a California corporation ("Seller") and NEUROCRINE BIOSCIENCES, INC., a Delaware corporation ("Buyer") and is dated as of February 28, 2003.

A. Seller and Buyer are parties to that certain Agreement for Purchase and Sale of Real Property and Escrow Instructions dated as of October 15, 2002 as amended by First Amendment dated January 15, 2003 (as so amended, the "Purchase Agreement").

B. Seller and Buyer wish to modify the Purchase Agreement pursuant to the terms and conditions hereof.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Seller and Buyer hereby agree as follows:

1. All capitalized terms used herein which have defined meanings in the Purchase Agreement shall have the same defined meanings herein, except as expressly provided in this Amendment.

2. Buyer hereby confirms that the contingencies to Buyer's purchase set forth in paragraphs 3(a)(i), (ii), (iii), (iv) and (v) of the Purchase Agreement have been satisfied or are waived; provided, however, Buyer shall have until March 14, 2003 to obtain (1) all necessary approvals by applicable community planning boards, planning groups and any subcommittees or panels thereof relating to Buyer's design, development and intended use of the Property; and (2) comments and proposed conditions acceptable to Buyer relating to the proposed issuance of a CEQA negative declaration by applicable governmental authorities for Buyer's intended development and use of the Property. In the event the foregoing contingency is not satisfied or waived by Buyer on or before March 14, 2003, Buyer may terminate the Purchase Agreement and the Escrow upon written notice to Seller and Escrow Holder; provided that Buyer shall take all reasonable action necessary to cause its proposed project to be placed for consideration on the agenda for the March 11, 2003 meeting of the Board of the Carmel Valley Community Planning Group. Upon termination of the Purchase Agreement and escrow for the failure of such contingency: (i) all documents shall be returned to the party who deposited such documents into escrow or deliver the same to the other party; (ii) the Deposit shall be returned to Buyer; (iii) each party shall bear one-half (1/2) of the Escrow Holder and Title Company cancellation costs; (iv) neither party shall have any further liability to the other. In the event Buyer does not inform Seller of its approval or disapproval of the foregoing contingency on or before March 14, 2003, said contingency shall be deemed to have been satisfied or waived. Notwithstanding anything to the contrary in paragraph 2(b) of the Purchase Agreement, provided that the foregoing contingency is satisfied or deemed satisfied on or before March 14, 2003, then no later than March 17, 2003, Buyer shall

deposit with Escrow Holder the additional sum of $2,500,000 for a total Deposit of $3,000,000 and the Deposit shall be released by Escrow Holder to Seller on such date. As provided in paragraph 2 of the First Amendment dated January 15, 2003, Seller's Carry Cost shall be calculated from February 1, 2003 through that date of the First Closing; however, the parties hereby agree that the due date for the first monthly payment of Seller's Carry Cost shall be changed from March 1, 2003 to March 17, 2003. Paragraphs 2 and 27 of the Purchase Agreement are hereby revised to provide that: (a) the Seller's Carry Cost for the period from February 1, 2003 until the date Buyer's Deposit is released to Seller (the "Deposit Release Date") shall be the imputed interest set forth in Paragraph 27 on the entire Parcel A Purchase Price for such period; (b) commencing on the Deposit Release Date until the date of the First Closing, the Seller's Carry Cost shall be the imputed interest set forth in Paragraph 27 on the Parcel A Purchase Price less the $3,000,000 Deposit released by Escrow Holder to Seller on the Deposit Release Date; and (c) Escrow Holder shall have no obligation to pay interest to Buyer on the $3,000,000 Deposit released to Seller after the Deposit Release Date.

3. The parties acknowledge that Seller has approved Buyer's Conceptual Plans, on the condition that the material to be used for the standing-seam metal roof on the buildings on the Property shall be darkened to eliminate its "shiny" appearance, to the reasonable satisfaction of Seller.

4. Reference is made to that certain San Diego Corporate Center Traffic Improvement Agreement recorded September 21, 2001 as Document No. 2001-0681166 in the Official Records of the San Diego County Recorder's Office (the "Traffic Improvement Agreement"). The Traffic Improvement Agreement covers the Property and other real property in the vicinity thereof. The Traffic Improvement Agreement requires the owners of such properties to pay for certain traffic-related improvements. The Property is a portion of the real property described in the Traffic Improvement Agreement as the "Pardee Property." Seller has paid all amounts due under the Traffic Improvement Agreement with respect to the Pardee Property and Seller shall pay all amounts which may hereafter be due with respect to the Pardee Property. Accordingly, Seller shall be entitled to any refund or reimbursement payable under the Traffic Improvement Agreement to the owner of the Property as a result of the inclusion of any of the "Improvements" (as defined in the Traffic Improvement Agreement) in the Pacific Highlands Ranch/Subarea III FBA, the Torrey Highlands/Subarea IV FBA, the Carmel Valley Public Facilities Financing Plan or any other public facility financing program, but only if and to the extent such refund or reimbursement is attributable to any payment made by Seller with respect to the Pardee Property.

5. Except as modified hereby, the Purchase Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, Seller and Buyer have executed this Amendment as of the date first above written.

<table>
<tr><td>PARDEE HOMES,
a California corporation

By: /s/ Gregory P. Sorich
____
Gregory P. Sorich
"Seller"</td><td>NEUROCRINE BIOSCIENCES, INC.,
a Delaware corporation

By: /s/ Gary A. Lyons
____
Gary A. Lyons
"Buyer"</td></tr>
</table>

EXHIBIT 10.5

THIRD AMENDMENT TO AGREEMENT FOR PURCHASE AND SALE OF REAL PROPERTY AND ESCROW INSTRUCTIONS

This Third Amendment to Agreement for Purchase and Sale of Real Property and Escrow Instructions (the "Amendment") is by and between PARDEE HOMES, a California corporation ("Seller"), and NEUROCRINE BIOSCIENCES, INC., a Delaware corporation ("Buyer"), and is dated as of May 28, 2003.

A. Seller and Buyer are parties to that certain Agreement for Purchase and Sale of Real Property and Escrow Instructions dated as of October 15, 2002 as amended by First Amendment dated January 15, 2003 and Second Amendment dated February 28, 2003 (as so amended, the "Purchase Agreement").

B. Seller and Buyer wish to modify the Purchase Agreement pursuant to the terms and conditions hereof.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Seller and Buyer hereby agree as follows:

1. All capitalized terms used herein which have defined meanings in the Purchase Agreement shall have the same defined meanings herein, except as expressly provided in this Amendment.

2. The parties hereby agree that the Purchase Price for the Property is $25,201,890, the Parcel A Purchase Price is $17,227,686 and the Parcel B Purchase Price is $7,974,204.

3. The parties agree that the First Closing shall occur on May 30, 2003.

4. Paragraph 5(d) of the Purchase Agreement is hereby deleted and replaced with the following:

> (d) On or before the First Close of Escrow, Buyer shall deliver an amount equal to the Parcel B Purchase Price to Escrow Holder in the form of cash or immediately available funds, which amount shall be held by Escrow Holder in an interest-bearing account until the First Close of Escrow (the "Additional Deposit"). Upon the First Closing, Escrow Holder shall release to Seller $3,500,000 of the Additional Deposit, which shall be held by Seller as an earnest money deposit for Buyer's performance of its obligations at the Second Closing. The remaining Additional Deposit shall be held by Escrow Holder until Buyer or Seller has delivered written proof to Escrow Holder that Seller has received an original irrevocable standby letter of credit ("Letter of Credit") in an amount equal to the remaining $4,474,204 of the Additional Deposit retained by Escrow Holder ("Letter of Credit Amount"), at which time the remaining Additional Deposit held by Escrow Holder shall be immediately returned to Buyer. In the event Buyer defaults under this Agreement and fails to complete its purchase of Parcel B, Seller shall have the right to apply the earnest money deposit funds held by Seller and draw upon the Letter of Credit in the Letter of Credit Amount in

order to satisfy such payment obligations; and such application and draw shall satisfy Buyer's payment to Seller of the Parcel B Purchase Price. In the event Seller applies the earnest money deposit held by Seller and draws upon the Letter of Credit, Buyer, Seller and Escrow Holder shall perform all of their obligations under this Agreement, except for Buyer's deposit of the balance of the Parcel B Purchase Price. At the Second Closing the earnest money deposit held by Seller shall be applied to and credited against the Parcel B Purchase Price, and upon confirmation from Escrow Holder that the remaining Parcel B Purchase Price has been received into Escrow, and prior to the distribution of such funds to Seller, Seller shall deliver the Letter of Credit to Escrow Holder, who shall release the Letter of Credit to Buyer contemporaneously with delivery of the remaining Parcel B Purchase Price amount to Seller. Buyer's failure to deliver the Letter of Credit to Seller within fourteen (14) days after the First Close of Escrow shall be deemed to be a breach of this Agreement which shall entitle Seller to terminate this Agreement, in addition to any other remedies available at law or in equity. The Letter of Credit shall be issued by Bank of America, Wells Fargo Bank or another major U.S. commercial bank acceptable to Seller, having a Los Angeles, California office at which the Letter of Credit may be drawn. The Letter of Credit shall have an expiration date no earlier than February 15, 2004. The Letter of Credit shall provide for payment to Seller upon the issuer's receipt of a sight draft from Seller together with Seller's certificate certifying that the Letter of Credit amount is due and payable from Buyer, and with no other conditions, and otherwise be in form and content satisfactory to Seller's attorneys. The earnest money deposit held by Seller shall accrue interest, payable monthly in arrears, at an annual rate of 3%.

5. Seller is the owner of Parcel 2 of Parcel Map No. 19130 located to the north of Parcel A of the Property (the "Pardee Property"). In connection with its proposed development of the Property, Buyer desires to perform certain grading and install certain temporary improvements on the Pardee Property and the Property (the "Work") in accordance with City of San Diego Drawing No. 32429-14 and -15- D (the "Improvement Plans"). Subject to the terms, covenants and conditions set forth below, Seller hereby grants Buyer the right to perform the work on the Pardee Property and Seller shall execute and deliver to Buyer, concurrently with the full execution of this Amendment: (1) that certain LETTER OF PERMISSION FOR OFFSITE GRADING FOR NEUROCRINE BIOSCIENCES, CITY WORK ORDER NUMBER 421274 (RICK ENGINEERING JOB NUMBER 14270) dated March 18, 2003; and (2) that certain letter acknowledging Seller's obligation to maintain the replacement sediment retention basins to be constructed by Buyer on the Pardee Property as part of the Work until such time as the Pardee Property is improved in a manner permitting removal of such replacement sediment retention basins. In the event of any inconsistency between the terms of said letter and this Amendment, this Amendment shall control.

(a) Buyer shall not commence the Work until after the First Close of Escrow. Buyer shall perform the Work in conformity with the Improvement Plans, in a good workmanlike manner and in compliance with all applicable laws. Buyer shall not make any material changes to the Improvement Plans affecting the Pardee Property without Seller's prior written approval, which approval shall not be unreasonably withheld, conditioned or delayed by

Seller. Buyer hereby indemnifies and agrees to defend Seller and the Pardee Property and hold them free and harmless from any and all liens, losses, claims, demands, damages, liabilities or costs of any kind whatsoever (including attorneys' fees) arising from, relating to or in connection with the Work. Buyer has inspected the Pardee Property and has agreed that it is suitable for the Work. Buyer hereby releases Seller from any and all claims, liabilities, costs, expenses, and causes of action arising from or relating to any condition of the Pardee Property which may affect the Work.

(b) Prior to any entry onto the Pardee Property, Buyer shall cause Exchangor (as defined in Paragraph 10 below) to deliver to Seller a certificate of insurance for commercial general liability insurance, contractual liability insurance and property damage insurance with respect to any activities by Buyer or Exchangor or any of their respective agents, employees, assigns or contractors on the Pardee Property, with limits of not less than $3,000,000 per occurrence for personal injury, sickness or death or for damage to or destruction of property and not less than $3,000,000 aggregate for personal injury, sickness or death or for damage to or destruction of property, covering liability arising from premises, operations, independent contractors, personal injury, products completed operations and liability assumed under an insured contract on an occurrence basis with a deductible or self-insured retention no greater than $50,000 in the aggregate. The certificate of insurance shall name Seller as an additional insured, and a separate additional insured endorsement shall be attached to the certificate of insurance. Buyer shall keep such insurance in effect at all times until all of the Work is completed and Buyer has permanently vacated the Pardee Property.

(c) From and after the First Close of Escrow, Seller hereby grants to Buyer and Exchangor, and their respective agents, employees, assigns and contractors, a license for access, ingress, egress, grading and construction purposes over and upon the Pardee Property as may be necessary to perform the Work. This license shall terminate upon Buyer's completion of the Work (i.e., the grading work and temporary improvements described in paragraph 4 above). Buyer shall not permit any soil to be deposited on the Pardee Property, except as permitted by the Improvement Plans. Buyer shall not permit any debris, waste materials, clay expansive soils, oil, hazardous materials or waste, toxic materials or other pollutants to be deposited on the Pardee Property. Buyer shall not place any construction trailers, fences, other personal property or improvements on the Pardee Property, except for improvements described in the Improvement Plans. No automobiles, other vehicles or construction equipment shall be parked on the Pardee Property.

Buyer hereby notifies Seller that Buyer intends to cause the Work to be commenced on the Pardee Property immediately following the First Close of Escrow so that Seller can record and post a Notice of Nonresponsibility pursuant to California Civil Code Section 3094. Buyer shall assist in the recordation and/or posting of such Notice upon the request of Seller.

(d) Upon commencement of any Work on the Pardee Property, Buyer shall thereafter be responsible for completion of such Work in a good and workmanlike manner. With respect to any grading on the Pardee Property, Buyer shall be responsible for all erosion and sediment control for the area on which such Work is performed, including the preparation and implementation of a Storm Water Pollution Prevention Plan and compliance with all requirements imposed by the State Water Resources Control Board.

(e) Seller shall have the right, but not the obligation, to observe and monitor the Work performed by Buyer on the Pardee Property. Buyer agrees to keep Seller reasonably informed of its progress with respect to performance of the Work and upon the request by Seller, Buyer shall furnish to Seller copies of any governmental inspections, reports and approval received by it concerning the Pardee Property.

6. In connection with its proposed development of the Property, Buyer has applied for and obtained approval by the City of San Diego ("City") of "Site Development Permit No. 9425 Neurocrine Biosciences - 5523 (MMRP) Job Order Number: 42-1061" (the "Permit"). Although Seller, Buyer and Science Park Center, LLC are named in the Permit as "Owners" and Buyer is also named as "Permittee", Buyer acknowledges that Seller shall have no obligations or liability under the Permit and Buyer hereby assumes and agrees to perform any obligations or liabilities of the "Owner," "Permittee" and the "Owner/Permittee" under the Permit. Subject to the terms and conditions hereof, Seller agrees to sign the Permit concurrently with the full execution hereof.

(a) Although the Permit provides that it is to be recorded in the Office of the San Diego County Recorder, Buyer shall not allow the Permit to be recorded against the Property until at or after the First Closing.

(b) Buyer hereby agrees to comply with all of the terms, covenants and requirements of the Permit and to comply with all applicable laws in connection with its performance of work covered by the Permit. Buyer hereby indemnifies and agrees to defend Seller and hold it free and harmless from and against any and all losses, demands, damages, liabilities, fines, penalties, costs and expenses of any kind whatsoever (including attorneys' fees) incurred by Seller arising from or relating to the Permit or any work performed by or on behalf of Buyer or Science Park Center LLC pursuant to the Permit.

7. In connection with the development of a police station facility on property located to the south of Parcel B, the City has requested that Seller grant to the City an easement over and upon a portion of Parcel B in a form reasonably acceptable to Seller, Buyer and the City, substantially in the form of Exhibit A attached hereto (the "Easement Agreement"). Buyer agrees that the Easement Agreement shall not be recorded against Parcel B until the First Closing occurs.

8. The parties agree to amend the Ground Lease attached to the Purchase Agreement as Exhibit "H" by deleting the word "twentieth (20th)" in paragraph 2.2 thereof and substituting "thirty-first (31st)" in its place.

9. The Purchase Agreement contains erroneous references to certain exhibits attached thereto. In paragraph 8(e) of the Purchase Agreement, the reference to Exhibit "F" is hereby changed to Exhibit "G" and the reference to Exhibit "C" is changed to Exhibit "D". In paragraph 9(d), the reference to Exhibit "D" is changed to Exhibit "E". In paragraph 10(d), the reference to Exhibit "E" is changed to Exhibit "F". The references to the exhibits in paragraph 5(f) of the Purchase Agreement are correct.

10. Any accrued but unpaid Seller's Carry Cost shall be paid to Seller by Buyer at the First Closing.

11. Seller hereby acknowledges that Buyer has identified PEONY ACQUISITIONS LLC, a Delaware limited liability company ("EAT"), as the accommodating purchaser of Parcel A pursuant to a Section 1031 Exchange for Buyer's current headquarters, and that SCIENCE PARK CENTER LLC, a California limited liability company ("Exchangor") of which Buyer owns a majority of the membership interests, shall ultimately acquire the ownership interest in the EAT or Parcel A pursuant to the Section 1031 Exchange, notwithstanding Seller's rights under Section 10 of the Agreement, Seller hereby consents (a) to the partial assignment of the Purchase Agreement to the EAT (with respect to the right to purchase Parcel A only) and (b) the subsequent acquisition of Parcel A by the Exchangor, all as provided in Paragraph 10(f) of the Agreement; provided, however, that notwithstanding such assignment, Buyer and not EAT shall remain liable for all obligations of Buyer under the Purchase Agreement, with the exception of payment of the Purchase Price and unpaid Seller's Carry Cost for Parcel A. Notwithstanding the foregoing, Buyer and Seller acknowledge that the obligations assumed by the EAT with respect to the Purchase Agreement are limited to the payments to be made by Buyer for the purchase of Parcel A, and Buyer does not assign, nor is Buyer released from, any of the other obligations of Buyer under the Purchase Agreement, and Buyer hereby guarantees the payment obligations assigned to the EAT for the purchase of Parcel A.

The parties hereto contemplate that (a) the lessee's interest in the Ground Lease will be assigned to NEUROCRINE INTERNATIONAL LLC, an affiliate of Buyer ("Lessee"), and (b) Parcel B will be sublet by Lessee to the EAT after the First Closing. Seller hereby consents to such assignment and sublease as long as Buyer guarantees the Ground Lease obligations of the Lessee. Neither the EAT nor any of its officers, directors, members or affiliates shall have any personal liability under its sublease of Parcel B for any of Lessee's obligations under the the Ground Lease, and the EAT shall have no obligation to Seller to perform such obligations.

12. Except as modified hereby, the Purchase Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, Seller and Buyer have executed this Amendment as of the date first above written.

"Seller"
PARDEE HOMES,
a California corporation

By: /s/ Gregory P. Sorich

Name: Gregory P. Sorich

Its: Vice President

By: /s/ Charles Corum

Name: Charles Corum

Its: Assistant Vice President

"Buyer"
NEUROCRINE BIOSCIENCES, INC.,
a Delaware corporation

By: /s/ Paul W. Hawran

Paul A. Hawran
Senior Vice President

EXHIBIT A

EMERGENCY ACCESS EASEMENT

AND GRADING AND SLOPE MAINTENANCE LICENSE AGREEMENT

This Emergency Access Easement and Grading and Slope Maintenance License Agreement (this "Easement Agreement") is made as of this _____ day of May, 2003 (the "Effective Date"), by and between PARDEE HOMES, a California corporation ("Grantor"), THE CITY OF SAN DIEGO ("City") and NEUROCRINE BIOSCIENCES, INC., a Delaware corporation ("Licensee").

R E C I T A L S:

A. Grantor is the fee owner all of that certain property located in the City of San Diego, County of San Diego, which is more particularly described on Exhibit "A" hereto and made a part hereof (the "GRANTOR PROPERTY"), a portion of which is more particularly described on Exhibit "A-1" attached hereto and made a part hereof (the "EASEMENT PROPERTY"). As of the Effective Date, Grantor has entered into a long-term ground lease of the Grantor Property with Licensee (the "GROUND LEASE"), pursuant to which, Licensee is permitted to construct improvements on the Grantor Property.

B. City is the owner in fee simple of certain real property located in the City of San Diego, County of San Diego, which is more particularly described on Exhibit "B" attached hereto and made a part hereof (the "CITY PROPERTY"; the City Property and the Grantor Property are sometimes hereinafter collectively referred to as the "PROPERTIES.") which is adjacent to the Grantor Property, a portion of which is more particularly described on Exhibit "B-1" attached hereto and made a part hereof (the "SLOPE ACCESS AREA"). City has designated the City Property as the location of a City police department.

C. Licensee, pursuant to the construction of its improvements on the Grantor Property, has requested that City grant Licensee a license to the Slope Access Area of the City Property, in order for Licensee to perform certain grading work and slope improvements to the Slope Access Area, including the reduction of the slope gradient within the Slope Access Area in accordance with those certain grading plans approved by the City, a copy of which is attached hereto as Exhibit "C" (the "PLANS AND SPECIFICATIONS"). City, as a condition to granting the License to Licensee, has requested that Grantor grant City a non-exclusive easement for emergency ingress and egress of the City's vehicles over any driveway constructed on any portion of the Grantor Property.

D. In consideration of the terms and covenants contained herein, City desires to grant to Licensee certain license rights for grading work and slope improvements to the Slope Access Area, and Grantor desires to grant to City an easement for emergency access to the City Property over any driveway constructed on any portion of the Easement Property, as more particularly described below.

NOW, THEREFORE, in consideration of the mutual terms, conditions and covenants, the parties hereto agree as follows:

1. GRANT OF EMERGENCY ACCESS EASEMENT. Grantor hereby grants and conveys to City, its successors, assigns, employees, representatives and invitees for the benefit of the City Property, a non-exclusive surface easement and right of way (the "DRIVEWAY EASEMENT") on, across and over that certain driveway, a portion of which is located upon the Easement Property as depicted on the Improvement Plans (the "DRIVEWAY"), for the purpose of emergency ingress and egress by City vehicles between the City Property and El Camino Real; provided that, as a condition to the continued use of the Driveway, City shall ensure that those persons authorized by City to use the Driveway shall do so in a safe and orderly manner and in accordance with rules and regulations, including, but not limited to posted speed limits reasonably promulgated by the owner of the Grantor Property or the tenant under the Ground Lease from time to time. No party hereto shall at any time prevent or impair the emergency use of the Driveway.

2. GRADING AND SLOPE IMPROVEMENT LICENSE. City hereby grants to Licensee, and its agents, employees, consultants, contractors, subcontractors, successors and assigns, a license (the "LICENSE") to perform certain grading work and to construct and maintain slope improvements (collectively, the "GRADING AND SLOPE IMPROVEMENTS") within the boundaries of the Slope Access Area. The Term of the License shall be coterminous with the Term of the Ground Lease (as such Term may be extended from time to time) and, subject to the terms hereof, shall be irrevocable so long as the Ground Lease remains in effect. Consideration for the License shall be Grantor's grant of the Driveway Easement, and there shall be no license fee payable to City with respect thereto. The rights of Licensee under the License shall include the right, but not the obligation, to enter upon the City Property from time to time to maintain and repair the Grading and Slope Improvements constructed within the Slope Access Area, as Licensee determines is necessary or beneficial to the ownership, development or operation of any improvements to the Grantor Property; provided that the City shall receive at least fourteen (14) days' prior notice (unless such entry is required by an emergency) and a reasonable description of such entry and activities, and Licensee shall perform any such work in cooperation with the City's reasonable requirements; further provided, however, that such notice shall not be required for Licensee's entry upon the City Property to initially construct the Grading and Slope Improvements. Licensee shall have access to the Slope Access Area on a 24 hours per day/7 day per week basis.

3. CONSTRUCTION AND MAINTENANCE REQUIREMENTS. The Grading and Slope Improvements shall be constructed by Licensee in accordance with the Plans and Specifications, and all applicable laws, regulations, ordinances and other requirements of the City, County of San Diego and all other governmental and quasi-governmental authorities and/or agencies having jurisdiction over the City Property and/or the Grading and Slope Improvements. Further, Licensee shall, at its sole cost and expense, within forty-five (45) days after the completion of the Grading and Slope Improvements, (i) deliver as-built plans for the Grading and Slope Improvements to City, and (ii) cause Licensee's geotechnical engineer, to certify in writing to City that the Grading and Slope Improvements meet the slope stability and lateral support requirements set forth in the Plans and Specifications. The Driveway (as depicted on the Plans and Specifications) shall be constructed prior to the occupancy of any building on the

Grantor Property, and shall be maintained (or shall be caused to be maintained) by the owner of the Grantor Property in good condition and repair. In the event the owner of the Grantor Property fails maintain the Driveway as required herein, and such failure prevents use of the Driveway without reasonable alternative access facilities for a period of more than seven (7) days following the date on which the owner of the Grantor Property receives written notice from the City reasonably specifying the extent and nature of such failure to maintain the Grantor Property, City shall have the right to perform such aspects of maintenance as are reasonably specified in its written notice to the owner of the Grantor Property, subject to reimbursement by the owner of the Grantor Property within 30 days following submittal of an invoice for City's reasonable maintenance costs to owner of the Grantor Property; provided, however, that as long as Licensee (or an affiliate of Licensee) is the tenant under the Ground Lease, Licensee shall perform (or cause to be performed) the maintenance obligations of the owner of the Grantor Property.

4. GOVERNMENTAL PERMITS AND APPROVALS. Prior to commencing, or causing the commencement of, any construction or grading activities upon the City Property, Licensee shall, at its sole cost and expense, obtain all necessary permits and approvals for the Grading and Slope Improvements to be constructed or installed hereunder from the City, County of San Diego and any other governmental authorities and/or agencies having jurisdiction over the construction of the Grading and Slope Improvements (the "GOVERNMENTAL PERMITS"). Licensee shall be responsible, at its sole cost and expense, for satisfying all conditions and requirements of the Governmental Permits.

5. INDEMNIFICATION. City, in exercising its rights as a grantee of the Driveway Easement granted hereunder, shall indemnify, defend, protect and hold Grantor and any occupant of the Grantor Property, and their respective employees, officers, directors, shareholders, beneficiaries, agents and representatives, successors and assigns (collectively, the "EASEMENT INDEMNITEES") harmless from and against any and all claims, actions, losses, liabilities, costs and expenses, including, without limitation, first party losses and attorneys' fees (collectively, the "CLAIMS"), whether incurred by or made against any Easement Indemnitee, for damage to real, personal, tangible or intangible property, including, without limitation, loss of use of any such property, and all Claims for bodily injury to or death of any person, arising from or in any way related to (i) any act, omission or entry upon the Grantor Property or other activity pursuant to such easement by such grantee or any person entering upon the Grantor Property pursuant to the rights granted to such grantee hereunder (including, but not limited to, any Claim by any insurance company which has paid a claim and is subrogated to the rights of the claimant), and/or (ii) any breach by such grantee of its obligations under this Easement Agreement; provided, however, that no Easement Indemnitee shall be entitled to indemnification hereunder to the extent that any such Claim has been caused by the negligence or willful misconduct of such Easement Indemnitee.

Licensee, in exercising its rights as a licensee of the License granted hereunder, shall indemnify, defend, protect and hold City and any occupant of the City Property, and their respective employees, officers, directors, shareholders, beneficiaries, agents and representatives, successors and assigns (collectively, the "License Indemnitees") harmless from and against any and all Claims, whether incurred by or made against any License Indemnitee, for damage to real, personal, tangible or intangible property, including, without limitation, loss of use of any such

property, and all Claims for bodily injury to or death of any person, arising from or in any way related to (i) any act, omission or entry upon the City Property or other activity pursuant to the License by such grantee or any person entering upon the City Property pursuant to the rights granted to such grantee hereunder (including, but not limited to, any Claim by any insurance company which has paid a claim and is subrogated to the rights of the claimant), and/or (ii) any breach by such grantee of its obligations under this Easement Agreement; provided, however, that no License Indemnitee shall be entitled to indemnification hereunder to the extent that any such Claim has been caused by the negligence or willful misconduct of such License Indemnitee.

6. INSURANCE. Licensee, in constructing the Grading and Slope Improvements, shall obtain, or cause its contractor to obtain, the types and levels of insurance reasonably acceptable to City. City, in its use of the Driveway Easement shall obtain and maintain general and automobile liability insurance, with levels of insurance reasonably acceptable to Grantor; provided, however, that if City has an established self-insurance program, City may self-insure for the risks covered by insurance policies required by this Section 6; further provided that City provides written notice to Grantor of such self-insurance and commits to making such self-insurance available for the coverage of any Claims by a Easement Indemnitee or a License Indemnitee hereunder.

7. ASSIGNMENT AND ASSUMPTION. City may assign all of its rights and obligations hereunder to another governmental entity with authority to assume City's obligations under this Easement Agreement (an "AUTHORIZED GOVERNMENTAL AGENCY"). Licensee may assign its rights and obligations hereunder to any of its corporate affiliates, provided that the City is provided with written notice of such assignment.

8. ATTORNEYS' FEES. In the event of any litigation, including without limitation, in any legal proceeding of insolvency, bankruptcy, appeals, arbitration or declaratory relief, concerning any controversy, claim or dispute between the parties hereto, arising out of or relating to this Easement Agreement or the breach hereof, or the interpretation hereof, the prevailing party shall be entitled to recover from the losing party reasonable expenses, attorneys' fees, and costs incurred in connection therewith or in the enforcement or collection of any judgment or award rendered therein.

9. AUTHORIZATION TO SIGN. Each person executing this Easement Agreement on behalf of a party to this Easement Agreement represents and warrants that he/she is duly authorized to execute same and that the party for whom such person is signing is bound by the terms and conditions hereof.

10. CONSTRUCTION; SEVERABILITY. All powers, rights and remedies of the parties to this Easement Agreement shall be cumulative, and not exclusive, of any powers, rights and remedies otherwise available at law or in equity. Nothing contained in this Easement Agreement, express or implied, shall confer any rights or remedies upon any party other than the parties hereto, and their respective successors and permitted assigns. None of the provisions or rights provided in this Easement Agreement shall be deemed waived with respect to any party benefited thereby unless waived in writing by such party. In the case of any uncertainty or ambiguity regarding any part of this Easement Agreement, the language shall be construed in accordance with its fair meaning rather than being interpreted against the party who caused the

uncertainty to exist. The enforceability, invalidity or illegality of any provision of this Easement Agreement shall not render any of the other provisions of this Easement Agreement unenforceable, invalid or illegal.

11. NOT A PUBLIC DEDICATION. Nothing herein contained shall be deemed to be a gift or dedication of any portion of the Properties to the general public or for the general public or for any public purposes whatsoever which may be greater than the requirements of this Easement Agreement, it being the intention of parties that this Easement Agreement shall be strictly limited to and for the purposes herein expressed. The right of the public or any person to make any use whatsoever of the Grantor Property (other than any use expressly allowed by a written or recorded map, agreement, deed or dedication) is by permission, and subject to control of the parties hereto.

12. BREACH SHALL NOT PERMIT TERMINATION. No breach of this Easement Agreement shall entitle either party hereto to cancel, rescind, or otherwise terminate this Agreement, but such limitation shall not affect in any manner any other rights or remedies which such party, or any tenant, may have hereunder by reason of any breach of this Easement Agreement.

13. NATURE OF EASEMENT. The burden of the Driveway Easement and access rights created by this Easement Agreement shall run with the Grantor Property, and shall be binding upon Grantor and every successor owner of the Grantor Property. The easements and access rights created by this Easement Agreement upon the Grantor Property shall inure to the benefit of the City Property until such time as they are terminated by mutual written agreement of the then current owner of the City Property.

14. MISCELLANEOUS. The captions at the beginning of each paragraph of this Agreement are not part of and in no manner or way define, limit, amplify, change, or alter any term, covenant, or condition of this Easement Agreement. For the purposes of this Easement Agreement, the word person includes corporation, partnership, entity or association wherever the context so requires. This Easement Agreement may be executed in counterparts, each of which is deemed an original, and all of which shall constitute one and the same agreement. This Easement Agreement shall be binding upon and inure to the benefit of the parties hereto, and their respective successors and assigns. All exhibits attached hereto are made a part hereof and incorporated by reference as if fully set forth in the text hereof. This Easement Agreement is governed under the laws of the State of California.

IN WITNESS WHEREOF, the parties hereto have executed this Easement Agreement as of the date first above written.

PARDEE HOMES, a California corporation	NEUROCRINE BIOSCIENCES, INC., a Delaware corporation
By: ______________________________	By: ______________________________
Name: ___________________________	Name: ___________________________
Its: _____________________________	Its: _____________________________

THE CITY OF SAN DIEGO,

By: ______________________________

Name: ___________________________

Its: _____________________________

EXHIBIT 10.6

AGREEMENT FOR PURCHASE AND SALE AND JOINT ESCROW INSTRUCTIONS (Torrey Pines Science Center Lot 29)

This Agreement for Purchase and Sale and Joint Escrow Instructions (this "Agreement") is entered into as of April 30, 2003 (the "Effective Date"), by and between Neurocrine Biosciences, Inc., a Delaware corporation ("Seller"), and Pfizer Inc., a Delaware corporation ("Buyer"), who agree and, to the extent applicable, instruct Chicago Title Company ("Escrow Holder") as follows:

RECITALS

This Agreement is made with reference to and in contemplation of the following recital of essential facts:

A. Seller is the owner of certain unimproved real property located in the Torrey Pines Science Center designated Lot 29 thereof, in the City of San Diego, State of California (the "Real Property"). The legal description of Real Property is set forth on the attached Exhibit A, as such legal description may be modified by the Lot Line Adjustment (as defined in Section 5.8 below).

B. The Real Property is currently utilized by Seller and DPR Construction, Inc. ("DPR"), and their respective employees and contractors, as a parking field, with DPR's use thereof subject to the covenants, terms and conditions of that certain Parking License dated as of July 10, 2002 (the "Parking License"). Concurrent with the close of escrow pursuant to this Agreement, Seller and Buyer have agreed to (1) either terminate the Parking License or assign Seller's interest therein, as licensor, to Buyer, and (2) to enter into a lease or license for a portion of the Real Property for Seller's parking requirements associated with its business operations in the building located on Lot 30 of the Torrey Pines Science Center ("Lot 30"), which is adjacent to the Real Property and which Buyer has agreed to purchase from the current owner thereof.

C. Buyer intends to purchase and Seller intends to sell that certain Property, consisting of the Real Property and all of Seller's interest in the rights, improvements and appurtenances thereto, as more fully set forth in this Agreement.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing Recitals, which are hereby incorporated into this Agreement, and the mutual covenants set forth herein, and for other good and valuable consideration, the adequacy of which is hereby acknowledged, the parties hereby agree as follows:

1. Purchase and Sale. In accordance with and subject to the terms, provisions, and conditions of this Agreement, Seller shall sell, and Buyer shall buy, Seller's interest in and to (a) the Real Property, (b) all improvements, now or later constructed in, on or under the Real Property (the "Improvements"), (c) all appurtenances, streets, easements, rights of way, cross-use agreements, licenses, or other interests in, on, across, in front of, abutting, or adjoining the Real Property, and (d) all of Seller's transferable rights in contracts (but not including any insurance contracts), agreements, warranties, guarantees, permits and authorizations to the extent applicable to the operation, maintenance or repair of the Real Property or the Improvements, if any, and all transferable approvals issued by governmental authorities respecting the Real Property and interests appurtenant

thereto and all other intangible property (together with the items referenced in subpart (c) of this Section 1, the "Intangible Property"), subject to no liens, restrictions, and encumbrances of record except for those approved in writing by Buyer or disapproved and subsequently waived by Buyer in accordance with Section 5.3 hereof.

2. Escrow

2.1. Opening of Escrow. Within five (5) business days of Buyer and Seller's execution of this Agreement, Buyer and Seller shall cause an escrow ("Escrow") to be opened with Escrow Holder, at 925 B Street, San Diego, California 92101 for the purpose of facilitating the consummation of this Agreement. Buyer and Seller shall open the Escrow by delivering to Escrow Holder a fully executed original (or executed counterparts) of this Agreement and within five (5) days after the opening of Escrow, Buyer shall deposit by wire transfer payable to Escrow Holder, or other immediately available funds, in the amount of One Hundred Thousand Dollars ($100,000.00) (the "Deposit"). Escrow Holder shall immediately invest the Deposit in an interest bearing account with a financial institution reasonably satisfactory to Buyer and Seller. All interest income resulting from the Deposit shall be credited to Buyer. The provisions of this Agreement constitute instructions to Escrow Holder; provided, however, Buyer and Seller also shall execute any supplemental mutual instructions as Escrow Holder may reasonably require, consistent with this Agreement. Any inconsistency between any such further mutual instructions and this Agreement must be resolved in a manner consistent with this Agreement and the provisions of this Agreement prevail unless any such inconsistent provision is expressly waived by Buyer and Seller in a writing specifically referring to the fact of the inconsistency and the intent to waive it. Seller shall have no obligations to Buyer for any acts or omissions of Escrow Holder or any institution in which the Deposit is invested by Escrow Holder.

2.2. Closing Dates. The Closing of the sale of the Property to Buyer and the commencement of Buyer's lease or license of a portion of the Property to Seller for parking (the "Closing") shall occur concurrently on November 24, 2003 (the "Closing Date") . Escrow Holder shall close Escrow in accordance with Section 9 below (the "Close of Escrow"), after having received all of Buyer and Seller's Deliveries in accordance with Sections 7 and 8.

If the Closing does not occur on or before the Closing Date, then Buyer or Seller, if not in default under this Agreement, may at any time thereafter give written notice to Escrow Holder to cancel the Escrow, whereupon the Escrow and the subject transaction become terminated and all monies and documents in Escrow Holder's possession must be distributed by Escrow Holder in accordance with the provisions of this Agreement and such additional mutual instructions as the parties may provide. Such cancellation of Escrow will not prejudice or limit any legal or equitable rights of Buyer or Seller.

3. Purchase Price. The purchase price payable by Buyer for the Property is $4,480,000 (the "Purchase Price"), and shall be payable as follows:

3.1. Application of Deposit. The Deposit, plus interest accrued thereon, shall be applied by Escrow Holder to the Purchase Price for the Property at the Closing.

3.2 Payment of Balance of Purchase Price. On or before the Closing Date, Buyer shall deposit with Escrow Holder cash or other immediately available funds in the amount of the balance of the Purchase Price, plus the other sums required of Buyer under this Agreement to pay costs and prorations.

4. Intentionally Deleted.

5. Conditions Precedent to Obligations of Buyer. Buyer's obligations under this Agreement are subject to Buyer's written notification to Seller and Escrow Holder that the following conditions precedent (collectively, "Buyer's Conditions") have been satisfied, approved, or waived by Buyer, determined in Buyer's sole discretion, on or before the expiration of ninety days following the Effective Date (the "Feasibility Study Period"). Unless Buyer notifies Seller or Escrow Holder in writing on or before the expiration of the Feasibility Study Period that the applicable Buyer's Conditions have been satisfied, then (a) such Buyer's Condition(s) shall be deemed to have been disapproved by Buyer, (b) this Agreement and the Escrow shall be deemed terminated and neither Buyer nor Seller shall have any further obligation to the other under this Agreement, (c) all costs associated with the cancellation of the Escrow shall be shared equally by Buyer and Seller, and (d) Escrow Holder shall, without requiring any further instructions from Seller, immediately return the Deposit plus interest accrued thereon to Buyer, less Buyer's share of cancellation costs, if any, described in (c) above.

5.1. Due Diligence Deliveries By Seller. Buyer hereby acknowledges that Buyer has received from Chicago Title Company ("Title Company") prior to the Effective Date, that certain preliminary title report issued by Title Company, dated as of November 21, 2002, and identified as Order No. 23038780, incorporating the legal description of the Property (as Parcels 1 and 2 thereof) together with legible copies of all documents referenced therein and all easements described therein plotted as part of such report (the "Preliminary Report"). Within ten (10) days following the date hereof, Buyer shall cause the Preliminary Report to be modified to describe the Real Property only. Buyer further acknowledges prior receipt of plans, drawings, specifications and renderings of the Property, as well as the as-built ALTA survey dated August 6, 1998, which is the most current ALTA survey of the Real Property prepared for Seller. No later than ten (10) business days following the Effective Date, Seller will to the extent, known by Seller and/or to the extent in Seller's possession or reasonably obtainable by Seller, provide Buyer with a copy of the following documentation ("Due Diligence Deliveries") regarding the Property:

(a) All soils reports, engineering and architectural studies, grading plans, topographical maps, feasibility studies, surveys and similar data concerning the Property;

(b) Property tax bills, utility bills, any property/casualty insurance policies or certificates of insurance covering or affecting the Property and similar operating records concerning the Property for the past three (3) years, including copies of (i) to the extent within Seller's possession or control, any claims filed against such insurance policies for the three years preceding and up to the Effective Date, and (ii) any certificate of insurance evidencing that the Property is currently covered in a commercially-reasonable amount for loss by fire or other casualty;

(c) Summary of any current or pending litigation matters relating to the Property, together with all pleadings relating thereto;

(d) Copies of all contracts currently in full force and effect, or which are anticipated to be in full force and effect at such time as operational control of the Property is transferred to Buyer upon expiration or earlier termination of the Lease, including but not limited to vendor, service, and/or management contracts affecting the Property, and non-proprietary reports, in form reasonably acceptable to Buyer, categorizing and quantifying all Property-related expenses (e.g., utilities, maintenance, repairs and landscaping) for calendar years 2000, 2001 and 2002 and on a monthly basis thereafter.

(e) Documentation, invoices, statements and all other relevant information pertaining to any commercial/land owners' association(s) and/or common area maintenance agreements relating to calendar years 2000, 2001 and 2002.

In addition, upon reasonable advance notice Seller shall make available during normal business hours at Seller's office for Buyer's review all studies, reports, maps, surveys, permits, licenses and other documents relating to the Property in Seller's possession, including, but not limited to, any environmental, health and safety documents relating to the Property ("EHS Documents") as described on the attached Exhibit B; provided, however, that Seller shall not make available for Seller's review pursuant to this Section 5.1 and the Due Diligence Deliveries shall not include (i) any confidential internal memorandum of Seller with respect to the value of the Property or other documents relating to Seller's or Neurocrine's finances or business (including, without limitation, balance sheets, internal financial reports, lease proposals and the operating agreement or partnership agreement of Seller), (ii) any appraisals of the Property, (iii) any offers or solicitations to purchase, sell or lease the Property, and (iv) any loan documents of Seller or any correspondence between Seller and lenders. The documents available for review by Buyer pursuant to this Section 5.1 are for Buyer's use in connection with Buyer's investigation of the Property and Buyer acknowledges that some of such documents were prepared by or at the direction of others and that, except as otherwise expressly provided in this Agreement, Seller is not making any representation or warranty of any kind with respect to such documents, including their accuracy, completeness or suitability for reliance thereon by Buyer.

5.2. Buyer's Investigations. Prior to expiration of the Feasibility Study Period, Buyer shall determine whether the physical, developmental, and economic status and feasibility of the Property is acceptable to Buyer. The matters subject to Buyer's approval under this Section include engineering studies, soils tests, environmental surveys, physical inspections, and market analyses as well as Buyer's evaluation of the condition of the Improvements and the operation and future prospects of the Property and such other matters as Buyer deems prudent, including by way of example and not limitation, the right to examine the books and records regarding the Property to be made available to Buyer in accordance with Section 5.1 above, the right to conduct the environmental/biological audit described in Exhibit B and such other environmental/biological studies and investigations regarding the condition of the Property as shall be reasonably approved by Seller, and the right to, subject to the conditions set forth below review and approve the zoning, land use and other governmental regulations, laws, permits and approvals that apply to the Property. Such inspections, tests and studies concerning the Property shall be performed at Buyer's sole cost and expense. In the event Buyer disapproves, in its sole and absolute discretion, any of its inspections, tests and studies concerning the Property, Buyer shall have the right to terminate this Agreement upon written notice to Seller at any time prior to the end of the Feasibility Study Period.

In order to facilitate Buyer's investigation and analysis under this Section, Seller grants Buyer (and Buyer's agents, employees, and independent contractors) the right, subject to the terms and conditions set forth below, to enter the Property: (1) prior to the expiration of the Feasibility Study Period, to conduct such inspections, reviews, examinations and tests on the Property as Buyer deems necessary or desirable to investigate the physical condition or economic status of the Property; and (2) prior to the Closing Date, for Buyer's design and pre-construction activities relating to Buyer's intended use and development of the Property after the Closing Date; provided that such design and pre-construction activities shall not involve the storage of any materials or equipment on the Property, nor shall such design or pre-construction activities include any excavation, grading or construction of improvements to the Property. Buyer's right to enter the Property at any time prior to the Closing Date shall be subject to the following terms, covenants and conditions:

(a) Buyer shall not be in default of this Agreement;

(b) Buyer shall provide Seller with at least one (1) business day's prior notice of any entry on the Property by Buyer for the purposes of performing any tests or investigations;

(c) The persons or entities performing the inspections on behalf of Buyer shall be properly licensed and qualified and shall have obtained all appropriate permits for performing relevant tests on the Property and shall have delivered to Seller, prior to performing any tests on the Property or entering upon the Property, evidence of proper and adequate insurance reasonably satisfactory to Seller;

(d) Seller shall have the right to approve of any proposed physical testing or drilling of the Property, which approval may be withheld by Seller in its reasonable discretion;

(e) Seller shall have right to have one (1) or more representatives of Seller accompany Buyer and Buyer's representatives, agents, consultants or contractors while they are on the Property;

(f) Any entry by Buyer or its representatives, agents, consultants or contractors shall not unreasonably interfere with Neurocrine's use of the Property;

(g) Buyer, at Buyer's sole cost and expense, shall immediately restore the Property to its condition existing immediately prior to Buyer's inspections if, for any reason, the Property is not transferred by Seller to Buyer. Until restoration is complete, Buyer shall take all steps necessary to ensure that any conditions on the Property created by Buyer's inspections do not interfere with the normal operation of the Property, or create any dangerous, unhealthy, unsightly or noisy conditions on the Property. The restoration obligation contained in this Section 5.2(g) shall survive the termination of this Agreement;

(h) Buyer shall indemnify and hold Seller harmless from and against any and all loss or liability resulting from the activities of Buyer, its employees, agents consultants or contractors upon the Property provided, however, that Buyer's indemnity hereunder shall not include any losses, cost, damage or expenses resulting from (a) the acts of Seller or Seller's employees, agents, contractors or invitees, or (b) the discovery of any pre-existing condition of the Property; and further provided that Buyer shall have no obligation to repair any damage caused by Seller's negligence or willful misconduct or to remediate, contain, abate or control any Hazardous Material or any defect that

existed at the Property prior to Buyer's entry thereon. Buyer shall, at its sole cost and expense, promptly repair any damage caused by such inspections, tests and studies if, for any reason, the Property is not transferred by Seller to Buyer. The indemnity obligations contained in this Section 5.2(h) shall survive Close of Escrow or any termination of this Agreement;

(j) Buyer's inspections, and the results thereof, shall remain confidential pursuant to the terms of this Agreement.

(k) Seller and Buyer each shall designate one (1) representative to act for them in scheduling and arranging visits to and inspections of the Property and in coordinating the delivery of and/or access to the due diligence materials pursuant to Section 5.1 above. Pursuant to this Section 5.2(k), Buyer hereby designates Jim Serbia as its representative and Seller hereby designates Eric Spoor as its representative. Each party shall have the right to change its respective representative by notice to the other party given in accordance with Section 27.11 below.

5.3. Status of Title. If Buyer disapproves of any of the exceptions to title identified in the Preliminary Report (each a "Disapproved Title Exception") before the expiration of the Feasibility Study Period and evidences its disapproval by giving written notice of such disapproval to Escrow Holder and Seller within the Feasibility Study Period ("Title Disapproval Notice"), this contingency shall be deemed to have failed unless, within five (5) business days after Seller's receipt of the Title Disapproval Notice, Seller provides Buyer with evidence satisfactory to Buyer, in Buyer's sole discretion, that each of the Disapproved Title Exceptions will be eliminated on or before the Closing Date. If Seller fails to timely provide such evidence, Buyer nevertheless has the right to waive its prior disapproval within fifteen (15) days after the date Buyer gave its written notice of such disapproval. Nevertheless, Seller shall use commercially reasonable efforts to eliminate each Disapproved Title Exception unless and until this Agreement is terminated. In the event Buyer does not timely deliver a Title Disapproval Notice, Buyer shall be deemed to have approved the exceptions to title identified in the Preliminary Report and to have irrevocably waived its right to rely on a Disapproved Title Exception as a basis for terminating this Agreement or otherwise limit its obligations hereunder. The Disapproved Title Exceptions shall not include non-delinquent real property taxes and assessments.

5.4. Representations and Warranties of Seller. The representations and warranties of Seller contained in Section 17 and elsewhere in this Agreement were true in all material respects when made, and are true in all material respects as of the Closing Date and Buyer shall have received a certificate signed by an authorized officer of Seller to that effect ("Seller's Date Down Certificate").

5.5. No Adverse Actions. As of the Closing Date, there may not then be pending or threatened, any litigation, administrative proceeding, investigation or other form of governmental enforcement, executive or legislative proceeding in any way related to, directed at or otherwise affecting the Buyer's development, use, operation or occupancy of the Property which, if determined adversely, would (i) restrain the consummation of any of the transactions herein referred to, (ii) declare illegal, invalid, or non binding any of the covenants or obligations of the parties herein, (iii) have material and adverse effect on Buyer's ability to operate the Property or (iv) adversely and materially affect the value of the Property.

5.6. Release from Contracts. Before the Closing Date, Seller shall have provided evidence reasonably satisfactory to Buyer that on the Closing Date, Buyer will not be subject to any property management agreements or other service contracts applicable to the Property, except as approved in writing by Buyer. Such evidence reasonably required by Buyer may include a specific release by the parties to such agreements releasing Buyer and the Property from any and all claims.

5.7. Owner's Policy. Escrow Holder in its capacity as title insurer must be unconditionally committed to issue Buyer, in accordance with Section 11 of this Agreement, as of each of the Closing Date, an ALTA Extended Coverage Owner's Policy of Title Insurance, insuring Buyer in the amount of the Purchase Price that title to the Real Property and Improvements, is vested in Buyer on the Close of Escrow, subject only to those exceptions to title described in the Preliminary Report other than the Disapproved Title Exceptions, accompanied by appropriate endorsements regarding, and deletions of, the standard mechanic's lien and survey exceptions, and such additional affirmative coverage reasonably required by Buyer (the "Title Policy"). Buyer shall cooperate reasonably with Seller's and Escrow Holder's (in its capacity as title insurer) efforts to comply with this Section 5.7, including, without limitation, timely responding to reasonable inquiry from Seller or Escrow Holder and executing any documents necessary to issue the title policy as may be reasonably requested.

5.8. Lot Line Adjustment. Before the expiration of the Feasibility Study Period, Buyer shall have the right, at Buyer's sole cost and expense, to obtain all governmental approvals for and arrange with the owner of Lot 30 for the recording of a lot line adjustment or other document transferring a portion of Lot 30 to the Real Property, as necessary to increase the square footage that can be developed on the Real Property as an administrative/laboratory building to at least 78,000 square feet (calculated in accordance with the Planned Industrial Development ("PID") regulations governing the Real Property) (the "Lot Line Adjustment"). Buyer shall have the right to terminate this Agreement upon written notice to Seller at any time prior to the end of the Feasibility Study Period if Buyer is unable to timely complete the Lot Line Adjustment, otherwise such contingency shall be deemed waived as of the expiration of the Feasibility Study Period.

5.9. Termination or Assignment of Parking License. Buyer may elect, in Buyer's sole discretion, to cause Seller to terminate the Parking License upon the Close of Escrow; provided that for such election to be effective, Buyer must provide written notice to Seller of such election at least seventy (70) days prior to the Closing Date. If Buyer fails to timely elect to terminate the Parking License, Seller shall assign its interest in the Parking License to Buyer, and Buyer shall assume all obligations of Seller thereunder, as of the Closing Date. As a condition to such assignment, Seller shall be released by Buyer and DPR from any liability of licensor to the extent accruing under the Parking License after the assignment thereof to Buyer.

5.10. Lot 30 Closing. Buyer shall have closed escrow and acquired Lot 30 from Science Park Center LLC simultaneously with the Closing.

5.11. Approvals. Before the expiration of the Feasibility Study Period, this Agreement shall be approved by the Board of Directors of Seller and by the Pfizer Leadership Team of Buyer.

5.12. Cooperation. Buyer shall use reasonable and good faith efforts to cooperate with any reasonable request by Seller related to the fulfillment or performance necessary to satisfy Buyer's Conditions

5.13. Waivers. Any one or more of the foregoing Buyer's Conditions set forth in Sections 5.2 through 5.8 inclusive (but not 5.9 or 5.10), may be waived by Buyer on or before the Closing Date (unless another date is specified or, by the terms hereof, applicable), but no such waiver is effective unless specifically contained in a written instrument executed by Buyer and delivered to Seller and Escrow Holder. Except to the extent set forth to the contrary in the next sentence, no waiver of Buyer's Conditions set forth in the preceding sentence may be implied from any act or omission of Buyer nor may a waiver of any one item constitute a waiver of any other item.

6. Status

6.1. As-Is Purchase. Except for the warranties, representations and indemnifications of Seller expressly set forth in this Agreement, Seller hereby specifically disclaims any warranty, guaranty or representation, oral or written, past, present or future, of, as to or concerning (i) the nature and condition of the Property, including, but not by way of limitation, the water, soil, geology, environmental conditions (including the presence or absence of any Hazardous Materials (defined in Section 18.13 below)), and the suitability thereof for any and all activities and uses which Buyer may elect to conduct thereon; (ii) the nature and extent of any right-of-way, possessory interest, lien, encumbrance, restrictions, reservation, covenant or condition affecting the Property; and (iii) the compliance of the Property or its operation with any laws, ordinances or regulations of any government or quasi-governmental body or private associate having jurisdiction over the Property. The sale of the Property as provided for herein is made on an "AS IS" basis, and Buyer expressly acknowledges that, in consideration of the agreements of Seller herein, and except for the warranties and representations of Seller expressly set forth herein, SELLER MAKES NO WARRANTY OR REPRESENTATION, EXPRESS OR IMPLIED, OR ARISING BY OPERATION OF LAW, INCLUDING, BUT IN NO WAY LIMITED TO, ANY WARRANTY OF CONDITION, HABITABILITY, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OF THE PROPERTY.

6.2. Release. Excluding any claim that Buyer may have against Seller as a result of any breach by Seller of any of Seller's representations or warranties set forth in this Agreement or pursuant to any indemnification by Seller set forth in this Agreement, effective as of Close of Escrow, Buyer, for itself and its agents, affiliates, successors and assigns, hereby releases and forever discharges Seller and its officers, directors, shareholders, members, partners, agents, affiliates, successors and assigns (collectively, "Seller's Parties") from, and waives any right to proceed against Seller or Seller's Parties for, any and all costs, expenses, claims, liabilities and demands (including attorneys' fees and costs) at law or in equity, whether known or unknown, arising out of the physical, environmental, economic, legal or other condition of the Property, including any claims for contribution pursuant to the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, or any other Hazardous Material Laws (as defined in Section 18.13 below) which Buyer has or may have in the future. Without limiting the foregoing, Buyer hereby specifically waives the provisions of Section 1542 of the California Civil Code which provide:

"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR."

By initialing below in this Section 6.2, Buyer hereby specifically acknowledges that Buyer has carefully reviewed this Section 6.2, and discussed its import with legal counsel, is fully aware of its consequences, and that the provisions of this Section 6.2 are a material part of this Agreement:

BUYER'S INITIALS
JLL
----

7. Conditions Precedent to Obligations of Seller. Seller's obligations under this Agreement are subject to Seller's written notification to Buyer and Escrow Holder that the following conditions precedent (collectively, "Seller's Conditions") have been satisfied, approved, or waived by Seller, determined in Seller's sole discretion, on or before the Closing Date.

7.1. Lot 30 Closing. Buyer shall have closed escrow and acquired title to Lot 30 from Science Park Center LLC simultaneously with the Closing.

7.2. Approvals. Before the expiration of the Feasibility Study Period, this Agreement shall be approved by the Board of Directors of Seller and by the Pfizer Leadership Team of Buyer.

7.3. No Proceedings. No suit, action or other proceeding (instituted by any party other than Seller) shall be pending which seeks, nor shall there exist any judgment the effect of which is, to restrain the purchase of the Property by Buyer;

7.4. Buyer's Representations True and Correct. Buyer's representations and warranties set forth herein shall be true and correct in all material respects when made, and are true in all material respects as of the Closing Date, and Seller shall have received a certificate signed by an authorized representative of Buyer to that effect ("Buyer's Date Down Certificate"); and

7.5. Performance of Covenants. Buyer shall have performed all of Buyer's covenants and agreements contained in this Agreement that are required to be performed by Buyer prior to or on Close of Escrow.

7.6. Waivers. Any one or more of the foregoing Seller's Conditions set forth in Sections ERROR! REFERENCE SOURCE NOT FOUND. through 7.5 may be waived by Seller on or before the Closing Date (unless another date is specified), but no such waiver is effective unless specifically contained in a written instrument executed by Seller and delivered to Buyer and Escrow Holder. No waiver of Seller's Conditions set forth in the preceding sentence may be implied from any act or omission of Seller nor may a waiver of any one item constitute a waiver of any other item.

8. Buyer's Deliveries. Buyer shall deliver to Escrow Holder, on or before each of the Closing Date, for disbursement, delivery or recordation, as provided in this Agreement, the following funds, instruments, and documents (validly executed where applicable), the delivery of which is material to the consummation of the subject transaction:

8.1. Cash or Cash Equivalent. Cash or other immediately available funds in the amount required of Buyer under this Agreement at least two (2) business days preceding the Closing Date, including, without limitation, sufficient funds to meet Buyer's obligations under Section 1 above, and Sections 10 and 11 below.

8.2. Buyer's Date Down Certificate. The Buyer's Date Down Certificate in accordance with Section 7.4 above.

8.3. Other Documents. Any documents reasonably required of Buyer by Title Company or Escrow Holder in order to consummate the subject transaction.

9. Seller's Deliveries. Seller shall execute and deliver to Escrow Holder on or before the Closing Date, as applicable, for disbursement, delivery or recordation, as provided in this Agreement, the following instruments and documents, the delivery of which is material to the consummation of the subject transaction:

9.1. Deed. A grant deed duly executed and acknowledged by Seller, conveying good and marketable title to the Real Property and any Improvements in the form of Exhibit C attached hereto and incorporated herein (the "Deed").

9.2. Seller's Date Down Certificate. The Seller's Date Down Certificate (as defined in Section 5.4 above).

9.3. Evidence of Authorization. Evidence in form and substance reasonably satisfactory to Buyer and its legal counsel that Seller is authorized to enter into and consummate the transactions contemplated by this Agreement.

9.4. FIRPTA Affidavit. A FIRPTA affidavit from Seller, in the form of attached Exhibit D, duly executed and acknowledged by Seller, certifying under penalty of perjury (a) Seller's United States taxpayer identification number and (b) that Seller is not a foreign person, in accordance with Section 1445 of the Internal Revenue Code of 1986, as amended (the Foreign Investment in Real Property Tax Act). If Seller shall fail to deposit into Escrow the Non-Foreign Person Certificate as required by this Agreement, Buyer may at its option either (i) delay Close of Escrow until such time as Seller has complied with the conditions set forth herein, and such adjournment shall not place Buyer in default of its obligations hereunder, or (ii) withhold from the purchase price and remit to the Internal Revenue Service, a sum equal to ten percent (10%) of the gross selling price of the Property or such other sum as shall be required in accordance with the withholding obligations imposed upon Buyer pursuant to Section 1445 of the Code. Such withholding shall not place Buyer in default under this Agreement, and Seller shall not be entitled to claim that such withholding shall excuse Seller's performance under this Agreement.

9.5. Termination or Assignment of Parking License. In the event Buyer timely elects to terminate the Parking License in accordance with Section 5.9 above, Seller shall deliver to Escrow evidence of Seller's termination of the Parking License on or before the Closing Date. In the event Buyer elects to assume Seller's rights and interests in the Parking License, or Buyer fails to timely elect to terminate the Parking License in accordance with Section 5.9 above, Seller and Buyer shall deliver to Escrow an original fully executed assignment agreement providing for the assignment of Seller's rights and interests in the Parking License to Buyer, Buyer's assumption of the licensor's

duties and obligations under Parking License, and the release of Seller from all licensor liabilities accruing on or after the Closing Date.

9.6. Assignment, etc. All assignments, and other documents and instruments, as reasonably requested by Buyer, that may be necessary in order for Seller to comply with its obligations under this Agreement and to effectuate the transactions contemplated by this Agreement, in each case duly executed by Seller, conveying to Buyer all portions and aspects of the Property.

9.7. Other Documents. All other documents reasonably required of Seller by Title Company or Escrow Holder in order to consummate the subject transaction.

10. Closing Escrows. On the Closing Date, and provided Escrow Holder has received all the documents, instruments and funds required to be delivered by Buyer and Seller in accordance with Sections 8 and 9, above, and provided Title Company is prepared to issue the Title Policy on the Close of Escrow and that all other conditions to the Close of Escrow have been satisfied (or waived by the party to this Agreement who benefits from such condition), and provided Escrow Holder is prepared to perform all of the following, Escrow Holder shall promptly perform all of the following:

10.1. Recording. Cause the Deed and any other documents which Buyer and Seller may mutually direct, to be recorded with the Official Records of San Diego County, California.

10.2. Seller's Deliveries. Disburse to Buyer all of the other deliveries of Seller made pursuant to Section 9, above.

10.3. Buyer's Deliveries. Disburse to Seller all of the deliveries of Buyer made pursuant to Section 8, above.

10.4. Costs and Prorations. Pay the costs and apply the prorations in accordance with Sections 11 and 12, below.

10.5. Issuance of Owner's Policy. Cause the Title Policy to be issued and delivered to Buyer.

10.6. Disbursement of Purchase Price. Disburse to Seller, or in accordance with Seller's instructions (after making appropriate adjustments for costs and prorations as provided in this Agreement), all funds deposited with Escrow Holder by Buyer in payment of the Purchase Price.

11. Costs. Buyer and Seller shall pay costs and expenses associated with the transaction contemplated by this Agreement as follows: (a) Buyer and Seller shall each pay one half of Escrow Holder's fee, (b) Seller shall pay applicable county transfer and stamp taxes, surtaxes and fees payable in connection with the recordation of the Deed, (c) Buyer and Seller shall each pay one-half of city transfer and stamp taxes, surtaxes and fees payable in connection with the recordation of the Deed (d) Seller shall pay the cost of the Title Policy and (e) Buyer and Seller shall each pay one-half of Escrow Holder's reasonable and customary charges for document drafting, recording and

miscellaneous charges. Buyer and Seller shall pay their own legal fees and costs in connection with this Agreement and the transaction contemplated by this Agreement.

12. Prorations. The following shall be prorated between Buyer and Seller, as of the Close of Escrow, on the basis of the actual number of days during the month in which the Close of Escrow occurs: (a) general and special county and city real property taxes and special assessments ("Taxes"); (b) utilities; and (c) any service agreements transferred to Buyer at the Close of Escrow. The amount of any utility deposit, or any other deposit transferred to Buyer pursuant hereto, shall be credited to Seller and debited to Buyer. Proration of Taxes must be based on the most recent official tax bills or notice of valuation available to the general public for the fiscal year in which the Close of Escrow (such obligation to survive the Close of Escrow) occurs, and to the extent the tax bills do not accurately reflect the actual Taxes assessed against the Property (or any portion of the Property), then Buyer and Seller shall adjust such actual Taxes between Buyer and Seller, outside of Escrow, as soon as reasonably possible following the Close of Escrow. In the event that after the Closing, there shall be a retroactive increase in any Taxes imposed on the owner of the Property: (i) if such increase shall relate to the tax year in which the Close of Escrow occurred, such increase shall be prorated by Seller and Buyer on a per diem basis based on their respective periods of ownership during the period such increase is effective, (ii) if such increase shall relate to any tax year subsequent to the tax year during which the Close of Escrow occurred, such increase shall be the obligation of Buyer, and (iii) if such increase shall relate to any tax year prior to the tax year during which the Close of Escrow occurred, such increase shall be the obligation of Seller. In addition to the foregoing apportionments, Seller shall receive all other income accrued prior to the a Close of Escrow and shall pay all other expenses accrued or incurred in the operation of the Property prior to the Close of Escrow and Buyer shall receive all other income accruing on or after the Close of Escrow and shall pay all other expenses incurred or accrued in the operation of the Property on or after the Close of Escrow. If and to the extent Escrow Holder requires any information or instructions from Buyer and Seller in order to perform such prorations, Buyer and Seller shall furnish Escrow Holder with further mutual instructions. Escrow Holder shall not be concerned with any prorations that are to be made after the Close of Escrow pursuant to this Agreement.

13. Failure of Escrow to Close. In the event Escrow fails to close by reason of the failure of any of Buyer's Conditions to be timely satisfied with respect to the Property, or by reason of any default by Seller under this Agreement, Buyer shall be entitled to the immediate return of the Deposit plus interest accrued thereon, less one half of Escrow Holder's and Title Company's cancellation costs. In the event Seller fails to return to Buyer any funds previously delivered to Seller which Buyer is entitled to receive under the provisions of this Section or fails to deliver written instructions to Escrow Holder to release any such funds held by Escrow Holder within five (5) business days of written demand therefor, Buyer shall be entitled to collect from Seller, in addition to such amounts, interest on such amounts at the rate of 10 percent per annum from the date of written demand until the date such amounts are actually paid.

14. Additional Covenants.

14.1. Required Entitlements. Seller shall use reasonable efforts to assist Buyer, at Buyer's expense, in the preparation and processing of all documentation reasonably required in connection with obtaining the Buyer's Preferred Entitlements.

14.2. Parking Plan. The parties shall use best efforts to promptly agree during the Feasibility Study Period to a parking plan to provide for Seller's use, as the tenant of Lot 30, of (a) at least 18 parking spaces on the Real Property for Seller's employees and visitors during the period between the Closing Date and the date when Buyer's construction activities on the Real Property prevent such parking on the Real Property (the "Disruption Date"), (b) at least 43 parking spaces (in addition to existing spaces on Lot 30) elsewhere in the Torrey Pines Science Center, in reasonable proximity to Lot 30, for Seller's employees and visitors during the period between the Disruption Date and the expiration or earlier termination of Seller's lease of Lot 30 from Buyer, and (c) an increase in the number of spaces provided in (a) and (b) above equal to any decrease in the permitted number of parking spaces on Lot 30 resulting from the Lot Line Adjustment. The parking plan shall also provide that in the event that Buyer's construction activities on the Real Property results in excessive mud and dirt accumulation on vehicles owned by Seller's employees, Buyer will arrange for distribution of free car wash coupons to such employees. Buyer's obligations under this Section 14.2 shall survive the Close of Escrow.

14.3. Seller's Continuing Disclosure. Until the Closing Date, Seller shall promptly disclose to Buyer Seller's actual knowledge of any adverse or potentially adverse occurrence with respect to the Property, including without limitation any such occurrence which would be inconsistent with any of Seller's representations and warranties in Section 17, and shall amend in writing the EHS Schedule, if applicable. Seller's "actual knowledge" shall mean the actual knowledge, following due inquiry, of the following officers of Seller and their successors, Gary Lyons, Paul Hawran, Eric Spoor and Kevin Gorman, whom Seller represents are the most likely persons within Seller's organization to receive notice relating to the condition of the Property.

14.4. Confidentiality. Buyer shall keep all information and reports obtained from Seller or relating to the Property or the proposed transaction confidential and shall not disclose any such confidential information to any third party (other than Buyer's agents, employees or advisors) without obtaining Seller's prior written consent. Seller shall keep all information relating to the proposed transaction confidential and shall not disclose any such confidential information to any third party (other than Seller's agents, employees or advisors) without obtaining Buyer's prior written consent.

14.5. Exclusivity. During the term of this Agreement, Seller will deal exclusively and only with Buyer with regard to the sale of the Property. Seller will not provide due diligence materials to any other party, nor will it solicit any other offers for the purchase of the Property or otherwise entertain, discuss or negotiate as to any unsolicited offer or other expression of interest during the term of this Agreement.

15. Remedies.

15.1. Buyer's Remedies for Seller's Default. If Seller breaches this Agreement, then Buyer may, at Buyer's election, (a) terminate this Agreement and Buyer's obligations under this Agreement, in which event Escrow Holder shall (without Escrow Holder's requiring any further instruction from Seller) return to Buyer the Deposit (and any interest accrued on the Deposit) pursuant to Section 12 above, and Buyer may pursue any legal or equitable remedy available to Buyer, including without limitation a claim for damages which shall include all costs incurred by Buyer in connection with its due diligence investigation of the Property and costs incurred in

connection with applying for or obtaining financing for the acquisition or development of the Property, and/or (b) enforce specific performance of the provisions of this Agreement.

15.2. Seller's Remedies for Buyer's Default. IN THE ABSENCE OF A DEFAULT BY SELLER AND SO LONG AS ALL OF BUYER'S CONDITIONS HAVE BEEN TIMELY SATISFIED, IF BUYER BREACHES THIS AGREEMENT, THEN SELLER SHALL BE ENTITLED TO RECEIVE, AS LIQUIDATED DAMAGES AND AS ITS SOLE REMEDY, THAT PORTION OF THE DEPOSIT THEN REMAINING IN ESCROW (TO THE EXTENT SUCH FUNDS HAVE BEEN DEPOSITED INTO ESCROW AND HAVE BECOME NON REFUNDABLE TO BUYER PURSUANT TO THE PROVISIONS OF THIS AGREEMENT). BUYER SHALL HAVE NO OTHER LIABILITY TO SELLER UNDER THIS AGREEMENT FOR DAMAGES, SPECIFIC PERFORMANCE OR OTHERWISE PROVIDED, HOWEVER, THAT THIS PROVISION SHALL NOT LIMIT SELLER'S RIGHT TO OBTAIN REIMBURSEMENT FOR ATTORNEYS' FEES AND COSTS, AFFECT BUYER'S RESTORATION OBLIGATIONS, OR WAIVE OR AFFECT BUYER'S INDEMNITY OBLIGATIONS AND SELLER'S RIGHTS TO THOSE INDEMNITY OBLIGATIONS UNDER THIS AGREEMENT. THE PAYMENT OF THE DEPOSIT AS LIQUIDATED DAMAGES IS NOT INTENDED AS A FORFEITURE OR PENALTY WITHIN THE MEANING OF CALIFORNIA CIVIL CODE SECTIONS 3275 OR 3369, BUT IS INTENDED TO CONSTITUTE LIQUIDATED DAMAGES TO SELLER PURSUANT TO CALIFORNIA CIVIL CODE SECTIONS 1671, 1676 AND 1677. SELLER HEREBY WAIVES THE PROVISIONS OF CALIFORNIA CIVIL CODE SECTION 3389. BUYER AND SELLER ACKNOWLEDGE AND RECITE THAT SUCH SUM IS REASONABLE CONSIDERING ALL OF THE CIRCUMSTANCES EXISTING ON THE DATE OF THIS AGREEMENT, INCLUDING THE RELATIONSHIP OF SUCH SUM TO THE RANGE OF HARM TO SELLER THAT COULD BE ANTICIPATED AND THE ANTICIPATION THAT PROOF OF CAUSATION, FORESEEABILITY, AND ACTUAL DAMAGES WOULD BE COSTLY OR INCONVENIENT. BUYER AND SELLER ACKNOWLEDGE THAT IT WOULD BE IMPRACTICABLE OR EXTREMELY DIFFICULT TO FIX THE ACTUAL DAMAGE THAT SELLER WOULD INCUR IF BUYER BREACHES THIS AGREEMENT. BUYER AND SELLER ACKNOWLEDGE AND RECITE THAT THEY POSSESS APPROXIMATELY EQUAL BARGAINING STRENGTH AND SOPHISTICATION. IN PLACING THEIR INITIALS BELOW, BUYER AND SELLER SPECIFICALLY CONFIRM THE ACCURACY OF SUCH FACTS AND THE FACT THAT EACH OF BUYER AND SELLER WAS REPRESENTED BY LEGAL COUNSEL WHO EXPLAINED THE CONSEQUENCES OF THIS PARAGRAPH AT THE TIME THIS AGREEMENT WAS MADE.

SELLER'S INITIALS	BUYER'S INITIALS
PWH	JLL

16. Possession; Documents. Except as otherwise provided in the Lease, Possession of the Property shall be delivered by Seller to Buyer on the Close of Escrow. At the Close of Escrow, Seller shall deliver to Buyer as a part of the purchase of the Property, originals of all documents which relate to the Property and will remain in effect following the Close of Escrow.

17. Survival. Except as expressly provided to the contrary elsewhere in this Agreement, the covenants, conditions, representations and warranties of this Agreement shall survive for a period of 18 months after the Closing Date and the recordation and delivery of the Deed.

18. Seller's Representations and Warranties. The truth and accuracy of the following shall constitute a condition to the Close of Escrow and Seller represents and warrants that the following are complete and accurate as of the Effective Date and, shall, except to the extent set forth to the contrary below or in writing to Buyer prior to the Close of Escrow, be complete and accurate as of the Closing Date.

18.1. Legal Power, Right, Authority and Enforceability. Seller has the legal power, right and authority to enter into this Agreement and to consummate the transactions contemplated by this Agreement. All requisite action (corporate, partnership, trust or otherwise) has been taken by Seller in connection with entering into this Agreement and the consummation of the transactions contemplated by this Agreement. The individual executing this Agreement on behalf of Seller has the legal power, right, and actual authority to bind Seller to the terms and conditions of this Agreement. This Agreement and all documents required by this Agreement to be executed by Seller shall be valid, legally binding obligations of and enforceable against Seller in accordance with their terms.

18.2. No Conflict or Breach. Neither the execution and delivery of this Agreement, nor the incurrence of the obligations set forth in this Agreement, nor the consummation of the transactions contemplated by this Agreement, nor compliance with the provisions of this Agreement will conflict with or result in a breach of any of the provisions of, or constitute a default under, any bond, note or other evidence of indebtedness, contract, indenture, mortgage, deed of trust, loan, agreement, lease or other agreement or instrument to which Seller is a party or by which Seller is bound.

18.3. FIRPTA. Seller is not a foreign person within the meaning of Section 1445 of the Internal Revenue Code of 1986, as amended (the Foreign Investment in Real Property Tax Act).

18.4. Litigation. To the best of Seller's knowledge, there are no actions, suits, claims, legal proceedings or any other proceedings affecting the Property or any portion of the Property, at law or in equity, before any court or governmental agency, domestic or foreign.

18.5. Violation of Laws. Seller has not received any notices of violation of any federal, state, county or municipal or other governmental agency law, ordinance, regulation, order, rule or requirement relating to the Property, or any portion of the Property, the violation of which could be reasonably anticipated by Seller to have a material adverse effect on the Property, and Seller has no reason to believe that any such notice may or will be, issued, entered or received.

18.6. Eminent Domain. There is no pending or, to the best of Seller's knowledge, threatened proceeding in eminent domain or otherwise, which would affect the Property, or any portion of the Property, nor does Seller know of the existence of any facts which might give rise to any such action or proceeding.

18.7. Governmental Changes. Seller has no actual knowledge of any plan, study or effort of any governmental authority or agency which could be reasonably anticipated by Seller to have a material adverse effect on the use of the Property, or any material portion of the Property, for its intended uses.

18.8. Street Changes. Seller has not received written notice of any existing, proposed or contemplated plan to widen, modify or realign any street or highway contiguous to the Property, or any portion of the Property.

18.9. Delinquent Assessments. To the best of Seller's knowledge, there is no delinquent special assessment relating to the Property, except as shown in the Preliminary Title Report.

18.10. Public Improvements. Seller has received no notice of any intended public improvements which will result in any charge being levied or assessed against, or in the creation of any lien upon, the Property, or any portion of the Property, except as shown in the Preliminary Title Report.

18.11. Title Matters. To Seller's actual knowledge, there are no liens (including without limitation mechanics' liens) or encumbrances on, or claims to, or covenants, conditions, restrictions, easements, encroachments, rights, rights of way or other matters affecting the Property, except for those items described in the Title Policy.

18.12. Hazardous Matters. Except as may be disclosed to Buyer in writing on a Schedule of Environmental and Hazardous Waste Exceptions (the "EHS Schedule") to be delivered to Buyer by Seller no later than 30 days after opening of Escrow and updated in accordance with Section 13.6, and except for the conditions acknowledged by Buyer in Section 20.5 below, Seller does not know of the existence of any hazardous wastes, toxic substances or other pollutants or, contaminants on, in or under the Property in such quantity which could be reasonably anticipated by Seller to (1) be detrimental to human health or the environment, (2) be in violation of any governmental laws or regulations, or (3) have a material adverse effect on the value of the Property or Buyer's intended use of the Property.

18.13. Hazardous Materials. Except as may be disclosed on the EHS Schedule:

18.13.1. Seller has no actual notice that the Property is identified on (1) the current or proposed National Priorities List under 40 C.F.R. Section 300, (2) the current or proposed Comprehensive Environmental Response and Liability Information System ("CERCLIS") List, or (3) a list arising from a state or local statue similar to the Comprehensive Environmental Response, Compensation and Liability Act, as amended, 42 U.S.C.A. Section 96.01 et seq. ("CERCLA").

18.13.2. Seller has not used nor is Seller using the Property for the use, production, manufacturing, processing, generation, storage, disposal, management, shipping or transportation of the following materials (collectively, the "Hazardous Materials"): (i) solid or hazardous wastes, as defined in the U.S. Resource Conservation and Recovery Act, or in any applicable federal, state or local law or regulation; (ii) hazardous substances, pollutants, or contaminants as defined in CERCLA, or in any applicable federal, state or local law or regulation;

(iii) toxic substances, as defined in the Toxic Substance Control Act, 15 U.S.C. Section 2601 et seq., or in any applicable state or local law or regulation; (iv) insecticides, fungicides or rodenticides, as defined in the Federal Insecticide, Fungicide or Rodenticide Act, 7 U.S.C. Section 135 et seq., or in any applicable state or local law or regulation; (v) radioactive materials, biohazardous wastes, or infectious agents, each as defined in the California Health and Safety Code, or in any applicable federal, state or local law or regulation; or (vi) crude oils, petroleum or products or fractions thereof.

18.13.3. There has been no release (as defined in CERCLA, or in any other applicable federal, state or local law or regulation relating to Hazardous Materials Laws (as defined in Section 19 below)) of Hazardous Materials by Seller or, to Seller's actual knowledge, by any other person at, on, in, under or in any way affecting the Property.

18.13.4. Seller has not received any notice of any violation affecting the Property under any Hazardous Materials Laws.

18.14. Access. There is reasonable access to and from the Property.

18.15. Representations Generally. Except to the extent disclosed in writing to Buyer, no representation, warranty or statement of Seller in this Agreement or made by Seller in any document furnished or to be furnished to Buyer pursuant to this Agreement contains or will contain any untrue statement of a material fact. All such representations, warranties and statements of Seller are based upon correct, accurate and complete information as of the time furnished to Buyer, and there has been no material adverse change in such information subsequent to such time. If Seller obtains actual knowledge of a material adverse change in such information prior to the Close of Escrow, Seller shall immediately notify Buyer of such change. As used in this Agreement, "Seller's actual knowledge" has the meaning set forth in Section 14.6. Except for those representations and warranties expressly set forth in this Agreement, the parties understand and acknowledge that no person acting on behalf of Seller is authorized to make, and by execution hereof Buyer acknowledges that no person has made, any representation or warranty regarding the Property, or the transaction contemplated herein, or regarding the zoning, construction, physical condition or other status of the Property. No representation, warranty, agreement, statement, guaranty or promise, if any, made by any person acting on behalf of Seller which is not contained in this Agreement shall be valid or binding on Seller.

19. Indemnification.

19.1. Seller's Indemnification. Without in any way affecting Buyer's rights against Seller with respect to any breach or misrepresentation by Seller set forth in Section 18 or elsewhere in this Agreement, Seller hereby agrees, except to the extent caused or contributed to by the Buyer Indemnified Parties (as defined below), at its sole cost and expense, to indemnify, defend and hold Buyer, its subsidiary and affiliated companies and the officers, directors, employees, agents, successors, and assigns of each of them (the "Buyer Indemnified Parties") harmless for, from and against any claims, suits, liabilities (including, without limitation, strict liabilities), actions, proceedings, obligations, debts, damages, losses, costs, expenses, diminutions in value, fines, penalties, charges, fees, expenses, judgments, awards, amounts paid in settlement and damages of whatever kind or nature (including without limitation, reasonable attorneys' fees, court costs and other costs of defense) (collectively "Losses") arising with respect to the Property prior to the Closing Date under any Hazardous Material Law (as defined below), and any other losses, which

may be incurred by or asserted against the Buyer Indemnified Parties directly or indirectly resulting from the presence of any Hazardous Materials on the Property (except to the extent caused by any Buyer Indemnified Parties), including, without limitation (a) all foreseeable consequential damages; (b) the costs of any remediation of the Property, and the preparation and implementation of any closures, remedial or other required plans; and (c) all reasonable costs and expenses incurred by each of the Buyer Indemnified Parties in connection with (a) and (b), including reasonable attorneys' fees and court costs. Notwithstanding the presence of Hazardous Materials on the Property giving rise to Buyer's rights under this Section 19.1, Seller's remediation obligations hereunder shall be limited to those necessary for the Property to be in compliance with applicable Hazardous Materials Laws, and notwithstanding anything to the contrary herein, Seller shall have no obligation under this Agreement, or at law, for any conditions disclosed in Section 20.5 below. The liability of Seller under this Indemnification shall survive close of Escrow indefinitely, and shall not be subject to the time limitations on survival set forth in Section 17 above.

For purposes of this Section, the term "Hazardous Material Laws" together means and includes any present and future federal, state and local law, statute, ordinance, rule, regulation and the like, as well as common law relating to the environment and environmental conditions and/or the protection of human health or relating to liability for or costs of remediation or prevention of releases, including without limitation, the Resource Conservation and Recovery Act of 1976, 42 U.S.C. Section 6901, et seq., the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. Sections 9601-9657, as amended by the Superfund Amendments and Reauthorization Act of 1986, 42 U.S.C. Section 11001, et seq., the Federal Water Pollution Control Act, 33 U.S.C. Sections 1251, et seq., the Clean Air Act, 42 U.S.C. Sections 741, et seq., the Clean Water Act, 33 U.S.C. Section 7401, et seq., the Toxic Substances Control Act, 15 U.S.C. Sections 2601-2629, the Safe Drinking Water Act, 42 U.S.C. Sections 300f-300j, the Solid Waste Disposal Act, 42 U.S.C. Section 3251, et seq., the Hazardous Materials Transportation Act, 49 U.S.C. 1801, et seq., the California Health and Safety Code, the California Water Codess. Sections 13000, et seq.; and the California Civil Code Section 3479, et seq., and all other federal, state or local statutes and ordinances and the regulations, orders, decrees now or hereafter promulgated thereunder that regulate or impose liability in connection with the use, distribution, storage, handling or release of Hazardous Substances, with respect to the specific property at issue. "Hazardous Material Laws" also includes, but is not limited to, any present and future federal, state and local laws, statutes, ordinances, rules, regulations and the like, as well as common law, conditioning transfer of Property upon a negative declaration or other approval of a governmental authority of the environmental condition of the property; requiring notification or disclosure of releases or other environmental condition of the Property to any governmental authority or other person or entity, whether or not in connection with transfer of title to or interest in property; imposing conditions or requirements relating to Hazardous Materials in connection with permits or other authorization for lawful activity; relating to nuisance, trespass or other causes of action related to the Hazardous Materials; and relating to wrongful death, personal injury, or property or other damage in connection with the physical condition or use of the Property by reason of the presence of Hazardous Materials in, on, under or above the Property.

19.2. Buyer's Indemnification. Without in any way affecting Seller's rights against Buyer with respect to any breach or misrepresentation by Seller set forth in Section 20 or elsewhere in this Agreement, Buyer hereby agrees, except to the extent caused or contributed to by the Seller Indemnified Parties (as defined below), at its sole cost and expense, to indemnify, defend and hold Seller and its affiliated companies and shareholders, and the officers, directors, employees, agents, successors, and assigns of each of them (the "Seller Indemnified Parties") harmless for, from and

against any Losses arising with respect to the Property after the Closing Date under any Hazardous Material Law (as defined below), and any other losses, which may be incurred by or asserted against the Seller Indemnified Parties directly or indirectly resulting from the violation of any Hazardous Material Law by Buyer or any person under Buyer's control (which shall not be deemed to include any of the Seller Indemnified Parties), including, without limitation (a) all foreseeable consequential damages; (b) the costs of any remediation of the Property, and the preparation and implementation of any closures, remedial or other required plans; and (c) all reasonable costs and expenses incurred by each of the Seller Indemnified Parties in connection with (a) and (b), including reasonable attorneys' fees and court costs. The liability of Seller under this Indemnification shall survive close of Escrow indefinitely, and shall not be subject to the time limitations on survival set forth in Section 17 above.

20. Buyer's Representations and Warranties. The truth and accuracy of the following shall constitute a condition to the Close of Escrow and Buyer represents and warrants that the following are complete and accurate as of the date of this Agreement, shall be complete and accurate as of the Close of Escrow, and shall survive the Close of Escrow.

20.1. Legal Power, Right and Authority. Buyer is a corporation duly organized and existing in good standing under the laws of the State of Delaware and is qualified to do business in California. Buyer has the legal power, right and authority to enter into this Agreement and to consummate the transactions contemplated by this Agreement.

20.2. Action. All requisite actions have been taken by the Pfizer Leadership Team (under a delegation of authority from the board of directors) of Buyer in connection with obtaining due authority to enter into this Agreement and to consummate the transactions contemplated by this Agreement.

20.3. Individual(s) Executing. The individual(s) executing this Agreement on behalf of Buyer is/are duly authorized to do so by the Pfizer Leadership Team (under a delegation of authority from the board of directors) and has/have the legal power, right, and actual authority to bind Buyer to the terms and conditions of this Agreement. This Agreement constitutes the binding obligation of Buyer and is enforceable against Buyer in accordance with all of its terms.

20.4. No Conflict or Breach. Neither the execution and delivery of this Agreement, nor the incurrence of the obligations set forth in this Agreement, nor the consummation of the transactions contemplated by this Agreement, nor compliance with the terms of this Agreement will conflict with or result in a breach of any of the terms, conditions or provisions of, or constitute a default under, any bond, note or other evidence of indebtedness or any contract, indenture, mortgage, deed of trust, loan, agreement, lease or other agreement or instrument to which Buyer is a party or by which the Property or any of Buyer's properties may be bound.

20.5. Buyer's Investigation. Buyer has (or will have) examined, inspected and conducted its own independent investigation of all matters with respect to the physical and environmental condition of the Property, taxes, bonds, permissible uses, zoning, covenants, conditions and restrictions and Buyer's intended use of the Property and all other matters which in Buyer's judgment bear upon the value and suitability of the Property for Buyer's purposes. Buyer acknowledges that, except for the detailed representations, warranties and indemnifications provided herein, Seller has not made any representation of any kind in connection with soils, environmental

or physical conditions on, or bearing on, the use of the Property, and Buyer is relying solely on Buyer's own inspection and examination of such items and not on any representation of Seller. Buyer understands and acknowledges that: (a) property located within one thousand feet (1000') of the Property is currently being used for commercial engineering and manufacturing in the field of nuclear power, including the use, operation and/or production of high-temperature gas-cooled nuclear reactors, radioisotope and radiopharmaceutical substances, fusion, and research and development activities related thereto; (b) at one time, the Property was part of the real property covered by Special Nuclear Materials License No. SNM-696 issued by the U.S. Nuclear Regulatory Commission ("NRC") and License No. 0145-80 issued by the California Department of Health Services, Radiological Health Branch ("CDHS"); in 1988, upon request of General Atomics, the license-holder, the NRC released approximately 277 acres, including the Property from License No. SNM-696 for unrestricted use, after an investigation and evalutation of the released property (which release is evidenced by notice from the NRC dated June 22, 1988, and the subsequent amendment to the license; (c) to Seller's knowledge, remedial clean-up action on the Property was required by the NRC or CDHS prior to release of the Property, but Seller does not have the requisite information to determine the exact nature or condition of the Property or the effects such uses have had on the physical condition of the Property.

20.6. Facilities Benefit Association. Notwithstanding the representations and warranties of Seller, Buyer acknowledges that the City of San Diego ("City") has caused to be filed in the Official Records, documents setting forth boundaries for a Facilities Benefit Association entitled the North University City Facilities Financing Plan and Facilities Benefit Assessment, as revised from time to time ("FBA"), which includes the Property. Buyer acknowledges that, under the terms and provisions of the FBA, the City is empowered to assess certain fees against the Property at the time an application for a building permit is made, and Buyer covenants and warrants that Buyer shall pay all FBA and other fees assessed against the Property with respect to any additional development or redevelopment of the Property after the Closing Date, including, without limitation, administration, application and processing fees school fees, real property taxes and other exactions imposed on the Property in connection with such additional development or redevelopment. Buyer acknowledges that Seller is under no obligation to secure any additional allocation or reallocation of development rights applicable to the Property.

20.7. No Assignment. Buyer has not made (i) a general assignment for the benefit of creditors; (ii) filed any voluntary petition in bankruptcy or suffered the filing of an involuntary petition by Buyer's creditors; (iii) suffered the appointment of a receiver to take possession of all or substantially all of Buyer's assets; (iv) suffered the attachment or other judicial seizure of all, or substantially all, of Buyer's assets; (v) admitted in writing its inability to pay its debts as they become due; or (vi) made an offer of settlement, extension or composition to its creditors generally.

21. Operation of Property; New Leases and Service Agreements; Pre-Closing Investigation. At all times during the term of the Escrow, Seller shall operate and maintain the Property in the ordinary course of its business, and otherwise in a commercially reasonable manner and in conformity with Seller's current and previous practices. Until the Close of Escrow or termination of this Agreement (1) Seller shall not enter into any new service agreements with respect to the Property or any portion of the Property which shall continue beyond the Close of Escrow, including without limitation, property management agreements, without the prior written consent of Buyer and (2) Seller shall not directly or indirectly, solicit, accept or extend offers or otherwise market the Property, nor allow others access to the Property except in the normal course of business and not in

connection with any other prospective sale, lease, or other transfer of the Property without the prior consent of Buyer, which consent Buyer shall not unreasonably withhold, condition or delay.

22. Condemnation. If, prior to the Close of Escrow, any material portion of the Property is taken by eminent domain (or is the subject of a pending or contemplated taking which has not been consummated), then (1) Seller, if Seller has actual knowledge thereof, shall notify Buyer of such fact, and (2) Buyer shall have the option to terminate this Agreement with respect to the Property if such taking occurs prior to the Closing Date which termination shall be effective upon notice to Seller given no later than fifteen (15) days after receipt of Seller's notice. If this Agreement is so terminated, then (i) Seller shall pay all costs of Escrow Holder associated with the cancellation of the Escrow pursuant to this Section, (ii) neither Buyer nor Seller shall have any further rights or obligations under this Agreement (except to the extent set forth in the preceding sentence or indemnities under this Agreement with respect to events occurring prior to such termination, which indemnities shall survive any such termination), and (iii) Escrow Holder shall, without requiring any further instruction from Seller, immediately return to Buyer the Deposit and all interest accrued thereon consistent with the foregoing. If Buyer does not so terminate this Agreement, then (A) neither Buyer nor Seller shall have the right to terminate this Agreement by reason of such taking, and (B) Buyer and Seller shall proceed to the Close of Escrow pursuant to the terms of this Agreement, without modification of the terms of this Agreement except that (1) Buyer shall receive a credit against the purchase price for any awards for such taking received by Seller prior to the Closing Date and shall be entitled to an assignment of all of Seller's rights to and interest in any condemnation award payable by reason of such taking, and (2) Seller shall not compromise, settle or adjust any claims to such awards without Buyer's prior written consent.

23. Destruction. If the Property is damaged by fire or other casualty on or before the Closing Date, and the estimated cost of repair is less than ONE MILLION DOLLARS ($1,000,000), the Purchase Price shall be reduced by the cost of repair as approved by Buyer. In the event of any such damage where the cost of repair exceeds ONE MILLION DOLLARS ($1,000,000), Seller immediately shall notify Buyer of such damage and Buyer shall have the right to terminate this Agreement by giving written notice (the "Termination Notice") of such election to Seller no later than ten (10) business days after receipt of Seller's notice of such damage. If this Agreement is so terminated, then (i) Seller shall pay all costs associated with the cancellation of the Escrow pursuant to this Section, (ii) neither Buyer nor Seller shall have any further rights or obligations under this Agreement (except to the extent of any indemnities under this Agreement with respect to events occurring prior to such termination, which indemnities shall survive any such termination), and (iii) Escrow Holder shall, without requiring any further instruction from Seller, immediately return to Buyer the Deposit and all interest accrued thereon. Notwithstanding the foregoing, if Buyer timely elects to terminate this Agreement pursuant to the foregoing right, then Seller may elect to repair the Property in order to return it to its condition prior to the damage by giving written notice to Buyer of such election no later than ten (10) business days after receipt of Buyer's Termination Notice and, if Seller so elects, the Termination Notice shall be deemed null and void; provided, however, that such repairs shall be diligently performed by Seller and shall be completed prior to the Closing Date. In the event that Buyer fails to timely deliver the Termination Notice following any event of damage giving rise to such a notice, then neither Buyer nor Seller shall have the right to terminate this Agreement by reason of such damage and Buyer shall elect one of the following two options prior to the Closing Date:

(1) The parties hereto shall proceed to the Close of Escrow pursuant to the terms of this Agreement, without modification of the terms of this Agreement, in which event Buyer shall be entitled to an assignment of the proceeds of all insurance relating to such fire or other casualty and a credit in the amount of Seller's deductible under such policy(ies); or

(2) The parties hereto shall proceed to the Close of Escrow pursuant to the terms of this Agreement, but modified to provide that the Purchase Price shall be reduced by the Determined Cost of Repair (as defined below), and to extend the Closing Date to the extent necessary to obtain a Determined Cost of Repair.

"Determined Cost of Repair" means, for purposes of this Section, the good faith estimate of the cost to repair the Property and to return it to its condition prior to the damage by fire or other casualty, as agreed to in writing by Buyer and Seller. In the event Buyer and Seller do not agree as to a Determined Cost of Repair within five days after either party requests such a determination, Buyer and Seller each shall appoint a licensed contractor and give written notice of the name and address of such contractor to the other party. The two contractors thus appointed shall, within five (5) days after appointment of the last of the two contractors to be appointed, appoint a third contractor and deliver written notice of the name and address of such contractor to Buyer and Seller. Should either Buyer or Seller fail to appoint a contractor as required by this paragraph, the contractor appointed by the other party shall appoint two other contractors. Should the two contractors appointed by Buyer and Seller fail, for any reason, to appoint a third contractor within the time required, either Buyer or Seller may petition the Superior Court of San Diego County, California for the appointment of the third contractor. Within ten (10) days after appointment of the third contractor, the three contractors shall confer and each shall submit in writing to Buyer and Seller his honest and best estimate of the cost of repair of the Property, as described above, and the estimated cost agreed on in writing by any two of the three appointed contractors shall be conclusive and binding on Buyer and Seller, and shall establish the Determined Cost of Repair. Should no two of the three contractors agree on the estimated cost of repair of the Property, both the highest cost estimate and the lowest cost estimate submitted by the three contractors shall be disregarded and the remaining cost estimate shall be binding and conclusive on the parties as the Determined Cost of Repair. Notwithstanding anything to the contrary herein, if the Determined Cost of Repair exceeds One Million Dollars ($1,000,000), then Seller may terminate this Agreement by written notice to Buyer, given to Seller no later than ten (10) business days following the final determination of the Determined Cost of Repair in order for such notice to be effective. If this Agreement is so terminated by Seller, then (i) Seller shall pay all costs associated with the cancellation of the Escrow pursuant to this Section, (ii) neither Buyer nor Seller shall have any further rights or obligations under this Agreement (except to the extent of any indemnities under this Agreement with respect to events occurring prior to such termination, which indemnities shall survive any such termination), and (iii) Escrow Holder shall, without requiring any further instruction from Seller, immediately return to Buyer the Deposit and all interest accrued thereon; provided, however, that Buyer may elect to cancel such termination right of Seller by electing the first option set forth above in this Section 23, which cancellation shall only be effective if delivered within ten (10) days following Buyer's receipt of Seller's notice of its election to terminate this Agreement.

24. Designee. This Agreement shall be binding upon the heirs, executors, administrator, and successors and assigns of Seller and Buyer. Notwithstanding the forgoing, except as otherwise expressly provided below, neither party may assign its rights and obligations under this Agreement without the prior written consent of the other party (which consent may be withheld in each party's

sole discretion). Either party may assign its rights and obligations under this Agreement to effectuate an exchange pursuant to Section 26 below. In addition, Buyer or Seller may assign their rights and obligations under this Agreement to an Affiliate (as defined below) not less than ten (10) days prior to the Close of Escrow without the other party's consent (but with written notice to the other party). Any assignment in violation of this Section shall be void. For purposes of this Section 23, an "Affiliate" means (a) an entity that directly or indirectly controls, is controlled by or is under common control with Buyer or Seller, as applicable; or (b) an entity at least a majority of whose economic interest is owned by Buyer or Seller, as applicable; and "control" means the power to direct the management of such entity through voting rights, ownership or contractual obligations. No assignment pursuant to this Section 23 shall be effective against the other party until the assigning party delivers to the other party a fully executed copy of the assignment instrument, which instrument must be reasonably satisfactory to the non-assigning party in both form and substance, and pursuant to which the assignee (i) assumes and agrees to perform for the benefit of the non-assigning party the obligations of the assigning party under this Agreement and (ii) makes the warranties and representations required of the assigning party under this Agreement. No assignment by shall result in the assigning party being released from any obligations under this Agreement. Any assignment in violation of this Section shall be void.

25. Brokers. To the best knowledge of Buyer and Seller no real estate broker, agent, finder, or other person is responsible for bringing about or negotiating this Agreement other than Colliers International and Phase 3 Properties, whose commissions and compensation shall be the sole responsibility of Seller pursuant to a separate agreement. Each of Buyer and Seller represent that it has not dealt with any other real estate broker, agent, finder, or other person, relative to this Agreement in any manner. Each party to this Agreement hereby indemnifies the other party to this Agreement against all liabilities, damages, losses, costs, expenses, reasonable attorneys' fees and claims arising from (1) any breach of such representation by such indemnifying party set forth in the preceding sentence, and/or (2) any claims that may be made against such indemnified party by any real estate broker, agent, finder, or other person (other than as set forth above), alleging to have acted on behalf of or to have dealt with such indemnifying party. Buyer hereby warrants and represents that it has not been represented by any broker or "finder" in connection with its purchase of the Property, except for Colliers International. Seller shall have no liability to any broker as a result of the rent payable to Buyer pursuant to the Lease.

26. Like Kind Exchange. Seller may elect to enter into a tax deferred exchange under Section 1031 of the Internal Revenue Code (an "Exchange"). Subject to the provisions of this Section 26, Buyer shall reasonably cooperate with Seller, at no cost or expense to Buyer, in consummating the sale of the Property by Seller in an Exchange transaction pursuant to a written exchange agreement and related documents entered into by Seller and a qualified intermediary, which shall be in a form reasonably acceptable to Buyer and shall be executed and delivered on or before the Closing Date. Seller shall indemnify, protect, defend and hold Buyer harmless from and against any and all actions, losses, liabilities, damages, claims, demands, causes of action, costs and expenses ("Claims") of any kind or nature whatsoever arising out of, in connection with, or in any manner related to such Exchange that would not have been incurred but for the structuring of the sale of the Property by Seller as an Exchange, without limitations, any Claims suffered by or asserted against Buyer by the Internal Revenue Service or any other taxing authority in connection with such Exchange. Seller agrees that, and Buyer's obligations under this Section 26 shall be expressly conditional upon, each of the following: (a) the Exchange or any action necessary or required for any proposed Exchange shall not delay the Close of Escrow beyond the Closing Date; (b) Buyer

shall not be required to accept title to any real or personal property other than the Property in connection with such Exchange; and (c) if Seller uses a qualified intermediary to effectuate the Exchange, any assignment of the rights or obligations of Seller hereunder shall not relieve, release or absolve Seller of its obligations to Buyer hereunder. The rights and obligations of the parties under this Section 26 shall survive the Closing or any sooner termination of this Agreement.

27. Miscellaneous.

27.1. Attorneys' Fees. The prevailing party(ies) in any litigation, arbitration, mediation, bankruptcy, insolvency, or other proceeding ("Proceeding") relating to the enforcement or interpretation of this Agreement may recover from the unsuccessful party(ies) all costs, expenses, and actual attorneys' fees (including expert witness and other consultants' fees and costs) relating to or arising out of (i) the Proceeding (whether or not the Proceeding proceeds to judgment), and (ii) any post-judgment or post-award proceeding including, without limitation, one to enforce or collect any judgment or award resulting from the Proceeding. All such judgments and awards shall contain a specific provision for the recovery of all such subsequently incurred costs, expenses, and actual attorneys' fees.

27.2. Governing Law. This Agreement is governed by and construed in accordance with the laws of the State of California, irrespective of California's choice-of-law principles.

27.3. Further Assurances. Each party to this Agreement shall execute and deliver all instruments and documents and take all actions as may be reasonably required or appropriate to carry out the purposes of this Agreement.

27.4. Venue and Jurisdiction. All actions and proceedings arising in connection with this Agreement must be tried and litigated exclusively in the State and Federal courts located in the County of San Diego, State of California, which courts have personal jurisdiction and venue over each of the parties to this Agreement for the purpose of adjudicating all matters arising out of or related to this Agreement. Each party authorizes and accepts service of process sufficient for personal jurisdiction in any action against it as contemplated by this paragraph by registered or certified mail, return receipt requested, postage prepaid, to its address for the giving of notices set forth in this Agreement.

27.5. Counterparts and Exhibits. This Agreement may be executed in counterparts, each of which is deemed an original and all of which together constitute one document. All exhibits attached to and referenced in this Agreement are incorporated into this Agreement.

27.6. Time of Essence. Time and strict and punctual performance are of the essence with respect to each provision of this Agreement.

27.7. Modification. This Agreement may be modified only by a contract in writing executed by the party to this Agreement against whom enforcement of the modification is sought.

27.8. Headings. The paragraph headings in this Agreement: (a) are included only for convenience, (b) do not in any manner modify or limit any of the provisions of this Agreement, and (c) may not be used in the interpretation of this Agreement.

27.9. Prior Understandings. This Agreement and all documents specifically referred to and executed in connection with this Agreement: (a) contain the entire and final agreement of the parties to this Agreement with respect to the subject matter of this Agreement, and (b) supersede all negotiations, stipulations, understandings, agreements, representations and warranties, if any, with respect to such subject matter, which precede or accompany the execution of this Agreement.

27.10. Interpretation. Whenever the context so requires in this Agreement, all words used in the singular may include the plural (and vice versa) and the word "person" includes a natural person, a corporation, a firm, a partnership, a joint venture, a trust, an estate or any other entity. The terms "includes" and "including" do not imply any limitation. For purposes of this Agreement, the term "day" means any calendar day and the term "business day" means any calendar day other than a Saturday, Sunday or any other day designated as a holiday under California Government Code Sections 6700-6701. Any act permitted or required to be performed under this Agreement upon a particular day which is not a business day may be performed on the next business day with the same effect as if it had been performed upon the day appointed. No remedy or election under this Agreement is exclusive, but rather, to the extent permitted by applicable law, each such remedy and election is cumulative with all other remedies at law or in equity.

27.11. Partial Invalidity. Each provision of this Agreement is valid and enforceable to the fullest extent permitted by law. If any provision of this Agreement (or the application of such provision to any person or circumstance) is or becomes invalid or unenforceable, the remainder of this Agreement, and the application of such provision to persons or circumstances other than those as to which it is held invalid or unenforceable, are not affected by such invalidity or unenforceability.

27.12. Notices. Each notice and other communication required or permitted to be given under this Agreement ("Notice") must be in writing. Notice is duly given to another party upon: (a) hand delivery to the other party, (b) receipt by the other party when sent by facsimile to the address and number for such party set forth below (provided, however, that the Notice is not effective unless a duplicate copy of the facsimile Notice is promptly given by one of the other methods permitted under this paragraph), (c) three business days after the Notice has been deposited with the United States postal service as first class certified mail, return receipt requested, postage prepaid, and addressed to the party as set forth below, or (d) the next business day after the Notice has been deposited with a reputable overnight delivery service, postage prepaid, addressed to the party as set forth below with next-business-day delivery guaranteed, provided that the sending party receives a confirmation of delivery from the delivery-service-provider.

If to Buyer: Pfizer Inc.
10777 Science Center Drive
San Diego, California 92121
(858) 678-8152 - (Telecopy)
Attn: Jim Serbia

With copies to: Pfizer Inc.
10777 Science Center Drive
San Diego, California 92121
(858) 622-3297 - (Telecopy)
Attn: D. Frederick Jay, Esq.

Solomon Ward Seidenwurm & Smith, LLP
401 B Street, Suite. 1200
San Diego, CA 92101
(619) 231-4755 - (Telecopy)
Attn: Richard L. Seidenwurm, Esq.

If to Seller: Neurocrine Biosciences, Inc.
Attn: Paul Hawran, Executive Vice President
10555 Science Center Drive
San Diego, CA 92121
(858) 658-7605 - (Telecopy)

With a copy to: Paul, Hastings, Janofsky & Walker LLP
12390 El Camino Real
San Diego, CA 92130
(858) 720-2555 - (Telecopy)
Attn: W. Scott Biel, Esq.

Each party shall make a reasonable, good faith effort to ensure that it will accept or receive Notices to it that are given in accordance with this paragraph. A party may change its address for purposes of this paragraph by giving the other party(ies) written notice of a new address in the manner set forth above.

27.13. Waiver. Any waiver of a default or provision under this Agreement must be in writing. No such waiver constitutes a waiver of any other default or provision concerning the same or any other provision of this Agreement. Except to the extent set forth to the contrary set forth in this Agreement, no delay or omission by a party in the exercise of any of its rights or remedies constitutes a waiver of (or otherwise impairs) such right or remedy. A consent to or approval of an act does not waive or render unnecessary the consent to or approval of any other or subsequent act.

27.14. Drafting Ambiguities. Each party to this Agreement and its legal counsel have reviewed and revised this Agreement. The rule of construction that ambiguities are to be resolved against the drafting party or in favor of the party receiving a particular benefit under an agreement may not be employed in the interpretation of this Agreement or any amendment to this Agreement.

27.15. Third Party Beneficiaries. Nothing in this Agreement is intended to confer any rights or remedies on any other person or entity other than the parties to this Agreement and their respective successors-in-interest and permitted assignees, unless such rights are expressly granted in this Agreement to another person specifically identified as a "third party beneficiary."

27.16. Counterparts. This Agreement and any amendments or supplements to it, and the Escrow Instructions herein referred to, may be executed in counterparts, and all counterparts together shall be construed as one document.

27.17. Confidentiality. Neither Buyer nor Seller shall make any public announcement or disclosure of the economic terms of this Agreement to outside brokers or third parties, before Close of Escrow on the Property, without the specific prior written consent of the other, except for such disclosures to the parties' lenders, creditors, partners, members, officers, employees, agents, consultants, attorneys, accountants, and exchange facilitators as may be necessary to permit each party to perform its obligations hereunder or under any related exchange documents, or as required to comply with applicable laws and rules of any exchange upon which a party's shares may be traded. Buyer's and Seller's obligations under this Section 27.17 shall terminate upon the termination of this Agreement (other than by the Close of Escrow).

[Remainder of Page Intentionally Blank; Signature Page Follows]

[Signature Page to Lot 29 Purchase Agreement]

IN WITNESS WHEREOF, Seller and Buyer have executed this Agreement as of the date first above written.

BUYER: Pfizer Inc., a Delaware corporation

By: /s/ John L. Lamattina

Name: John L. Lamattina

Its: Vice President

SELLER: Neurocrine Biosciences, Inc., a Delaware corporation

By: /s/ Paul W. Hawran

Name: Paul W. Hawran

Its: EVP & CFO

CONSENT AND ACCEPTANCE OF ESCROW HOLDER:

The undersigned hereby consents to and accepts the instructions set forth in the above Agreement for Purchase and Sale and Joint Escrow Instructions.

Chicago Title Insurance Company

By: ____________________________

Its: ____________________________

EXHIBIT A - LEGAL DESCRIPTION OF PROPERTY

LOT 29 OF TORREY PINES SCIENCE CENTER, UNIT NO. 2, IN THE CITY OF SAN DIEGO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP THEREOF NO. 12845, FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, JULY 23, 1991.

AND

A NON-EXCLUSIVE EASEMENT FOR DRIVEWAY, FOR VEHICULAR AND PEDESTRIAN INGRESS AND EGRESS OVER A PORTION OF LOT 30 AS FOLLOWS:

BEING A PORTION OF LOT 30 OF TORREY PINES SCIENCE CENTER, UNIT NO. 2, IN THE CITY OF SAN DIEGO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP THEREOF NO. 12845 RECORDED ON JULY 23, 1991 ON FILE IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHWESTERLY CORNER OF LOT 30, ALSO BEING A POINT ON A NON-TANGENT 799.00 FOOT RADIUS CURVE CONCAVE SOUTHEASTERLY, A RADIAL FROM SAID POINT BEARS SOUTH 63 degrees 04'32" EAST; THENCE ALONG THE ARC OF SAID CURVE SOUTHERLY 33.36 FEET THROUGH A CENTRAL ANGLE OF 02 degrees 23'32"; THENCE LEAVING SAID CURVE SOUTH 63 degrees 05'28" EAST 69.30 FEET; THENCE NORTH 26 degrees 55'08" EAST 42.47 FEET TO A POINT ON NORTHERLY LOT LINE OF SAID LOT; THENCE ALONG SAID LOT LINE NORTH 70 degrees 30'59" WEST 70.60 FEET TO THE POINT OF BEGINNING.

APN 340-180-19

EXHIBIT B -- EHS DOCUMENTS

1. To the extent held by Seller, all permits, planning permissions, registrations, or authorizations issued pursuant to federal, state or local law relating to the Seller's operation on the Property registrations or other documentation issued by any governmental agency with jurisdiction over environmental matters authorizing the business operations undertaken on the Property.

2. All non-privileged correspondence, notifications, reports, and applications filed by Seller or any affiliates or subsidiaries with federal, state or local agencies in the regarding any environmental or health and safety matter relating to operations on the Property.

3. All relevant documents of record relating to government inspections, investigations, information requests, claims of violation or liability under any environmental law or occupational health and safety law, i.e. reports of government agencies, notices of violation administrative orders, and consent orders, received during the prior three (3) years, or otherwise current in effect or unabated, related to operations on the Property.

4. All relevant documents of record relating to non-governmental claims under any environmental law, occupational health and safety law, or tort law arising from operations on the Property.

5. All corporate, operating group, or facility driven (self audit) environmental and health and safety audit reports and plan of action and resolution of findings relating to operations on the Property.

6. All documentation for the previous three years relating to the handling, storage, transportation, treatment and disposal of hazardous substances, off-site or on-site from the Property. "Hazardous Substances" includes all petroleum products, radioactive materials, commercial chemical products, toxic or infectious materials, hazardous waste, and rejected or returned goods. Such documentation includes, but is not limited to, the reports to government agencies, manifests, characterizations, and contracts with vendors for the previous 3 years.

7. All documents regarding historic or ongoing environmental investigations or remediation undertaken by or for the Seller with respect to the Property.

8. All documents related to historic or recent spills or releases to the environment of Hazardous Substances or pharmaceutical materials from process equipment, waste handling or disposal facilities, above or below ground transmission lines, underground storage tanks, above ground storage tanks, containers, container storage areas, waste storage areas, waste disposal areas, and motor vehicles and the loading and/or unloading areas.

9. All documents related to the presence, condition, management, disposition and replacement of asbestos containing materials, polychlorinated biphenyls, underground storage tanks, lead paint, radioactive materials, and ozone depleting substances. Such documentation includes existing plans to address or manage these materials currently and in the future.

10. All documents for the previous five years related to water supply or supplies including the information on the source or sources of water, permits, usage records, analyses, treatment records, monitoring reports, and submissions to government agencies.

11. All documents for the previous three years related to the handling and treatment of sanitary industrial wastewater (including stormwater), past and present, onsite or offsite; including but no limited to monitoring records, treatment studies, analyses, evaluations of off-site impacts, and submissions to government agencies.

12. All records for the previous five years related to the calculation, monitoring, analysis, modeling, off-site impact, treatment and control of air emissions, past and present.

13. All documents including surveys and audits performed by insurers and consultants pertaining to fire safety.

14. All documents related to complaints from neighbors regarding noise, odor, lights vibration or any other environmental matter.

EXHIBIT C -- FORM OF GRANT DEED

RECORDING REQUESTED BY:)
AND WHEN RECORDED MAIL TO:)
)
)
)

- ---

Tax Parcel No. ________ Above Space for Recorder's Use

The undersigned, Grantor, declares:
Documentary transfer tax is $______,
( ) Computed on full value of property conveyed, or
( ) Computed on full value less value of liens and encumbrances remaining at time of sale.
( ) Unincorporated area.

GRANT DEED

FOR VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, Science Park Center LLC, a California limited liability company, hereby grants to Pfizer Inc., a Delaware corporation, the following described real property ("Property") situated in the City of San Diego, County of San Diego, State of California.

See Exhibit "A" attached hereto and incorporated herein by this reference.

This conveyance is made and accepted and the Property is hereby granted and conveyed subject to all matters of record.

IN WITNESS WHEREOF, the Grantor has caused its name to be affixed hereto and this instrument to be executed by those thereunto duly authorized.

Dated:_______________ GRANTOR: Neurocrine Biosciences, Inc.,
a Delaware corporation

By:: __________________________________
Paul W. Hawran, Executive Vice President
and Chief Financial Officer

EXHIBIT D - FIRPTA AFFIDAVIT

TRANSFEROR'S CERTIFICATION
OF NON-FOREIGN STATUS

To inform PFIZER INC., a Delaware corporation (the "TRANSFEREE") that withholding of tax under Section 1445 of the Internal Revenue Code of 1986, as amended ("CODE") will not be required upon the transfer by NEUROCRINE BIOSCIENCES, INC., a Delaware corporation ("TRANSFEROR"), of real property to the Transferee, the undersigned hereby certifies the following on behalf of the Transferor:

l. The Transferor is not a foreign corporation, foreign partnership, foreign trust, foreign estate or foreign person (as those terms are defined in the Code and the Income Tax Regulations promulgated thereunder); and

2. The Transferor's U.S. employer or tax (social security) identification number is 33-0525145.

The Transferor understands that this Certification may be disclosed to the Internal Revenue Service by the Transferee and that any false statement contained herein could be punished by fine, imprisonment, or both.

Under penalty of perjury I declare that I have examined this Certification and to the best of my knowledge and belief it is true, correct and complete, and I further declare that I have authority to sign this document on behalf of the Transferor.

"TRANSFEROR"

NEUROCRINE BIOSCIENCES, INC.
a Delaware corporation

By:: ___________________________________
Paul W. Hawran, Executive Vice President and
Chief Financial Officer

EXHIBIT 10.7

AGREEMENT FOR PURCHASE AND SALE
AND JOINT ESCROW INSTRUCTIONS
(Torrey Pines Science Center Lot 30)

This Agreement for Purchase and Sale and Joint Escrow Instructions (this "Agreement") is entered into as of April 30, 2003 (the "Effective Date"), by and between Science Park Center LLC, a California limited liability company ("Seller"), and Pfizer Inc. a Delaware corporation ("Buyer"), who agree and, to the extent applicable, instruct Chicago Title Company ("Escrow Holder") as follows:

RECITALS

This Agreement is made with reference to and in contemplation of the following recital of essential facts:

A. Seller is the owner of the real property located in the Torrey Pines Science Center designated Lot 30 thereof, in the City of San Diego, State of California (the "Real Property"). The legal description of Real Property is set forth on the attached Exhibit A, as such legal description may be modified by the Lot Line Adjustment (as defined in Section 5.8 below).

B. The Real Property is currently occupied by Neurocrine Biosciences, Inc., a Delaware corporation ("Neurocrine"), pursuant to that certain Lease by and between Seller, as landlord, and Neurocrine, as tenant, dated as of July 31, 1997 (the "Existing Lease"). Concurrent with the close of escrow pursuant to this Agreement, Seller and Neurocrine have agreed to terminate the Existing Lease, and Neurocrine has agreed to enter into a new lease of the Real Property from Buyer, which has agreed to lease the Real Property to Neurocrine, in accordance with the covenants, terms and conditions of Buyer and Neurocrine set forth in that certain Lease of the Real Property, in the form attached hereto as Exhibit B (the "Lease"). Neurocrine, as tenant of the Real Property and a member of Seller, in consideration of the Lease and its benefits as a member of Seller pursuant to this Agreement, has agreed to guaranty the obligations of Seller hereunder, in the form of the guaranty attached hereto as Exhibit C (the "Guaranty").

C. Buyer intends to purchase and Seller intends to sell that certain Property, consisting of the Real Property and all rights, improvements and appurtenances thereto as more fully set forth in this Agreement.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing Recitals, which are hereby incorporated into this Agreement, and the mutual covenants set forth herein, and for other good and valuable consideration, the adequacy of which is hereby acknowledged, the parties hereby agree as follows:

1. Purchase and Sale. In accordance with and subject to the terms, provisions, and conditions of this Agreement, Seller shall sell, and Buyer shall buy, Seller's interest in and to (a) the Real Property, (b) all improvements, now or later constructed in, on or under the Real Property (the "Improvements"), (c) all appurtenances, streets, easements, rights of way, cross-use agreements, licenses, or other interests in, on, across, in front of, abutting, or adjoining the Real Property, (d) all of Seller's transferable rights in contracts (but not including any insurance contracts), agreements,

warranties, guarantees, permits and authorizations to the extent applicable to the operation, maintenance or repair of the Real Property or the Improvements, and all transferable approvals issued by governmental authorities respecting the Real Property and interests appurtenant thereto and all other intangible property (together with the items referenced in subpart (c) of this Section 1, the "Intangible Property"), and (e) all of Seller's other personal property to the extent used in connection with the operation of Real Property or the Improvements (as opposed to Neurocrine's business operations), including without limitation deposits, service contracts, "as built" drawings, reports and studies, relating to the Real Property, Intangible Property and Improvements (the "Personal Property") , subject to no liens, restrictions, and encumbrances of record except for those approved in writing by Buyer or disapproved and subsequently waived by Buyer in accordance with Section 5.3 hereof. For purposes of this Agreement, "transferable" shall mean that such Personal Property can be conveyed or transferred without cost to Seller (or at a cost to Seller which Buyer is willing to pay) and without any continuing liability of Seller therefor after the Close of Escrow (as defined below). Notwithstanding the foregoing, none of the Personal Property shall include any permits, rights, approvals or intellectual or other intangible property relating to Neurocrine's business operations at the Real Property or any proprietary information of Neurocrine associated with its business.

2. Escrow

2.1. Opening of Escrow; Deposit. Within five (5) business days of Buyer and Seller's execution of this Agreement, Buyer and Seller shall cause an escrow ("Escrow") to be opened with Escrow Holder, at 925 B Street, San Diego, California 92101 for the purpose of facilitating the consummation of this Agreement. Buyer and Seller shall open the Escrow by delivering to Escrow Holder a fully executed original (or executed counterparts) of this Agreement and within five (5) days after the opening of Escrow, Buyer shall deposit by wire transfer payable to Escrow Holder, or other immediately available funds, in the amount of Nine Hundred Thousand Dollars ($900,000.00) (the "Deposit"). Escrow Holder shall immediately invest the Deposit in an interest bearing account with a financial institution reasonably satisfactory to Buyer and Seller. All interest income resulting from the Deposit shall be credited to Buyer. The provisions of this Agreement constitute instructions to Escrow Holder; provided, however, Buyer and Seller also shall execute any supplemental mutual instructions as Escrow Holder may reasonably require, consistent with this Agreement. Any inconsistency between any such further mutual instructions and this Agreement must be resolved in a manner consistent with this Agreement and the provisions of this Agreement prevail unless any such inconsistent provision is expressly waived by Buyer and Seller in a writing specifically referring to the fact of the inconsistency and the intent to waive it. Seller shall have no obligations to Buyer for any acts or omissions of Escrow Holder or any institution in which the Deposit is invested by Escrow Holder.

2.2. Closing Dates. The Closing of the sale of the Property to Buyer and the commencement of Buyer's lease of the Property to Neurocrine (the "Closing") shall occur concurrently on November 24, 2003 (the "Closing Date") . Escrow Holder shall close Escrow in accordance with Section 9 below (the "Close of Escrow"), after having received all of Buyer and Seller's Deliveries in accordance with Sections 7 and 8.

If the Closing does not occur on or before the Closing Date, then Buyer or Seller, if not in default under this Agreement, may at any time thereafter give written notice to Escrow Holder to cancel the Escrow, whereupon the Escrow and the subject transaction become terminated and all monies and

documents in Escrow Holder's possession must be distributed by Escrow Holder in accordance with the provisions of this Agreement and such additional mutual instructions as the parties may provide. Such cancellation of Escrow will not prejudice or limit any legal or equitable rights of Buyer or Seller.

3. Purchase Price. The purchase price payable by Buyer for the Property is $35,520,000 (the "Purchase Price"), and shall be payable as follows:

3.1. Application of Deposit. The Deposit, plus interest accrued thereon, shall be applied by Escrow Holder to the Purchase Price for the Property at the Closing.

3.2. Payment of Balance of Purchase Price. On or before the Closing Date, Buyer shall deposit with Escrow Holder cash or other immediately available funds in the amount of the balance of the Purchase Price, plus the other sums required of Buyer under this Agreement to pay costs and prorations.

4. Allocation of Purchase Price Among Assets. Prior to the expiration of the Feasibility Study Period, Seller and Buyer shall reasonably determine an allocation of the Purchase Price among the Real Property, the Improvements, and the Personal Property, which allocation must be used by Buyer and Seller in connection with preparation of their respective tax returns. Upon such determination, the parties shall deliver a writing executed by each of them to Escrow Holder setting forth the foregoing allocations. Either party may request, and the other shall reasonably consider, a modification of such allocation based upon events occurring subsequent to the expiration of the Feasibility Study Period.

5. Conditions Precedent to Obligations of Buyer. Buyer's obligations under this Agreement are subject to Buyer's written notification to Seller and Escrow Holder that the following conditions precedent (collectively, "Buyer's Conditions") have been satisfied, approved, or waived by Buyer, determined in Buyer's sole discretion, on or before the expiration of ninety days following the Effective Date (the "Feasibility Study Period"). Unless Buyer notifies Seller or Escrow Holder in writing on or before the expiration of the Feasibility Study Period that the applicable Buyer's Conditions have been satisfied, then (a) such Buyer's Condition(s) shall be deemed to have been disapproved by Buyer, (b) this Agreement and the Escrow shall be deemed terminated and neither Buyer nor Seller shall have any further obligation to the other under this Agreement, (c) all costs associated with the cancellation of the Escrow shall be shared equally by Buyer and Seller, and (d) Escrow Holder shall, without requiring any further instructions from Seller, immediately return the Deposit plus interest accrued thereon to Buyer, less Buyer's share of cancellation costs, if any, described in (c) above.

5.1. Due Diligence Deliveries By Seller. Buyer hereby acknowledges that Buyer has received from Chicago Title Company ("Title Company") prior to the Effective Date, that certain preliminary title report issued by Title Company, dated as of November 21, 2002, and identified as Order No. 23038780, incorporating the legal description of the Property (as Parcels 3 and 4 thereof) together with legible copies of all documents referenced therein and all easements described therein plotted as part of such report (the "Preliminary Report"). Within ten (10) days following the date hereof, Buyer shall cause the Preliminary Report to be modified to describe the Real Property only. Buyer further acknowledges prior receipt of plans, drawings, specifications and renderings of the Property, as well as Seller's most current as-built ALTA survey of the Property

dated August 6, 1998. No later than ten (10) business days following the Effective Date, Seller will to the extent, known by Seller and/or to the extent in Seller's possession or reasonably obtainable by Seller, provide Buyer with a copy of the following documentation ("Due Diligence Deliveries") regarding the Property:

(a) All soils reports, engineering and architectural studies, grading plans, topographical maps, feasibility studies, surveys and similar data concerning the Property, complete plans and specifications of the Property, and, if within Seller's possession or control, a set of as built plans and specifications marked to show any modifications;

(b) Property tax bills, utility bills, all property/casualty insurance policies or certificates of insurance covering or affecting the Property and similar operating records concerning the Property for the past three (3) years, including copies of (i) to the extent within Seller's possession or control, all claims filed against such insurance policies for the three years preceding and up to the Effective Date, (ii) insurance loss control reports which, if not within Seller's possession or control, Seller shall use good faith efforts to obtain from Seller's insurance provider, and (iii) a certificate of insurance evidencing that the Property is currently covered in a commercially-reasonable amount for loss by fire or other casualty;

(c) Summary of any current or pending litigation matters relating to the Property, together with all pleadings relating thereto (but specifically not including any litigation solely related to Neurocrine's business at the Real Property);

(d) Copies of all contracts currently in full force and effect, or which are anticipated to be in full force and effect at such time as operational control of the Property is transferred to Buyer upon expiration or earlier termination of the Lease, including but not limited to vendor, service, and/or management contracts affecting the Property, and non-proprietary reports, in form reasonably acceptable to Buyer, categorizing and quantifying all Property-related expenses (e.g., utilities, maintenance, repairs and landscaping) for calendar years 2000, 2001 and 2002 and on a monthly basis thereafter.

(e) Documentation, invoices, statements and all other relevant information pertaining to any commercial/land owners' association(s) and/or common area maintenance agreements relating to calendar years 2000, 2001 and 2002.

In addition, upon reasonable advance notice Seller shall make available during normal business hours at Seller's office for Buyer's review all studies, reports, maps, surveys, permits, licenses and other documents relating to the Property in Seller's possession, including, but not limited to, any environmental, health and safety documents relating to the Property ("EHS Documents") as described on the attached Exhibit D; provided, however, that Seller shall not make available for Seller's review pursuant to this Section 5.1 and the Due Diligence Deliveries shall not include (i) any confidential internal memorandum of Seller with respect to the value of the Property or other documents relating to Seller's or Neurocrine's finances or business (including, without limitation, balance sheets, internal financial reports, lease proposals and the operating agreement or partnership agreement of Seller), (ii) any appraisals of the Property, (iii) any offers or solicitations to purchase, sell or lease the Property, and (iv) any loan documents of Seller or any correspondence between Seller and Seller's members or lenders. The documents available for review by Buyer pursuant to this Section 5.1 are for Buyer's use in connection with Buyer's investigation of the Property and

Buyer acknowledges that some of such documents were prepared by or at the direction of others and that, except as otherwise expressly provided in this Agreement, Seller is not making any representation or warranty of any kind with respect to such documents, including their accuracy, completeness or suitability for reliance thereon by Buyer.

5.2. Buyer's Investigations. Prior to expiration of the Feasibility Study Period, Buyer shall determine whether the physical, developmental, and economic status and feasibility of the Property is acceptable to Buyer. The matters subject to Buyer's approval under this Section include engineering studies, soils tests, environmental surveys, physical inspections, and market analyses as well as Buyer's evaluation of the condition of the Improvements and the operation and future prospects of the Property and such other matters as Buyer deems prudent, including by way of example and not limitation, the right to examine the books and records regarding the Property to be made available to Buyer in accordance with Section 5.1 above, the right to conduct the environmental/biological audit described in Exhibit D and such other environmental/biological studies and investigations regarding the condition of the Property as shall be reasonably approved by Seller, and the right to, subject to the conditions set forth below review and approve the zoning, land use and other governmental regulations, laws, permits and approvals that apply to the Property. Such inspections, tests and studies concerning the Property shall be performed at Buyer's sole cost and expense. In the event Buyer disapproves, in its sole and absolute discretion, any of its inspections, tests and studies concerning the Property, Buyer shall have the right to terminate this Agreement upon written notice to Seller at any time prior to the end of the Feasibility Study Period.

In order to facilitate Buyer's investigation and analysis under this Section, Seller grants Buyer (and Buyer's agents, employees, and independent contractors) the right, subject to the terms and conditions set forth below, to enter the Property, prior to the expiration of the Feasibility Study Period, to conduct such inspections, reviews, examinations, and tests on the Property as Buyer deems necessary or desirable to investigate the physical condition or economic status of the Property:

(a) Buyer shall not be in default of this Agreement;

(b) Buyer shall provide Seller with at least one (1) business days' prior notice of any entry on the Property by Buyer for the purposes of performing any tests or investigations; provided that access to the building included in the Property shall be limited to normal business hours and shall be subject to Neurocrine's standard security requirements and access restrictions;

(c) The persons or entities performing the inspections on behalf of Buyer shall be properly licensed and qualified and shall have obtained all appropriate permits for performing relevant tests on the Property and shall have delivered to Seller, prior to performing any tests on the Property or entering upon the Property, evidence of proper and adequate insurance reasonably satisfactory to Seller;

(d) Seller shall have the right to approve of any proposed physical testing or drilling of the Property, which approval may be withheld by Seller in its reasonable discretion;

(e) Seller shall have right to have one (1) or more representatives of Seller accompany Buyer and Buyer's representatives, agents, consultants or contractors while they are on the Property;

(f) Any entry by Buyer or its representatives, agents, consultants or contractors shall not unreasonably interfere with Neurocrine's use of the Property;

(g) Buyer, at Buyer's sole cost and expense, shall immediately restore the Property to its condition existing immediately prior to Buyer's inspections if, for any reason, the Property is not transferred by Seller to Buyer. Until restoration is complete, Buyer shall take all steps necessary to ensure that any conditions on the Property created by Buyer's inspections do not interfere with the normal operation of the Property, or create any dangerous, unhealthy, unsightly or noisy conditions on the Property. The restoration obligation contained in this Section 5.2(g) shall survive the termination of this Agreement;

(h) Buyer shall indemnify and hold Seller harmless from and against any and all loss or liability resulting from the activities of Buyer, its employees, agents consultants or contractors upon the Property provided, however, that Buyer's indemnity hereunder shall not include any losses, cost, damage or expenses resulting from (a) the acts of Seller or Seller's employees, agents, contractors or invitees, or (b) the discovery of any pre-existing condition of the Property; and further provided that Buyer shall have no obligation to repair any damage caused by Seller's negligence or willful misconduct or to remediate, contain, abate or control any Hazardous Material or any defect that existed at the Property prior to Buyer's entry thereon. Buyer shall, at its sole cost and expense, promptly repair any damage caused by such inspections, tests and studies if, for any reason, the Property is not transferred by Seller to Buyer. The indemnity obligations contained in this Section 5.2(h) shall survive Close of Escrow or any termination of this Agreement;

(j) Buyer's inspections, and the results thereof, shall remain confidential pursuant to the terms of this Agreement.

(k) Seller and Buyer each shall designate one (1) representative to act for them in scheduling and arranging visits to and inspections of the Property and in coordinating the delivery of and/or access to the due diligence materials pursuant to Section 5.1 above. Pursuant to this Section 5.2(k), Buyer hereby designates Jim Serbia as its representative and Seller hereby designates Eric Spoor as its representative. Each party shall have the right to change its respective representative by notice to the other party given in accordance with Section 27.11 below.

5.3. Status of Title. If Buyer disapproves of any of the exceptions to title identified in the Preliminary Report (each a "Disapproved Title Exception") before the expiration of the Feasibility Study Period and evidences its disapproval by giving written notice of such disapproval to Escrow Holder and Seller within the Feasibility Study Period ("Title Disapproval Notice"), this contingency shall be deemed to have failed unless, within five (5) business days after Seller's receipt of the Title Disapproval Notice, Seller provides Buyer with evidence satisfactory to Buyer, in Buyer's sole discretion, that each of the Disapproved Title Exceptions will be eliminated on or before the Closing Date. If Seller fails to timely provide such evidence, Buyer nevertheless has the right to waive its prior disapproval within fifteen (15) days after the date Buyer gave its written notice of such disapproval. Nevertheless, Seller shall use commercially reasonable efforts to eliminate each Disapproved Title Exception unless and until this Agreement is terminated. In the event Buyer does not timely deliver a Title Disapproval Notice, Buyer shall be deemed to have approved the exceptions to title identified in the Preliminary Report and to have irrevocably waived its right to rely on a Disapproved Title Exception as a basis for terminating this Agreement or

otherwise limit its obligations hereunder. The Disapproved Title Exceptions shall not include non-delinquent real property taxes and assessments.

5.4. Representations and Warranties of Seller. The representations and warranties of Seller contained in Section 17 and elsewhere in this Agreement were true in all material respects when made, and are true in all material respects as of the Closing Date and Buyer shall have received a certificate signed by an authorized officer of Seller to that effect ("Seller's Date Down Certificate").

5.5. No Adverse Actions. As of the Closing Date, there may not then be pending or threatened, any litigation, administrative proceeding, investigation or other form of governmental enforcement, executive or legislative proceeding in any way related to, directed at or otherwise affecting the use, operation or occupancy of the Property which, if determined adversely, would (i) restrain the consummation of any of the transactions herein referred to, (ii) declare illegal, invalid, or non binding any of the covenants or obligations of the parties herein, (iii) have material and adverse effect on the operations of the Property, (iv) adversely and materially affect the value of the Property or (v) adversely and materially affect the ability of Buyer to continue to operate the Property in the manner heretofore operated by Seller.

5.6. Release from Contracts. Before the Closing Date, Seller shall have provided evidence reasonably satisfactory to Buyer that on the Closing Date: (a) Buyer will not be subject to any property management agreements or other service contracts applicable to the Property, except as approved in writing by Buyer; and (b) the Existing Lease shall be terminated. Such evidence reasonably required by Buyer may include a specific release by the parties to such agreements releasing Buyer and the Property from any and all claims.

5.7. Owner's Policy. Escrow Holder in its capacity as title insurer must be unconditionally committed to issue Buyer, in accordance with Section 11 of this Agreement, as of each of the Closing Date, an ALTA Extended Coverage Owner's Policy of Title Insurance, insuring Buyer in the amount of the Purchase Price that title to the Real Property and Improvements, is vested in Buyer on the Close of Escrow, subject only to those exceptions to title described in the Preliminary Report other than the Disapproved Title Exceptions, accompanied by appropriate endorsements regarding, and deletions of, the standard mechanic's lien and survey exceptions, and such additional affirmative coverage reasonably required by Buyer (the "Title Policy"). Buyer shall cooperate reasonably with Seller's and Escrow Holder's (in its capacity as title insurer) efforts to comply with this Section 5.7, including, without limitation, timely responding to reasonable inquiry from Seller or Escrow Holder and executing any documents necessary to issue the title policy as may be reasonably requested.

5.8. Lot Line Adjustment. Before the expiration of the Feasibility Study Period, Buyer shall have the right, at Buyer's sole cost and expense, to obtain all governmental approvals for and arrange for the recording of a lot line adjustment or other document transferring a portion of Lot 29 to the Real Property, as necessary to increase the square footage that can be developed on the Real Property as an administrative/laboratory building to at least 78,000 square feet (calculated in accordance with the Planned Industrial Development ("PID") regulations governing the Real Property) (the "Lot Line Adjustment"). Buyer shall have the right to terminate this Agreement upon written notice to Seller at any time prior to the end of the Feasibility Study Period if Buyer is unable

to timely complete the Lot Line Adjustment, otherwise such contingency shall be deemed waived as of the expiration of the Feasibility Study Period.

5.9. Lease. Before the Closing Date, Buyer and Neurocrine shall each execute the Lease, which shall be a triple net lease for the Property in the form attached as Exhibit B to be effective as of the Closing Date, whereby Buyer shall lease to Seller the entire facility located at 10555 Science Center Drive, San Diego, CA.

5.10. Guaranty. Before the Closing Date, Seller shall cause Neurocrine, as guarantor, to execute and deliver to Buyer the Guaranty in the form attached hereto as Exhibit C.

5.11. Lot 29 Closing. Neurocrine shall have closed escrow and sold Lot 29 to Buyer, in accordance with the terms of a separate purchase agreement (the "Lot 29 Purchase Agreement") simultaneously with the Closing.

5.12. Approvals. Before the expiration of the Feasibility Study Period, this Agreement shall be approved by the Boards of Directors of Seller's managers and by the Pfizer Leadership Team of Buyer.

5.13. Cooperation. Buyer shall use reasonable and good faith efforts to cooperate with any reasonable request by Seller related to the fulfillment or performance necessary to satisfy Buyer's Conditions

5.14. Waivers. Any one or more of the foregoing Buyer's Conditions set forth in Sections 5.2 through 5.8 inclusive (but not 5.9 or 5.10), may be waived by Buyer on or before the Closing Date (unless another date is specified or, by the terms hereof, applicable), but no such waiver is effective unless specifically contained in a written instrument executed by Buyer and delivered to Seller and Escrow Holder. Except to the extent set forth to the contrary in the next sentence, no waiver of Buyer's Conditions set forth in the preceding sentence may be implied from any act or omission of Buyer nor may a waiver of any one item constitute a waiver of any other item.

6. Status

6.1. As-Is Purchase. Except for the warranties, representations and indemnifications of Seller expressly set forth in this Agreement, Seller hereby specifically disclaims any warranty, guaranty or representation, oral or written, past, present or future, of, as to or concerning (i) the nature and condition of the Property, including, but not by way of limitation, the water, soil, geology, environmental conditions (including the presence or absence of any Hazardous Materials (defined in Section 18.13 below)), and the suitability thereof for any and all activities and uses which Buyer may elect to conduct thereon; (ii) the nature and extent of any right-of-way, possessory interest, lien, encumbrance, restrictions, reservation, covenant or condition affecting the Property; and (iii) the compliance of the Property or its operation with any laws, ordinances or regulations of any government or quasi-governmental body or private associate having jurisdiction over the Property. The sale of the Property as provided for herein is made on an "AS IS" basis, and Buyer expressly acknowledges that, in consideration of the agreements of Seller herein, and except for the warranties and representations of Seller expressly set forth herein, SELLER MAKES NO WARRANTY OR REPRESENTATION, EXPRESS OR IMPLIED, OR ARISING BY

OPERATION OF LAW, INCLUDING, BUT IN NO WAY LIMITED TO, ANY WARRANTY OF CONDITION, HABITABILITY, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OF THE PROPERTY.

6.2. Release. Excluding any claim that Buyer may have against Seller as a result of any breach by Seller of any of Seller's representations or warranties set forth in this Agreement or pursuant to any indemnification by Seller set forth in this Agreement, effective as of Close of Escrow, Buyer, for itself and its agents, affiliates, successors and assigns, hereby releases and forever discharges Seller and its officers, directors, shareholders, members, partners, agents, affiliates, successors and assigns (collectively, "Seller's Parties") from, and waives any right to proceed against Seller or Seller's Parties for, any and all costs, expenses, claims, liabilities and demands (including attorneys' fees and costs) at law or in equity, whether known or unknown, arising out of the physical, environmental, economic, legal or other condition of the Property, including any claims for contribution pursuant to the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, or any other Hazardous Material Laws (as defined in Section 18.13 below) which Buyer has or may have in the future. Without limiting the foregoing, Buyer hereby specifically waives the provisions of Section 1542 of the California Civil Code which provide:

"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR."

By initialing below in this Section 6.2, Buyer hereby specifically acknowledges that Buyer has carefully reviewed this Section 6.2, and discussed its import with legal counsel, is fully aware of its consequences, and that the provisions of this Section 6.2 are a material part of this Agreement:

BUYER'S INITIALS
JLL
____

7. Conditions Precedent to Obligations of Seller. Seller's obligations under this Agreement are subject to Seller's written notification to Buyer and Escrow Holder that the following conditions precedent (collectively, "Seller's Conditions") have been satisfied, approved, or waived by Seller, determined in Seller's sole discretion, on or before the Closing Date.

7.1. Lease. Buyer shall have executed the Lease.

7.2. Approvals. Before the expiration of the Feasibility Study Period, this Agreement shall be approved by the Boards of Directors of Seller's managers and by the Pfizer Leadership Team of Buyer.

7.3. No Proceedings. No suit, action or other proceeding (instituted by any party other than Seller) shall be pending which seeks, nor shall there exist any judgment the effect of which is, to restrain the purchase of the Property by Buyer;

7.4. Buyer's Representations True and Correct. Buyer's representations and warranties set forth herein shall be true and correct in all material respects when made, and are

true in all material respects as of the Closing Date, and Seller shall have received a certificate signed by an authorized representative of Buyer to that effect ("Buyer's Date Down Certificate");

7.5. Performance of Covenants. Buyer shall have performed all of Buyer's covenants and agreements contained in this Agreement that are required to be performed by Buyer prior to or on Close of Escrow;

7.6. Replacement Property. Before the Closing Date, Seller shall have closed escrow and purchased certain real property located in the Del Mar Heights Corporate Center acceptable to Seller in Seller's sole and absolute discretion (the "Replacement Property"). Such closing shall be made by Seller, if at all, in Seller's sole and absolute discretion and is currently anticipated to occur on or before June 30, 2003; and

7.7. Lot 29 Closing. Buyer shall have closed escrow and purchased Lot 29 from Neurocrine, in accordance with the terms of the Lot 29 Purchase Agreement, simultaneously with the Closing.

7.8. Waivers. Any one or more of the foregoing Seller's Conditions set forth in Sections 7.1 through 7.7 may be waived by Seller on or before the Closing Date (unless another date is specified), but no such waiver is effective unless specifically contained in a written instrument executed by Seller and delivered to Buyer and Escrow Holder. No waiver of Seller's Conditions set forth in the preceding sentence may be implied from any act or omission of Seller nor may a waiver of any one item constitute a waiver of any other item.

8. Buyer's Deliveries. Buyer shall deliver to Escrow Holder, on or before each of the Closing Date, for disbursement, delivery or recordation, as provided in this Agreement, the following funds, instruments, and documents (validly executed where applicable), the delivery of which is material to the consummation of the subject transaction:

8.1. Cash or Cash Equivalent. Cash or other immediately available funds in the amount required of Buyer under this Agreement at least two (2) business days preceding the Closing Date, including, without limitation, sufficient funds to meet Buyer's obligations under Section 1 above, and Sections 10 and 11 below.

8.2. Bill of Sale. Buyer's signed acknowledgment of the Bill of Sale (as defined below).

8.3. Buyer's Date Down Certificate. The Buyer's Date Down Certificate in accordance with Section 7.4 above.

8.4. Lease. Buyer shall deliver to Escrow its executed counterpart of the Lease on or before the Closing Date.

8.5. Other Documents. Any documents reasonably required of Buyer by Title Company or Escrow Holder in order to consummate the subject transaction.

9. Seller's Deliveries. Seller shall execute and deliver to Escrow Holder on or before the Closing Date, as applicable, for disbursement, delivery or recordation, as provided in this

Agreement, the following instruments and documents, the delivery of which is material to the consummation of the subject transaction:

9.1. Deed. A grant deed duly executed and acknowledged by Seller, conveying good and marketable title to the Real Property and Improvements in the form of Exhibit E attached hereto and incorporated herein (the "Deed").

9.2. Bill of Sale. A bill of sale, substantially in the form of attached Exhibit F conveying all of the Personal Property and Intangible Property to Buyer (the "Bill of Sale").

9.3. Seller's Date Down Certificate. The Seller's Date Down Certificate (as defined in Section 5.4 above).

9.4. Evidence of Authorization. Evidence in form and substance reasonably satisfactory to Buyer and its legal counsel that Seller is authorized to enter into and consummate the transactions contemplated by this Agreement.

9.5. FIRPTA Affidavit. A FIRPTA affidavit from Seller, in the form of attached Exhibit G, duly executed and acknowledged by Seller, certifying under penalty of perjury (a) Seller's United States taxpayer identification number and (b) that Seller is not a foreign person, in accordance with Section 1445 of the Internal Revenue Code of 1986, as amended (the Foreign Investment in Real Property Tax Act). If Seller shall fail to deposit into Escrow the Non-Foreign Person Certificate as required by this Agreement, Buyer may at its option either (i) delay Close of Escrow until such time as Seller has complied with the conditions set forth herein, and such adjournment shall not place Buyer in default of its obligations hereunder, or (ii) withhold from the purchase price and remit to the Internal Revenue Service, a sum equal to ten percent (10%) of the gross selling price of the Property or such other sum as shall be required in accordance with the withholding obligations imposed upon Buyer pursuant to Section 1445 of the Code. Such withholding shall not place Buyer in default under this Agreement, and Seller shall not be entitled to claim that such withholding shall excuse Seller's performance under this Agreement.

9.6. Lease. Seller shall deliver to Escrow its executed counterpart of the Lease on or before the Closing Date.

9.7. Termination of Existing Lease. Seller shall deliver to Escrow an original agreement terminating the Existing Lease, executed by Seller and Neurocrine, on or before the Closing Date.

9.8. Assignment, etc. All assignments, and other documents and instruments, as reasonably requested by Buyer, that may be necessary in order for Seller to comply with its obligations under this Agreement and to effectuate the transactions contemplated by this Agreement, in each case duly executed by Seller, conveying to Buyer all portions and aspects of the Property.

9.9. Other Documents. All other documents reasonably required of Seller by Title Company or Escrow Holder in order to consummate the subject transaction.

10. Closing Escrows. On the Closing Date, and provided Escrow Holder has received all the documents, instruments and funds required to be delivered by Buyer and Seller in accordance

with Sections 8 and 9, above, and provided Title Company is prepared to issue the Title Policy on the Close of Escrow and that all other conditions to the Close of Escrow have been satisfied (or waived by the party to this Agreement who benefits from such condition), and provided Escrow Holder is prepared to perform all of the following, Escrow Holder shall promptly perform all of the following:

10.1. Recording. Cause the Deed and any other documents which Buyer and Seller may mutually direct, to be recorded with the Official Records of San Diego County, California.

10.2. Seller's Deliveries. Disburse to Buyer all of the other deliveries of Seller made pursuant to Section 9, above.

10.3. Buyer's Deliveries. Disburse to Seller all of the deliveries of Buyer made pursuant to Section 8, above.

10.4. Costs and Prorations. Pay the costs and apply the prorations in accordance with Sections 11 and 12, below.

10.5. Issuance of Owner's Policy. Cause the Title Policy to be issued and delivered to Buyer.

10.6. Disbursement of Purchase Price. Disburse to Seller, or in accordance with Seller's instructions (after making appropriate adjustments for costs and prorations as provided in this Agreement), all funds deposited with Escrow Holder by Buyer in payment of the Purchase Price.

11. Costs. Buyer and Seller shall pay costs and expenses associated with the transaction contemplated by this Agreement as follows: (a) Buyer and Seller shall each pay one half of Escrow Holder's fee, (b) Seller shall pay applicable county transfer and stamp taxes, surtaxes and fees payable in connection with the recordation of the Deed, (c) Buyer and Seller shall each pay one-half of city transfer and stamp taxes, surtaxes and fees payable in connection with the recordation of the Deed (d) Seller shall pay the cost of the Title Policy and (e) Buyer and Seller shall each pay one-half of Escrow Holder's reasonable and customary charges for document drafting, recording and miscellaneous charges. Buyer and Seller shall pay their own legal fees and costs in connection with this Agreement and the transaction contemplated by this Agreement.

12. Prorations. The following shall be prorated between Buyer and Seller, as of the Close of Escrow, on the basis of the actual number of days during the month in which the Close of Escrow occurs: (a) general and special county and city real property taxes and special assessments ("Taxes"); (b) utilities; and (c) any service agreements transferred to Buyer at the Close of Escrow. The amount of any utility deposit, or any other deposit transferred to Buyer pursuant hereto, shall be credited to Seller and debited to Buyer. Proration of Taxes must be based on the most recent official tax bills or notice of valuation available to the general public for the fiscal year in which the Close of Escrow (such obligation to survive the Close of Escrow) occurs, and to the extent the tax bills do not accurately reflect the actual Taxes assessed against the Property (or any portion of the Property), then Buyer and Seller shall adjust such actual Taxes between Buyer and Seller, outside of Escrow, as soon as reasonably possible following the Close of Escrow. In the event that after the Closing, there

shall be a retroactive increase in any Taxes imposed on the owner of the Property: (i) if such increase shall relate to the tax year in which the Close of Escrow occurred, such increase shall be prorated by Seller and Buyer on a per diem basis based on their respective periods of ownership during the period such increase is effective, (ii) if such increase shall relate to any tax year subsequent to the tax year during which the Close of Escrow occurred, such increase shall be the obligation of Buyer, and (iii) if such increase shall relate to any tax year prior to the tax year during which the Close of Escrow occurred, such increase shall be the obligation of Seller. In addition to the foregoing apportionments, Seller shall receive all other income accrued prior to the a Close of Escrow and shall pay all other expenses accrued or incurred in the operation of the Property prior to the Close of Escrow and Buyer shall receive all other income accruing on or after the Close of Escrow and shall pay all other expenses incurred or accrued in the operation of the Property on or after the Close of Escrow. If and to the extent Escrow Holder requires any information or instructions from Buyer and Seller in order to perform such prorations, Buyer and Seller shall furnish Escrow Holder with further mutual instructions. Escrow Holder shall not be concerned with any prorations that are to be made after the Close of Escrow pursuant to this Agreement.

13. Failure of Escrow to Close. In the event Escrow fails to close by reason of the failure of any of Buyer's Conditions to be timely satisfied with respect to the Property, or by reason of any default by Seller under this Agreement, Buyer shall be entitled to the immediate return of the Deposit plus interest accrued thereon, less one half of Escrow Holder's and Title Company's cancellation costs. In the event Seller fails to return to Buyer any funds previously delivered to Seller which Buyer is entitled to receive under the provisions of this Section or fails to deliver written instructions to Escrow Holder to release any such funds held by Escrow Holder within five (5) business days of written demand therefor, Buyer shall be entitled to collect from Seller, in addition to such amounts, interest on such amounts at the rate of 10 percent per annum from the date of written demand until the date such amounts are actually paid.

14. Additional Covenants.

14.1. Required Entitlements. Seller shall use reasonable efforts to assist Buyer, at Buyer's expense, in the preparation and processing of all documentation reasonably required in connection with obtaining the Buyer's Preferred Entitlements.

14.2. Parking Plan. The parties shall use best efforts to promptly agree during the Feasibility Study Period to a parking plan to provide for Neurocrine's use of: (a) at least 18 parking spaces on Lot 29 for Neurocrine's employees and visitors during the period between the closing date for Lot 29, pursuant to the Lot 29 Purchase Agreement, and the date when Buyer's construction activities on Lot 29 prevent such parking on Lot 29 (the "Disruption Date"), (b) at least 43 parking spaces (in addition to existing spaces on the Real Property) for Neurocrine's employees and visitors during the period between the Disruption Date and the expiration or earlier termination of the Lease, and (c) an increase in the number of spaces provided in (a) and (b) above equal to any decrease in the permitted number of parking spaces on the Real Property resulting from the Lot Line Adjustment. The parking plan shall also provide that in the event that Buyer's construction activities on Lot 29 result in excessive mud and dirt accumulation on vehicles owned by Neurocrine's employees, Buyer will arrange for distribution of free car wash coupons to such employees. Buyer's obligations under this Section 14.2 shall survive the Close of Escrow.

14.3. Short Form Purchase and Sale Agreement. As soon as practicable following the Effective Date, the parties shall each execute and acknowledge and deliver to Escrow Holder for recordation in the Office of the San Diego County Recorder, a short form memorandum of this Agreement, the form and content of which shall be reasonably satisfactory to Buyer and Seller.

14.4. Seller's Continuing Disclosure. Until the Lot 30 Closing shall have occurred, Seller shall promptly disclose to Buyer Seller's actual knowledge of any adverse or potentially adverse occurrence with respect to the Property, including without limitation any such occurrence which would be inconsistent with any of Seller's representations and warranties in Section 17, and shall amend in writing the EHS Schedule, if applicable. Seller's "actual knowledge" shall mean the actual knowledge, following due inquiry, of the following officers of Seller's manager and their successors, Gary Lyons, Paul Hawran, Eric Spoor and Kevin Gorman, whom Seller represents are the most likely persons within Seller's manager's organization to receive notice relating to the condition of the Property.

14.5. Confidentiality. Buyer shall keep all information and reports obtained from Seller or relating to the Property or the proposed transaction confidential and shall not disclose any such confidential information to any third party (other than Buyer's agents, employees or advisors) without obtaining Seller's prior written consent. Seller shall keep all information relating to the proposed transaction confidential and shall not disclose any such confidential information to any third party (other than Seller's agents, employees or advisors) without obtaining Buyer's prior written consent.

14.6. Exclusivity. During the term of this Agreement, Seller will deal exclusively and only with Buyer with regard to the sale of the Property. Seller will not provide due diligence materials to any other party, nor will it solicit any other offers for the purchase of the Property or otherwise entertain, discuss or negotiate as to any unsolicited offer or other expression of interest during the term of this Agreement.

15. Remedies.

15.1. Buyer's Remedies for Seller's Default. If Seller breaches this Agreement, then Buyer may, at Buyer's election, (a) terminate this Agreement and Buyer's obligations under this Agreement, in which event Escrow Holder shall (without Escrow Holder's requiring any further instruction from Seller) return to Buyer the Deposit (and any interest accrued on the Deposit) pursuant to Section 12 above, and Buyer may pursue any legal or equitable remedy available to Buyer, including without limitation a claim for damages which shall include all costs incurred by Buyer in connection with its due diligence investigation of the Property and costs incurred in connection with applying for or obtaining financing for the acquisition or development of the Property, and/or (b) enforce specific performance of the provisions of this Agreement.

15.2. SELLER'S REMEDIES FOR BUYER'S DEFAULT. IN THE ABSENCE OF A DEFAULT BY SELLER AND SO LONG AS ALL OF BUYER'S CONDITIONS HAVE BEEN TIMELY SATISFIED, IF BUYER BREACHES THIS AGREEMENT, THEN SELLER SHALL BE ENTITLED TO RECEIVE, AS LIQUIDATED DAMAGES AND AS ITS SOLE REMEDY, THAT PORTION OF THE DEPOSIT THEN REMAINING IN ESCROW (TO THE EXTENT SUCH FUNDS HAVE BEEN DEPOSITED INTO

ESCROW AND HAVE BECOME NON REFUNDABLE TO BUYER PURSUANT TO THE PROVISIONS OF THIS AGREEMENT). BUYER SHALL HAVE NO OTHER LIABILITY TO SELLER UNDER THIS AGREEMENT FOR DAMAGES, SPECIFIC PERFORMANCE OR OTHERWISE PROVIDED, HOWEVER, THAT THIS PROVISION SHALL NOT LIMIT SELLER'S RIGHT TO OBTAIN REIMBURSEMENT FOR ATTORNEYS' FEES AND COSTS, AFFECT BUYER'S RESTORATION OBLIGATIONS, OR WAIVE OR AFFECT BUYER'S INDEMNITY OBLIGATIONS AND SELLER'S RIGHTS TO THOSE INDEMNITY OBLIGATIONS UNDER THIS AGREEMENT. THE PAYMENT OF THE DEPOSIT AS LIQUIDATED DAMAGES IS NOT INTENDED AS A FORFEITURE OR PENALTY WITHIN THE MEANING OF CALIFORNIA CIVIL CODE SECTIONS 3275 OR 3369, BUT IS INTENDED TO CONSTITUTE LIQUIDATED DAMAGES TO SELLER PURSUANT TO CALIFORNIA CIVIL CODE SECTIONS 1671, 1676 AND 1677. SELLER HEREBY WAIVES THE PROVISIONS OF CALIFORNIA CIVIL CODE SECTION 3389. BUYER AND SELLER ACKNOWLEDGE AND RECITE THAT SUCH SUM IS REASONABLE CONSIDERING ALL OF THE CIRCUMSTANCES EXISTING ON THE DATE OF THIS AGREEMENT, INCLUDING THE RELATIONSHIP OF SUCH SUM TO THE RANGE OF HARM TO SELLER THAT COULD BE ANTICIPATED AND THE ANTICIPATION THAT PROOF OF CAUSATION, FORESEEABILITY, AND ACTUAL DAMAGES WOULD BE COSTLY OR INCONVENIENT. BUYER AND SELLER ACKNOWLEDGE THAT IT WOULD BE IMPRACTICABLE OR EXTREMELY DIFFICULT TO FIX THE ACTUAL DAMAGE THAT SELLER WOULD INCUR IF BUYER BREACHES THIS AGREEMENT. BUYER AND SELLER ACKNOWLEDGE AND RECITE THAT THEY POSSESS APPROXIMATELY EQUAL BARGAINING STRENGTH AND SOPHISTICATION. IN PLACING THEIR INITIALS BELOW, BUYER AND SELLER SPECIFICALLY CONFIRM THE ACCURACY OF SUCH FACTS AND THE FACT THAT EACH OF BUYER AND SELLER WAS REPRESENTED BY LEGAL COUNSEL WHO EXPLAINED THE CONSEQUENCES OF THIS PARAGRAPH AT THE TIME THIS AGREEMENT WAS MADE.

SELLER'S INITIALS	BUYER'S INITIALS
PWH	JLL
________________	________________

16. Possession; Documents. Except as otherwise provided in the Lease, Possession of the Property and any keys thereto shall be delivered by Seller to Buyer on the Close of Escrow. At the Close of Escrow, Seller shall deliver to Buyer as a part of the purchase of the Property, originals of all documents which relate to the Property (other than those which relate to Neurocrine's business operations at the Property) and will remain in effect following the Close of Escrow.

17. Survival. Except as expressly provided to the contrary elsewhere in this Agreement, the covenants, conditions, representations and warranties of this Agreement shall survive the Closing Date and the recordation and delivery of the Deed until 18 months after Neurocrine vacates the Property in accordance with the Lease.

18. Seller's Representations and Warranties. The truth and accuracy of the following shall constitute a condition to the Close of Escrow and Seller represents and warrants that the following are complete and accurate as of the Effective Date and, shall, except to the extent set forth to the

contrary below or in writing to Buyer prior to the Close of Escrow, be complete and accurate as of the Closing Date.

18.1. Legal Power, Right, Authority and Enforceability. Seller has the legal power, right and authority to enter into this Agreement and to consummate the transactions contemplated by this Agreement. All requisite action (corporate, partnership, trust or otherwise) has been taken by Seller in connection with entering into this Agreement and the consummation of the transactions contemplated by this Agreement. The individual executing this Agreement on behalf of Seller has the legal power, right, and actual authority to bind Seller to the terms and conditions of this Agreement. This Agreement and all documents required by this Agreement to be executed by Seller shall be valid, legally binding obligations of and enforceable against Seller in accordance with their terms.

18.2. No Conflict or Breach. Neither the execution and delivery of this Agreement, nor the incurrence of the obligations set forth in this Agreement, nor the consummation of the transactions contemplated by this Agreement, nor compliance with the provisions of this Agreement will conflict with or result in a breach of any of the provisions of, or constitute a default under, any bond, note or other evidence of indebtedness, contract, indenture, mortgage, deed of trust, loan, agreement, lease or other agreement or instrument to which Seller is a party or by which Seller is bound.

18.3. FIRPTA. Seller is not a foreign person within the meaning of Section 1445 of the Internal Revenue Code of 1986, as amended (the Foreign Investment in Real Property Tax Act).

18.4. Litigation. To the best of Seller's knowledge, there are no actions, suits, claims, legal proceedings or any other proceedings affecting the Property or any portion of the Property, at law or in equity, before any court or governmental agency, domestic or foreign.

18.5. Violation of Laws. Seller has not received any notices of violation of any federal, state, county or municipal or other governmental agency law, ordinance, regulation, order, rule or requirement relating to the Property, or any portion of the Property, the violation of which could be reasonably anticipated by Seller to have a material adverse effect on the Property, and Seller has no reason to believe that any such notice may or will be, issued, entered or received.

18.6. Eminent Domain. There is no pending or, to the best of Seller's knowledge, threatened proceeding in eminent domain or otherwise, which would affect the Property, or any portion of the Property, nor does Seller know of the existence of any facts which might give rise to any such action or proceeding.

18.7. Governmental Changes. Seller has no actual knowledge of any plan, study or effort of any governmental authority or agency which could be reasonably anticipated by Seller to have a material adverse effect on the use of the Property, or any material portion of the Property, for its intended uses.

18.8. Street Changes. Seller has not received written notice of any existing, proposed or contemplated plan to widen, modify or realign any street or highway contiguous to the Property, or any portion of the Property.

18.9. Delinquent Assessments. To the best of Seller's knowledge, there is no delinquent special assessment relating to the Property, except as shown in the Preliminary Title Report.

18.10. Public Improvements. Seller has received no notice of any intended public improvements which will result in any charge being levied or assessed against, or in the creation of any lien upon, the Property, or any portion of the Property, except as shown in the Preliminary Title Report.

18.11. Title Matters. To Seller's actual knowledge, there are no liens (including without limitation mechanics' liens) or encumbrances on, or claims to, or covenants, conditions, restrictions, easements, encroachments, rights, rights of way or other matters affecting the Property, except for those items described in the Title Policy.

18.12. Hazardous Matters. Except as may be disclosed to Buyer in writing on a Schedule of Environmental and Hazardous Waste Exceptions (the "EHS Schedule") to be delivered to Buyer by Seller no later than 30 days after opening of Escrow and updated in accordance with Section 13.6, and except for the conditions acknowledged by Buyer in Section 20.5 below, Seller does not know of the existence of any hazardous wastes, toxic substances or other pollutants or, contaminants on, in or under the Property in such quantity which could be reasonably anticipated by Seller to (1) be detrimental to human health or the environment, (2) be in violation of any governmental laws or regulations, or (3) have a material adverse effect on the value of the Property or Buyer's intended use of the Property.

18.13. Hazardous Materials. Except as may be disclosed on the EHS Schedule:

18.13.1. Seller has no actual notice that the Property is identified on (1) the current or proposed National Priorities List under 40 C.F.R. Section 300, (2) the current or proposed Comprehensive Environmental Response and Liability Information System ("CERCLIS") List, or (3) a list arising from a state or local statue similar to the Comprehensive Environmental Response, Compensation and Liability Act, as amended, 42 U.S.C.A. Section 96.01 et seq. ("CERCLA").

18.13.2. Except for small quantities of materials customarily used in connection with the operation or maintenance of the Property and Neurocrine's business operations therein, Seller has not used nor is Seller using the Property for the use, production, manufacturing, processing, generation, storage, disposal, management, shipping or transportation of the following materials (collectively, the "Hazardous Materials"): (i) solid or hazardous wastes, as defined in the U.S. Resource Conservation and Recovery Act, or in any applicable federal, state or local law or regulation; (ii) hazardous substances, pollutants, or contaminants as defined in CERCLA, or in any applicable federal, state or local law or regulation; (iii) toxic substances, as defined in the Toxic Substance Control Act, 15 U.S.C. Section 2601 et seq., or in any applicable state or local law or regulation; (iv) insecticides, fungicides or rodenticides, as defined in the Federal Insecticide, Fungicide or Rodenticide Act, 7 U.S.C. Section 135 et seq., or in any applicable state or local law or regulation; (v) radioactive materials, biohazardous wastes, or infectious agents, each as defined in the California Health and Safety Code, or in any applicable federal, state or local law or regulation; or (vi) crude oils, petroleum or products or fractions thereof.

18.13.3. There has been no release (as defined in CERCLA, or in any other applicable federal, state or local law or regulation relating to Hazardous Materials Laws (as defined in Section 19 below)) of Hazardous Materials by Seller or, to Seller's actual knowledge, by any other person at, on, in, under or in any way affecting the Property.

18.13.4. Seller has not received any notice of any violation affecting the Property under any Hazardous Materials Laws.

18.14. Permits and Licenses. All permits and licenses necessary for construction of the Improvements were obtained prior to their construction and construction of the Improvements was done in material compliance with all federal, state, county, municipal or other governmental agency laws, ordinances, regulations, orders, rules and requirements, or any agreement, document or instrument to which the Property is bound.

18.15. Certificate of Occupancy. All required operating permits and certificates of occupancy for the Property have been obtained by Seller and are in full force and effect.

18.16. Building Systems. To the best of Seller's knowledge, there are no defects or deficiencies in the heating, air conditioning, plumbing, or other mechanical or electrical apparatus or appliances on or of the Property.

18.17. Leaks and Defects. To the best of Seller's knowledge, there are no leaks in the roof, exterior walls or structural components of, or other defects (latent or patent) in, the Improvements.

18.18. Access. There is reasonable access to and from the Property.

18.19. Life Safety Appendix to Building Code. The Property has been inspected in accordance with the Life Safety Appendix to the Building Code and such life safety inspection determined that no deficiencies existed in, on or under the Property.

18.20. Representations Generally. Except to the extent disclosed in writing to Buyer, no representation, warranty or statement of Seller in this Agreement or made by Seller in any document furnished or to be furnished to Buyer pursuant to this Agreement contains or will contain any untrue statement of a material fact. All such representations, warranties and statements of Seller are based upon correct, accurate and complete information as of the time furnished to Buyer, and there has been no material adverse change in such information subsequent to such time. If Seller obtains actual knowledge of a material adverse change in such information prior to the Close of Escrow, Seller shall immediately notify Buyer of such change. As used in this Agreement, "Seller's actual knowledge" has the meaning set forth in Section 14.6. Except for those representations and warranties expressly set forth in this Agreement, the parties understand and acknowledge that no person acting on behalf of Seller is authorized to make, and by execution hereof Buyer acknowledges that no person has made, any representation or warranty regarding the Property, or the transaction contemplated herein, or regarding the zoning, construction, physical condition or other status of the Property. No representation, warranty, agreement, statement, guaranty or promise, if any, made by any person acting on behalf of Seller which is not contained in this Agreement shall be valid or binding on Seller.

19. Indemnification.

19.1. Seller's Indemnification. Without in any way affecting Buyer's rights against Seller with respect to any breach or misrepresentation by Seller set forth in Section 18 or elsewhere in this Agreement, Seller hereby agrees, except to the extent caused or contributed to by the Buyer Indemnified Parties (as defined below), at its sole cost and expense, to indemnify, defend and hold Buyer, its subsidiary and affiliated companies and the officers, directors, employees, agents, successors, and assigns of each of them (the "Buyer Indemnified Parties") harmless for, from and against any claims, suits, liabilities (including, without limitation, strict liabilities), actions, proceedings, obligations, debts, damages, losses, costs, expenses, diminutions in value, fines, penalties, charges, fees, expenses, judgments, awards, amounts paid in settlement and damages of whatever kind or nature (including without limitation, reasonable attorneys' fees, court costs and other costs of defense) (collectively "Losses") arising with respect to the Property prior to the Closing Date, under any Hazardous Material Law (as defined below), and any other losses, which may be incurred by or asserted against the Buyer Indemnified Parties directly or indirectly resulting from the presence of any Hazardous Materials on the Property (except to the extent caused by any Buyer Indemnified Parties), including, without limitation (a) all foreseeable consequential damages; (b) the costs of any remediation of the Property, and the preparation and implementation of any closures, remedial or other required plans; and (c) all reasonable costs and expenses incurred by each of the Buyer Indemnified Parties in connection with (a) and (b), including reasonable attorneys' fees and court costs. Notwithstanding the presence of Hazardous Materials on the Property giving rise to Buyer's rights under this Section 19.1, Seller's remediation obligations hereunder shall be limited to those necessary for the Property to be in compliance with applicable Hazardous Materials Laws, and notwithstanding anything to the contrary herein, Seller shall have no obligation under this Agreement, or at law, for any conditions disclosed in Section 20.5 below. The liability of Seller under this Indemnification shall survive close of Escrow indefinitely, and shall not be subject to the time limitations on survival set forth in Section 17 above.

For purposes of this Section, the term "Hazardous Material Laws" together means and includes any present and future federal, state and local law, statute, ordinance, rule, regulation and the like, as well as common law relating to the environment and environmental conditions and/or the protection of human health or relating to liability for or costs of Remediation or prevention of Releases, including without limitation, the Resource Conservation and Recovery Act of 1976, 42 U.S.C. Section 6901, et seq., the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. Sections 9601-9657, as amended by the Superfund Amendments and Reauthorization Act of 1986, 42 U.S.C. Section 11001, et seq., the Federal Water Pollution Control Act, 33 U.S.C. Sections 1251, et seq., the Clean Air Act, 42 U.S.C. Sections 741, et seq., the Clean Water Act, 33 U.S.C. Section 7401, et seq., the Toxic Substances Control Act, 15 U.S.C. Sections 2601-2629, the Safe Drinking Water Act, 42 U.S.C.Sections 300f-300j, the Solid Waste Disposal Act, 42 U.S.C. Section 3251, et seq., the Hazardous Materials Transportation Act, 49 U.S.C. 1801, et seq., the California Health and Safety Code, the California Water Code Sections 13000, et seq.; and the California Civil Code Section 3479, et seq., and all other federal, state or local statutes and ordinances and the regulations, orders, decrees now or hereafter promulgated thereunder that regulate or impose liability in connection with the use, distribution, storage, handling or release of Hazardous Substances, with respect to the specific property at issue. "Hazardous Material Laws" also includes, but is not limited to, any present and future federal, state and local laws, statutes, ordinances, rules, regulations and the like, as well as common law, conditioning transfer of Property upon a negative declaration or other approval of a governmental authority of the environmental condition of the property; requiring notification or disclosure of releases or other environmental

condition of the Property to any governmental authority or other person or entity, whether or not in connection with transfer of title to or interest in property; imposing conditions or requirements relating to Hazardous Materials in connection with permits or other authorization for lawful activity; relating to nuisance, trespass or other causes of action related to the Hazardous Materials; and relating to wrongful death, personal injury, or property or other damage in connection with the physical condition or use of the Property by reason of the presence of Hazardous Materials in, on, under or above the Property.

19.2. Buyer's Indemnification. Without in any way affecting Seller's rights against Buyer with respect to any breach or misrepresentation by Seller set forth in Section 20 or elsewhere in this Agreement, Buyer hereby agrees, except to the extent caused or contributed to by the Seller Indemnified Parties (as defined below), at its sole cost and expense, to indemnify, defend and hold Seller, its members and affiliated companies, and the officers, directors, employees, agents, successors, and assigns of each of them (the "Seller Indemnified Parties") harmless for, from and against any Losses arising with respect to the Property after Neurocrine vacates the Property in accordance with the Lease, under any Hazardous Material Law (as defined below), and any other losses, which may be incurred by or asserted against the Seller Indemnified Parties directly or indirectly resulting from the violation of any Hazardous Material Law by Buyer or any person under Buyer's control (which shall not be deemed to include any of the Seller Indemnified Parties), including, without limitation (a) all foreseeable consequential damages; (b) the costs of any remediation of the Property, and the preparation and implementation of any closures, remedial or other required plans; and (c) all reasonable costs and expenses incurred by each of the Seller Indemnified Parties in connection with (a) and (b), including reasonable attorneys' fees and court costs. The liability of Seller under this Indemnification shall survive close of Escrow indefinitely, and shall not be subject to the time limitations on survival set forth in Section 17 above.

20. Buyer's Representations and Warranties. The truth and accuracy of the following shall constitute a condition to the Close of Escrow and Buyer represents and warrants that the following are complete and accurate as of the date of this Agreement, shall be complete and accurate as of the Close of Escrow, and shall survive the Close of Escrow.

20.1. Legal Power, Right and Authority. Buyer is a corporation duly organized and existing in good standing under the laws of the State of Delaware and is qualified to do business in California. Buyer has the legal power, right and authority to enter into this Agreement and to consummate the transactions contemplated by this Agreement.

20.2. Action. All requisite actions have been taken by the Pfizer Leadership Team (under a delegation of authority from the board of directors) of Buyer in connection with obtaining due authority to enter into this Agreement and to consummate the transactions contemplated by this Agreement.

20.3. Individual(s) Executing. The individual(s) executing this Agreement on behalf of Buyer is/are duly authorized to do so by the Pfizer Leadership Team (under a delegation of authority from the board of directors) and has/have the legal power, right, and actual authority to bind Buyer to the terms and conditions of this Agreement. This Agreement constitutes the binding obligation of Buyer and is enforceable against Buyer in accordance with all of its terms.

20.4. No Conflict or Breach. Neither the execution and delivery of this Agreement, nor the incurrence of the obligations set forth in this Agreement, nor the consummation of the transactions contemplated by this Agreement, nor compliance with the terms of this Agreement will conflict with or result in a breach of any of the terms, conditions or provisions of, or constitute a default under, any bond, note or other evidence of indebtedness or any contract, indenture, mortgage, deed of trust, loan, agreement, lease or other agreement or instrument to which Buyer is a party or by which the Property or any of Buyer's properties may be bound.

20.5. Buyer's Investigation. Buyer has (or will have) examined, inspected and conducted its own independent investigation of all matters with respect to the physical and environmental condition of the Property, taxes, bonds, permissible uses, zoning, covenants, conditions and restrictions and Buyer's intended use of the Property and all other matters which in Buyer's judgment bear upon the value and suitability of the Property for Buyer's purposes. Buyer acknowledges that, except for the detailed representations, warranties and indemnifications provided herein, Seller has not made any representation of any kind in connection with soils, environmental or physical conditions on, or bearing on, the use of the Property, and Buyer is relying solely on Buyer's own inspection and examination of such items and not on any representation of Seller. Buyer understands and acknowledges that: (a) property located within one thousand feet (1000') of the Property is currently being used for commercial engineering and manufacturing in the field of nuclear power, including the use, operation and/or production of high-temperature gas-cooled nuclear reactors, radioisotope and radiopharmaceutical substances, fusion, and research and development activities related thereto; (b) at one time, the Property was part of the real property covered by Special Nuclear Materials License No. SNM-696 issued by the U.S. Nuclear Regulatory Commission ("NRC") and License No. 0145-80 issued by the California Department of Health Services, Radiological Health Branch ("CDHS"); in 1988, upon request of General Atomics, the license-holder, the NRC released approximately 277 acres, including the Property from License No. SNM-696 for unrestricted use, after an investigation and evalutation of the released property (which release is evidenced by notice from the NRC dated June 22, 1988, and the subsequent amendment to the license; (c) to Seller's knowledge, remedial clean-up action on the Property was required by the NRC or CDHS prior to release of the Property, but Seller does not have the requisite information to determine the exact nature or condition of the Property or the effects such uses have had on the physical condition of the Property.

20.6. Facilities Benefit Association. Notwithstanding the representations and warranties of Seller, Buyer acknowledges that the City of San Diego ("City") has caused to be filed in the Official Records, documents setting forth boundaries for a Facilities Benefit Association entitled the North University City Facilities Financing Plan and Facilities Benefit Assessment, as revised from time to time ("FBA"), which includes the Property. Buyer acknowledges that, under the terms and provisions of the FBA, the City is empowered to assess certain fees against the Property at the time an application for a building permit is made, and Buyer covenants and warrants that Buyer shall pay all FBA and other fees assessed against the Property with respect to any additional development or redevelopment of the Property after the Closing Date, including, without limitation, administration, application and processing fees school fees, real property taxes and other exactions imposed on the Property in connection with such additional development or redevelopment. Buyer acknowledges that Seller is under no obligation to secure any additional allocation or reallocation of development rights applicable to the Property.

20.7. No Assignment. Buyer has not made (i) a general assignment for the benefit of creditors; (ii) filed any voluntary petition in bankruptcy or suffered the filing of an involuntary petition by Buyer's creditors; (iii) suffered the appointment of a receiver to take possession of all or substantially all of Buyer's assets; (iv) suffered the attachment or other judicial seizure of all, or substantially all, of Buyer's assets; (v) admitted in writing its inability to pay its debts as they become due; or (vi) made an offer of settlement, extension or composition to its creditors generally.

21. Operation of Property; New Leases and Service Agreements; Pre-Closing Investigation. At all times during the term of the Escrow, Seller shall operate and maintain the Property in the ordinary course of its business, and otherwise in a commercially reasonable manner and in conformity with Seller's current and previous practices. Until the Close of Escrow or termination of this Agreement (1) Seller shall not enter into any new service agreements with respect to the Property or any portion of the Property which shall continue beyond the Close of Escrow, including without limitation, property management agreements, without the prior written consent of Buyer and (2) Seller shall not directly or indirectly, solicit, accept or extend offers or otherwise market the Property, nor allow others access to the Property except in the normal course of business and not in connection with any other prospective sale, lease, or other transfer of the Property without the prior consent of Buyer, which consent Buyer shall not unreasonably withhold, condition or delay. Prior to Closing, Seller will cause the Property to be operated in a manner designed to ensure that its condition will not deteriorate, ordinary wear and tear, casualty and condemnation excepted. During the Feasibility Study Period, Buyer and Seller shall develop a list of criteria (the "Baseline Criteria") for determining whether the Property is in the same condition at Closing as it was at the conclusion of the Feasibility Study Period, ordinary wear and tear, casualty and condemnation excepted. Commencing on January 1, 2004, Neurocrine shall agree to afford to Buyer access to the Property for the purpose of conducting investigations, similar to the investigations conducted pursuant to Section 5.2, to determine whether the Baseline Criteria continue to be met. Neurocrine shall be entitled to accompany Buyer and its representatives in performing such investigations, which shall not interfere with Neurocrine's use of the Property. Any deficiencies in meeting the Baseline Criteria discovered during such investigations or discovered as a result thereof shall be remedied or repaired by Seller or Neurocrine, at Seller's or Neurocrine's expense in accordance with the covenants, terms and conditions of the Lease, prior to the expiration or earlier termination of the Lease.

22. Condemnation. If, prior to the Close of Escrow, any material portion of the Property is taken by eminent domain (or is the subject of a pending or contemplated taking which has not been consummated), then (1) Seller, if Seller has actual knowledge thereof, shall notify Buyer of such fact, and (2) Buyer shall have the option to terminate this Agreement with respect to the Property if such taking occurs prior to the Closing Date which termination shall be effective upon notice to Seller given no later than fifteen (15) days after receipt of Seller's notice. If this Agreement is so terminated, then (i) Seller shall pay all costs of Escrow Holder associated with the cancellation of the Escrow pursuant to this Section, (ii) neither Buyer nor Seller shall have any further rights or obligations under this Agreement (except to the extent set forth in the preceding sentence or indemnities under this Agreement with respect to events occurring prior to such termination, which indemnities shall survive any such termination), and (iii) Escrow Holder shall, without requiring any further instruction from Seller, immediately return to Buyer the Deposit and all interest accrued thereon consistent with the foregoing. If Buyer does not so terminate this Agreement, then (A) neither Buyer nor Seller shall have the right to terminate this Agreement by reason of such taking, and (B) Buyer and Seller shall proceed to the Close of Escrow pursuant to the terms of this

Agreement, without modification of the terms of this Agreement except that (1) Buyer shall receive a credit against the purchase price for any awards for such taking received by Seller prior to the Closing Date and shall be entitled to an assignment of all of Seller's rights to and interest in any condemnation award payable by reason of such taking, except for any portion of such award allocable to the cost of relocating Neurocrine's business from the Property to a location other than the Replacement Property, (2) rent payable under the Lease shall be equitably adjusted to reflect that portion of the Property taken by eminent domain; and (3) Seller shall not compromise, settle or adjust any claims to such awards without Buyer's prior written consent.

23. Destruction. If the Property is damaged by fire or other casualty on or before the Closing Date, and the estimated cost of repair is less than ONE MILLION DOLLARS ($1,000,000), the Purchase Price shall be reduced by the cost of repair as approved by Buyer. In the event of any such damage where the cost of repair exceeds ONE MILLION DOLLARS ($1,000,000), Seller immediately shall notify Buyer of such damage and Buyer shall have the right to terminate this Agreement by giving written notice (the "Termination Notice") of such election to Seller no later than ten (10) business days after receipt of Seller's notice of such damage. If this Agreement is so terminated, then (i) Seller shall pay all costs associated with the cancellation of the Escrow pursuant to this Section, (ii) neither Buyer nor Seller shall have any further rights or obligations under this Agreement (except to the extent of any indemnities under this Agreement with respect to events occurring prior to such termination, which indemnities shall survive any such termination), and (iii) Escrow Holder shall, without requiring any further instruction from Seller, immediately return to Buyer the Deposit and all interest accrued thereon. Notwithstanding the foregoing, if Buyer timely elects to terminate this Agreement pursuant to the foregoing right, then Seller may elect to repair the Property, using the proceeds of insurance policies maintained by Seller on the Property, in order to return it to its condition prior to the damage by giving written notice to Buyer of such election no later than ten (10) business days after receipt of Buyer's Termination Notice and, if Seller so elects, the Termination Notice shall be deemed null and void; provided, however, that such repairs shall be diligently performed by Seller and shall be completed as a condition to Neurocrine's right to terminate the Lease or surrender the Property upon expiration of the Lease. In the event that Buyer fails to timely deliver the Termination Notice following any event of damage giving rise to such a notice, then neither Buyer nor Seller shall have the right to terminate this Agreement by reason of such damage and Buyer shall elect one of the following two options prior to the Closing Date:

(1) The parties hereto shall proceed to the Close of Escrow pursuant to the terms of this Agreement, without modification of the terms of this Agreement, in which event Buyer shall be entitled to an assignment of the proceeds of all insurance relating to such fire or other casualty and a credit in the amount of Seller's deductible under such policy(ies); or

(2) The parties hereto shall proceed to the Close of Escrow pursuant to the terms of this Agreement, but modified to provide that the Purchase Price shall be reduced by the Determined Cost of Repair (as defined below), and to extend the Closing Date to the extent necessary to obtain a Determined Cost of Repair;

provided, however, that if the Buyer receives the proceeds of insurance or the Purchase Price is reduced by the Determined Cost of Repair, then unless and until the damage relating to such insurance proceeds or price reduction is completely repaired, rent payable under the Lease shall be equitably abated to reflect that portion of the Property rendered unusable by Neurocrine as a result of such damage.

"Determined Cost of Repair" means, for purposes of this Section, the good faith estimate of the cost to repair the Property and to return it to its condition prior to the damage by fire or other casualty, as agreed to in writing by Buyer and Seller. In the event Buyer and Seller do not agree as to a Determined Cost of Repair within five days after either party requests such a determination, Buyer and Seller each shall appoint a licensed contractor and give written notice of the name and address of such contractor to the other party. The two contractors thus appointed shall, within five (5) days after appointment of the last of the two contractors to be appointed, appoint a third contractor and deliver written notice of the name and address of such contractor to Buyer and Seller. Should either Buyer or Seller fail to appoint a contractor as required by this paragraph, the contractor appointed by the other party shall appoint two other contractors. Should the two contractors appointed by Buyer and Seller fail, for any reason, to appoint a third contractor within the time required, either Buyer or Seller may petition the Superior Court of San Diego County, California for the appointment of the third contractor. Within ten (10) days after appointment of the third contractor, the three contractors shall confer and each shall submit in writing to Buyer and Seller his honest and best estimate of the cost of repair of the Property, as described above, and the estimated cost agreed on in writing by any two of the three appointed contractors shall be conclusive and binding on Buyer and Seller, and shall establish the Determined Cost of Repair. Should no two of the three contractors agree on the estimated cost of repair of the Property, both the highest cost estimate and the lowest cost estimate submitted by the three contractors shall be disregarded and the remaining cost estimate shall be binding and conclusive on the parties as the Determined Cost of Repair. Notwithstanding anything to the contrary herein, if the difference between the Determined Cost of Repair and the proceeds of insurance (plus the amount of any deductible associated therewith) exceeds ten percent (10%) of the Purchase Price, then Seller may terminate this Agreement by written notice to Buyer, given to Seller no later than ten (10) business days following the final determination of the Determined Cost of Repair in order for such notice to be effective. If this Agreement is so terminated by Seller, then (i) Seller shall pay all costs associated with the cancellation of the Escrow pursuant to this Section, (ii) neither Buyer nor Seller shall have any further rights or obligations under this Agreement (except to the extent of any indemnities under this Agreement with respect to events occurring prior to such termination, which indemnities shall survive any such termination), and (iii) Escrow Holder shall, without requiring any further instruction from Seller, immediately return to Buyer the Deposit and all interest accrued thereon; provided, however, that Buyer may elect to cancel such termination right of Seller by electing the first option set forth above in this Section 23, which cancellation shall only be effective if delivered within ten (10) days following Buyer's receipt of Seller's notice of its election to terminate this Agreement. The rights and obligations of the parties under this Section 23 shall survive the Close of Escrow.

24. Designee. This Agreement shall be binding upon the heirs, executors, administrator, and successors and assigns of Seller and Buyer. Notwithstanding the forgoing, except as otherwise expressly provided below, neither party may assign its rights and obligations under this Agreement without the prior written consent of the other party (which consent may be withheld in each party's sole discretion). Either party may assign its rights and obligations under this Agreement to effectuate an exchange pursuant to Section 26 below. In addition, Buyer or Seller may assign their rights and obligations under this Agreement to an Affiliate (as defined below) not less than ten (10) days prior to the Close of Escrow without the other party's consent (but with written notice to the other party). Any assignment in violation of this Section shall be void. For purposes of this Section 23, an "Affiliate" means (a) an entity that directly or indirectly controls, is controlled by or is under

common control with Buyer or Seller, as applicable; or (b) an entity at least a majority of whose economic interest is owned by Buyer or Seller, as applicable; and "control" means the power to direct the management of such entity through voting rights, ownership or contractual obligations. No assignment pursuant to this Section 23 shall be effective against the other party until the assigning party delivers to the other party a fully executed copy of the assignment instrument, which instrument must be reasonably satisfactory to the non-assigning party in both form and substance, and pursuant to which the assignee (i) assumes and agrees to perform for the benefit of the non-assigning party the obligations of the assigning party under this Agreement and (ii) makes the warranties and representations required of the assigning party under this Agreement. No assignment by shall result in the assigning party being released from any obligations under this Agreement. Any assignment in violation of this Section shall be void.

25. Brokers. To the best knowledge of Buyer and Seller no real estate broker, agent, finder, or other person is responsible for bringing about or negotiating this Agreement other than Colliers International and Phase 3 Properties, whose commissions and compensation shall be the sole responsibility of Seller pursuant to a separate agreement. Each of Buyer and Seller represent that it has not dealt with any other real estate broker, agent, finder, or other person, relative to this Agreement in any manner. Each party to this Agreement hereby indemnifies the other party to this Agreement against all liabilities, damages, losses, costs, expenses, reasonable attorneys' fees and claims arising from (1) any breach of such representation by such indemnifying party set forth in the preceding sentence, and/or (2) any claims that may be made against such indemnified party by any real estate broker, agent, finder, or other person (other than as set forth above), alleging to have acted on behalf of or to have dealt with such indemnifying party. Buyer hereby warrants and represents that it has not been represented by any broker or "finder" in connection with its purchase of the Property, except for Colliers International. Seller shall have no liability to any broker as a result of the rent payable to Buyer pursuant to the Lease.

26. Like Kind Exchange. Seller may elect to enter into a tax deferred exchange under Section 1031 of the Internal Revenue Code (an "Exchange"). Subject to the provisions of this Section 26, Buyer shall reasonably cooperate with Seller, at no cost or expense to Buyer, in consummating the sale of the Property by Seller in an Exchange transaction pursuant to a written exchange agreement and related documents entered into by Seller and a qualified intermediary, which shall be in a form reasonably acceptable to Buyer and shall be executed and delivered on or before the Closing Date. Seller shall indemnify, protect, defend and hold Buyer harmless from and against any and all actions, losses, liabilities, damages, claims, demands, causes of action, costs and expenses ("Claims") of any kind or nature whatsoever arising out of, in connection with, or in any manner related to such Exchange that would not have been incurred but for the structuring of the sale of the Property by Seller as an Exchange, without limitations, any Claims suffered by or asserted against Buyer by the Internal Revenue Service or any other taxing authority in connection with such Exchange. Seller agrees that, and Buyer's obligations under this Section 26 shall be expressly conditional upon, each of the following: (a) the Exchange or any action necessary or required for any proposed Exchange shall not delay the Close of Escrow beyond the Closing Date; (b) Buyer shall not be required to accept title to any real or personal property other than the Property in connection with such Exchange; and (c) if Seller uses a qualified intermediary to effectuate the Exchange, any assignment of the rights or obligations of Seller hereunder shall not relieve, release or absolve Seller of its obligations to Buyer hereunder. The rights and obligations of the parties under this Section 26 shall survive the Closing or any sooner termination of this Agreement.

27. Miscellaneous.

27.1. Attorneys' Fees.The prevailing party(ies) in any litigation, arbitration, mediation, bankruptcy, insolvency, or other proceeding ("Proceeding") relating to the enforcement or interpretation of this Agreement may recover from the unsuccessful party(ies) all costs, expenses, and actual attorneys' fees (including expert witness and other consultants' fees and costs) relating to or arising out of (i) the Proceeding (whether or not the Proceeding proceeds to judgment), and (ii) any post-judgment or post-award proceeding including, without limitation, one to enforce or collect any judgment or award resulting from the Proceeding. All such judgments and awards shall contain a specific provision for the recovery of all such subsequently incurred costs, expenses, and actual attorneys' fees.

27.2. Governing Law. This Agreement is governed by and construed in accordance with the laws of the State of California, irrespective of California's choice-of-law principles.

27.3. Further Assurances. Each party to this Agreement shall execute and deliver all instruments and documents and take all actions as may be reasonably required or appropriate to carry out the purposes of this Agreement.

27.4. Venue and Jurisdiction. All actions and proceedings arising in connection with this Agreement must be tried and litigated exclusively in the State and Federal courts located in the County of San Diego, State of California, which courts have personal jurisdiction and venue over each of the parties to this Agreement for the purpose of adjudicating all matters arising out of or related to this Agreement. Each party authorizes and accepts service of process sufficient for personal jurisdiction in any action against it as contemplated by this paragraph by registered or certified mail, return receipt requested, postage prepaid, to its address for the giving of notices set forth in this Agreement.

27.5. Counterparts and Exhibits. This Agreement may be executed in counterparts, each of which is deemed an original and all of which together constitute one document. All exhibits attached to and referenced in this Agreement are incorporated into this Agreement.

27.6. Time of Essence. Time and strict and punctual performance are of the essence with respect to each provision of this Agreement.

27.7. Modification. This Agreement may be modified only by a contract in writing executed by the party to this Agreement against whom enforcement of the modification is sought.

27.8. Headings. The paragraph headings in this Agreement: (a) are included only for convenience, (b) do not in any manner modify or limit any of the provisions of this Agreement, and (c) may not be used in the interpretation of this Agreement.

27.9. Prior Understandings. This Agreement and all documents specifically referred to and executed in connection with this Agreement: (a) contain the entire and final agreement of the parties to this Agreement with respect to the subject matter of this Agreement, and (b) supersede all negotiations, stipulations, understandings, agreements, representations and

warranties, if any, with respect to such subject matter, which precede or accompany the execution of this Agreement.

27.10. Interpretation. Whenever the context so requires in this Agreement, all words used in the singular may include the plural (and vice versa) and the word "person" includes a natural person, a corporation, a firm, a partnership, a joint venture, a trust, an estate or any other entity. The terms "includes" and "including" do not imply any limitation. For purposes of this Agreement, the term "day" means any calendar day and the term "business day" means any calendar day other than a Saturday, Sunday or any other day designated as a holiday under California Government Code Sections 6700-6701. Any act permitted or required to be performed under this Agreement upon a particular day which is not a business day may be performed on the next business day with the same effect as if it had been performed upon the day appointed. Except as otherwise expressly provided herein, no remedy or election under this Agreement is exclusive, but rather, to the extent permitted by applicable law, each such remedy and election is cumulative with all other remedies at law or in equity.

27.11. Partial Invalidity. Each provision of this Agreement is valid and enforceable to the fullest extent permitted by law. If any provision of this Agreement (or the application of such provision to any person or circumstance) is or becomes invalid or unenforceable, the remainder of this Agreement, and the application of such provision to persons or circumstances other than those as to which it is held invalid or unenforceable, are not affected by such invalidity or unenforceability.

27.12. Notices. Each notice and other communication required or permitted to be given under this Agreement ("Notice") must be in writing. Notice is duly given to another party upon: (a) hand delivery to the other party, (b) receipt by the other party when sent by facsimile to the address and number for such party set forth below (provided, however, that the Notice is not effective unless a duplicate copy of the facsimile Notice is promptly given by one of the other methods permitted under this paragraph), (c) three business days after the Notice has been deposited with the United States postal service as first class certified mail, return receipt requested, postage prepaid, and addressed to the party as set forth below, or (d) the next business day after the Notice has been deposited with a reputable overnight delivery service, postage prepaid, addressed to the party as set forth below with next-business-day delivery guaranteed, provided that the sending party receives a confirmation of delivery from the delivery-service-provider.

If to Buyer: Pfizer Inc.
10777 Science Center Drive
San Diego, California 92121
(858) 678-8152 - (Telecopy)
Attn: Jim Serbia

With copies to: Pfizer Inc.
10777 Science Center Drive
San Diego, California 92121
(858) 622-3297 - (Telecopy)
Attn: D. Frederick Jay, Esq.

Solomon Ward Seidenwurm & Smith, LLP
401 B Street, Suite. 1200
San Diego, CA 92101
(619) 231-4755 - (Telecopy)
Attn: Richard L. Seidenwurm, Esq.

If to Seller:	Science Park Center LLC c/o Neurocrine Biosciences, Inc. Attn: Paul Hawran, Executive Vice President 10555 Science Center Drive San Diego, CA 92121 (858) 658-7605 - (Telecopy)
With a copy to:	Paul, Hastings, Janofsky & Walker LLP 12390 El Camino Real San Diego, CA 92130 (858) 720-2555 - (Telecopy) Attn: W. Scott Biel, Esq.

Each party shall make a reasonable, good faith effort to ensure that it will accept or receive Notices to it that are given in accordance with this paragraph. A party may change its address for purposes of this paragraph by giving the other party(ies) written notice of a new address in the manner set forth above.

27.13. Waiver. Any waiver of a default or provision under this Agreement must be in writing. No such waiver constitutes a waiver of any other default or provision concerning the same or any other provision of this Agreement. Except to the extent set forth to the contrary set forth in this Agreement, no delay or omission by a party in the exercise of any of its rights or remedies constitutes a waiver of (or otherwise impairs) such right or remedy. A consent to or approval of an act does not waive or render unnecessary the consent to or approval of any other or subsequent act.

27.14. Drafting Ambiguities. Each party to this Agreement and its legal counsel have reviewed and revised this Agreement. The rule of construction that ambiguities are to be resolved against the drafting party or in favor of the party receiving a particular benefit under an agreement may not be employed in the interpretation of this Agreement or any amendment to this Agreement.

27.15. Third Party Beneficiaries. With the exception of Neurocrine, who shall be a third party beneficiary with respect to the Buyer's and Seller's agreements relating to the Lease and Neurocrine's right to occupy the Property pursuant thereto, nothing in this Agreement is intended to confer any rights or remedies on any other person or entity other than the parties to this Agreement and their respective successors-in-interest and permitted assignees, unless such rights are expressly granted in this Agreement to another person specifically identified as a "third party beneficiary."

27.16. Confidentiality. Neither Buyer nor Seller shall make any public announcement or disclosure of the economic terms of this Agreement to outside brokers or third parties, before Close of Escrow on the Property, without the specific prior written consent of the other, except for such disclosures to the parties' lenders, creditors, partners, members, officers, employees, agents, consultants, attorneys, accountants, and exchange facilitators as may be necessary to permit each party to perform its obligations hereunder or under any related exchange documents, or as required to comply with applicable laws and rules of any exchange upon which a party's shares may be traded. Buyer's and Seller's obligations under this Section 27.16 shall terminate upon the termination of this Agreement (other than by the Close of Escrow).

27.17. Counterparts. This Agreement and any amendments or supplements to it, and the Escrow Instructions herein referred to, may be executed in counterparts, and all counterparts together shall be construed as one document.

[Remainder of Page Intentionally Blank; Signature Page Follows]

[Signature Page to Lot 30 Purchase Agreement]

IN WITNESS WHEREOF, Seller and Buyer have executed this Agreement as of the date first above written.

BUYER: Pfizer Inc., a Delaware corporation

By: /s/ John L. Lamattina

Name: John L. Lamattina

Its: Vice President

SELLER: Science Park Center LLC, a California limited liability company

By: Neurocrine Biosciences, Inc., a Delaware corporation
Its: Manager

By: /s/ Paul W. Hawran

Name: Paul W. Hawran

Its: Exec Vice President

CONSENT AND ACCEPTANCE OF ESCROW HOLDER:

The undersigned hereby consents to and accepts the instructions set forth in the above Agreement for Purchase and Sale and Joint Escrow Instructions.

Chicago Title Insurance Company

By: ____________________________
Its: ____________________________

Exhibit A - Legal Description of Property

LOT 30 OF TORREY PINES SCIENCE CENTER, UNIT NO. 2, IN THE CITY OF SAN DIEGO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP THEREOF NO. 12845, FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, JULY 23, 1991.

AND

A NONEXCLUSIVE EASEMENT FOR DRIVEWAY FOR VEHICULAR AND PEDESTRIAN INGRESS AND EGRESS OVER A PORTION OF LOT 29 OF TORREY PINES SCIENCE CENTER, UNIT NO. 2, IN THE CITY OF SAN DIEGO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP THEREOF NO. 12845 RECORDED ON JULY 23, 1991 ON FILE IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWESTERLY CORNER OF LOT 29, ALSO BEING A POINT ON A NON-TANGENT 799.00 FOOT RADIUS CURVE CONCAVE SOUTHEASTERLY, A RADIAL FROM SAID POINT BEARS SOUTH 63(degree)05'28" EAST; THENCE ALONG THE ARC OF SAID CURVE NORTHERLY 22.65 FEET THROUGH A CENTRAL ANGLE OF 01(degree)37'28"; THENCE LEAVING SAID CURVE SOUTH 63(degree)05'28" EAST 31.60 FEET TO THE BEGINNING OF A 3.00 FOOT RADIUS CURVE CONCAVE NORTHWESTERLY; THENCE ALONG THE ARC OF SAID CURVE NORTHEASTERLY 3.98 FEET THROUGH A CENTRAL ANGLE OF 75(degree)55'35" TO THE BEGINNING OF A 42.00 FOOT RADIUS REVERSE CURVE CONCAVE SOUTHERLY; THENCE ALONG THE ARC OF SAID CURVE EASTERLY 73.29 FEET THROUGH A CENTRAL ANGLE OF 99(degree)59'10"; THENCE TANGENT FROM SAID CURVE SOUTH 39(degree)01'53" EAST 77.80 FEET, TO THE SOUTHERLY LOT LINE OF SAID LOT; THENCE ALONG SAID LOT LINE NORTH 70(degree)30'59" WEST 165.12 FEET TO THE POINT OF BEGINNING.

ASSESSOR'S PARCEL NO. 340-180-20

LEASE

This Lease ("Lease") is executed as of ______________, 2003, between Pfizer Inc, a Delaware corporation ("Landlord"), and Neurocrine Biosciences, Inc., a Delaware corporation ("Tenant"), who agree as follows:

1. Agreement to Let. Landlord hereby leases to Tenant, and Tenant hereby leases from Landlord, upon all the terms, provisions, and conditions contained in this Lease, those certain premises described in Paragraph 2.2, below (the "Premises"), consisting of the building, parking areas and other improvements built thereon (the "Building"), which is a part of the Project (as defined in Paragraph 2.1, below), tenants of the Project in common including, without limitation, the landscaped areas, passageways, walkways, hallways, parking areas, and driveways (the "Common Areas"). Notwithstanding the foregoing, the Premises shall not include the interior improvements and fixtures located in the Building as described on Exhibit "C" (the "Excluded Improvements"), which shall remain Tenant's separate property and shall be removed by Tenant upon the expiration or earlier termination of this Lease.

2. Principal Lease Provisions. The following are the Principal Lease Provisions of this Lease. Other portions of this Lease explain and define the Principal Lease Provisions in more detail and should be read in conjunction with this Paragraph. In the event of any conflict between the Principal Lease Provisions and the other portions of this Lease, the Principal Lease Provisions shall control. (Terms shown in quotations are defined terms used elsewhere in this Lease).

2.1 "Project": Torrey Pines Science Center (see Exhibit "A").

2.2 "Premises": Lot 30, San Diego, California (see Exhibit "B"), commonly known as 10555 Science Center Drive, San Diego, CA 92121.

2.3 Lease Term: One (1) year (beginning as of the Commencement Date). "Commencement Date" means April 1, 2004 or the date on which the Premises are acquired by Landlord, whichever last occurs.

2.4 "Basic Monthly Rent": $269,700.00.

2.5 Address for Landlord: Pfizer Inc
10777 Science Center Drive
San Diego, CA 92121
Attn: Jim Serbia

2.6 Addresses for Tenant: Neurocrine Biosciences, Inc.
10555 Science Center Drive
San Diego, CA 92121
Attn: Paul Hawran, Executive Vice President

2.7 Permitted Uses By Tenant: Research and development of bioscience products and related administration and office uses and all other uses incidental to Tenant's operation of its corporate headquarters at the Premises ("Permitted Use").

3. Term. The term of this Lease ("Term") shall commence on the Commencement Date, as defined in Paragraph 2.3., above, and unless earlier terminated by Landlord or Tenant pursuant to their respective rights expressly set forth herein, shall expire on the "Expiration Date". The term "Expiration Date", as used in this Lease shall mean one (1) year following the Commencement Date or any earlier date upon which this Lease is terminated, as provided below.

4. Delivery of Possession. On the Commencement Date, Landlord shall deliver the Premises to Tenant in its current, "as-is" condition. Tenant acknowledges that Landlord shall not be responsible for performing any work in connection with the Premises prior to delivery of the Premises to Tenant. On the basis of the foregoing, Tenant hereby waives any express or implied warranties regarding the condition of the Premises, including any implied warranties of fitness for a particular purpose or merchantability. Similarly, Landlord and Tenant agree that any environmental condition disclosed by that certain [describe Pfizer's environmental assessments] [the "Entry Assessments"] represent the environmental conditions acceptable to Landlord and Tenant; and upon Tenant's surrender of the Premises, Tenant shall be liable only for any changed environmental conditions which Tenant is required to remediate under Section 30 below, as disclosed by environmental assessments performed by the same contractor who performed the Entry Assessments.

5. Use of Premises.

5.1 Permitted Use of Premises. Tenant may use the Premises for the Permitted Use specified in Paragraph 2.7 and for no other use, except with the prior written consent of Landlord, which shall not be unreasonably withheld.

5.2 Compliance With Laws. Tenant shall comply with all laws concerning the Premises and/or Tenant's use of the Premises, including without limitation the obligation at Tenant's sole cost to alter, maintain, or restore the Premises in compliance with all applicable laws, even if such laws are enacted after the date of this Lease, provided, however, that Tenant shall not be obligated to pay for any capital costs associated therewith of a substantial nature or if compliance requires structural alterations unless such compliance requirement is directly attributable to Tenant's making any improvements or alterations to the Premises during the Lease Term, or any other actions taking by tenant during the Lease Term in violation of law. Such qualified obligation to comply with laws shall include without limitation compliance with Title III of the Americans With Disabilities Act of 1990 (42 U.S.C. 12181 et seq.) (the "ADA"). To the extent Tenant's activities in the Premises causes applicable governmental authority to require modifications or alterations to any portion of the Premises in order to comply with the ADA, then Tenant shall additionally be responsible for the cost of such modifications and alterations. Notwithstanding anything to the contrary herein, Tenant shall have no obligation to make any alterations, replacements or improvements to the Premises, Building or Project, including without limitation structural or capital improvements, required to comply with such governmental action if such alterations, replacements or improvements are not

required as a result of Tenant's particular use of the Premises or as a result of the Excluded Improvements or any Tenant alterations to the Premises during the Lease Term or installation of Tenant's personal property in the Premises. For example, Tenant shall not be responsible for complying with Building seismic upgrade requirements imposed by governmental authority.

5.3 General Covenants and Limitations on Use. Tenant shall not do, bring, or keep anything in or about the Premises that will cause a cancellation of any insurance covering the Premises. If the rate of any insurance carried by Landlord is increased as a result of Tenant's use, Tenant shall pay to Landlord, within 10 days after Landlord delivers to Tenant a notice of such increase, the amount of such increase. Furthermore, Tenant covenants and agrees that no noxious or offensive activity shall be carried on, in or upon the Premises (provided, however, that none of Tenant's business operations in the Premises which are consistent with Tenant's business operations in the Premises as of the date of this Lease shall be considered "noxious or offensive" for purposes of this Section 5.3) nor shall anything be done or kept in the Premises which may be or become a public nuisance. To that end, Tenant additionally covenants and agrees that no light shall be emitted from the Premises which is unreasonably bright or causes unreasonable glare; no sounds shall be emitted from the Premises which are unreasonably loud or annoying; and no odor shall be emitted from the Premises which is or might be noxious or offensive to reasonable occupants or invitees on the Project or on adjacent or near-by property.

6. Tenant's Termination Right. Tenant shall have the right, on not less than sixty (60) days prior written notice to Landlord, to terminate this Lease on a date specified by Tenant (the "Termination Date"). Rent and all other charges payable by Tenant under this Lease shall be prorated as of the Termination Date.

7. Rent. Tenant shall pay to Landlord as minimum monthly rent, without deduction, setoff, prior notice, or demand, the Basic Monthly Rent described in Paragraph 2.4., above, in advance, on or before the first day of each calendar month throughout the Term. If the Commencement Date is other than the first day of a calendar month, then the Basic Monthly Rent payable by Tenant for the first month of the Term (which shall be payable upon the Commencement Date) and the final month of the Term shall be prorated on the basis of the actual number of days during the Term occurring during the relevant month. All "Rental" (which includes Basic Monthly Rent, and any items designated as "Additional Rent" hereunder) shall be paid to Landlord at the same address as notices are to be delivered to Landlord pursuant to Paragraph 2.5, above.

8. Lease Expenses.

8.1 Definition of Lease Expenses. As used in this Lease, the term "Lease Expenses" shall mean and refer to all costs and expenses, of any kind or nature (except as otherwise provided herein), to the extent such amounts are paid or incurred by Landlord or Tenant during the Lease Term relative to the operation, repair, restoration, replacement, maintenance, and/or for management of the Premises. The term "Lease Expenses," as used herein, shall reflect that this Lease is an industrial "triple-net" lease, with such "triple-net" expenses modified to reflect the short term hereof. Accordingly, Tenant shall pay for the cost of operating the Premises during the Term, and for maintaining the Premises in the condition of

repair required under this Lease. Tenant shall reimburse Landlord, within thirty (30) days following Tenant's receipt of a written invoice therefor, for those costs, fees and expenses incurred by Landlord that are expressly provided in this Lease as amounts to be reimbursed by Tenant, including Insurance Expenses, Tenant's Share of Real Property Taxes paid by Landlord, and Landlord's non-capital maintenance of the Premises. Because of the short term of this Lease, the "triple-net" expenses shall not include the cost of any "Capital Repair" (as defined in Section 10.1 below) or any substantial non-capital alterations or replacements required by any change in applicable laws affecting the Premises during the Term, (unless, and to the extent, such repairs, alterations, or replacements are incurred as the result of Tenant's negligent or willful failure to perform its obligations under this Lease, in which case such repairs, alterations, or replacements shall be covered by Tenant's indemnity obligations. Additionally, "Lease Expenses" shall include the cost of repairs and replacements which Tenant is required or elects to make pursuant to Sections 25 and 26 below. Landlord, at Landlord's sole cost and expense, shall operate, maintain and repair those portions or the Project that are not included in the Premises during the Term. Tenant's failure to perform its maintenance and repair obligations under this Lease shall give Landlord the right, subject to Section 23.3 hereof, to cure such failure and the reasonable cost of Landlord's curing such failure, which shall be included as a Lease Expense payable by Tenant to Landlord. Notwithstanding the foregoing, Landlord acknowledges and agrees that Landlord acquired the Building from Tenant in its "as is" condition on the Commencement Date, with all defects, known or unknown, as such condition exists on the Commencement Date, and neither Tenant's payment of the Lease Expenses, nor any other obligation of Tenant set forth in this Lease, shall be used by Landlord as a means to circumvent the parties' intention to have Tenant convey ownership of the Building to Landlord on the Commencement Date in its "as is" condition. Therefore, Tenant shall not be obligated to pay for any costs or expenses relating to repairs, alterations, modifications, replacements or other maintenance of the Building to the extent such work may result in the Building being placed in a better condition then conveyed to Landlord or the Commencement Date, unless such repairs, alterations, modifications, replacement, or maintenance is required by Tenant's breach of any provisions of this Lease.

"Lease Expenses" shall not include any of the following: (i) any net income, franchise, capital stock, estate or inheritance taxes of Landlord; (ii) any government impositions arising from any legal parcel of the Project adjacent to the Premises, whether or not owned by Landlord, and any improvements thereto, to the extent not used by or benefiting the Premises; (iii) any environmental assessment, charges or liens arising in connection with remediation of Hazardous Materials from the Premises which are caused by Landlord to be brought upon, kept or used in or about the Premises, the Building or the Project; (iv) reserves for any Lease Expenses, including, but not limited to, future taxes and assessments in excess of the installment of taxes and assessments next coming due; (v) costs and expenses of development and construction of any improvements or alterations made by Landlord to any portion of the Project, including but not limited to, permit and inspection fees, and the costs of grading, paving and landscaping (as distinguished from maintenance or repair of the foregoing); (vi) interest upon loans to Landlord or secured by mortgages or deeds of trust covering the Project or a portion thereof (provided interest upon a government assessment or improvement bond payable in installments is a Lease Expense, subject to Section 19.2 below); (vii) salaries of any employees or officers of Landlord or any of its affiliates; (viii) any costs incurred solely due to Landlord's violation of any terms or conditions of this Lease and not otherwise caused or contributed to by

Tenant; (ix) damage and repairs necessitated solely by the gross negligence or willful misconduct of Landlord or any of its affiliates, or any of their respective agents, employees, contractors or invitees and not otherwise caused or contributed to by Tenant; (x) any costs, fines, or penalties incurred due to violations by Landlord or any of its affiliates of any governmental rule or authority, or this Lease and not otherwise caused or contributed to by Tenant, or due to Landlord's gross negligence or willful misconduct; (xi) Landlord's general corporate overhead and administrative expenses; and (xii) any documentary transfer taxes arising from a voluntary transfer of the Premises. If a reduction in real property taxes or assessments is obtained for any year of the Lease Term during which Tenant paid real property taxes as a Lease Expense, then Lease Expenses for such year shall be retroactively adjusted, and Landlord shall refund such amount to Tenant within ninety (90) days of such reduction.

8.2 Payment of Lease Expenses. Tenant shall promptly pay, no later than thirty (30) days following Tenant's receipt of Landlord's written invoice, therefor, as Additional Rent, any Lease Expenses which may be incurred or paid by Landlord as the result of Tenant's failure to maintain the Premises or perform any of Tenant's payment obligations under this Lease. Tenant shall not be responsible for Lease Expenses attributable to the time period prior to the Commencement Date. The responsibility of Tenant for Lease Expenses shall continue to the latest of (i) the Expiration Date or (ii) the date Tenant has fully vacated the Premises (including, without limitation, the removal of all items required hereby to be removed and the completion of all procedures necessary to fully release and terminate any licenses restricting the use of the Premises in any manner). Lease Expenses such as taxes, assessments and insurance premiums which are incurred for an extended time period shall be prorated based upon time periods to which applicable so that the amounts attributed to the Premises relate in a reasonable manner to the time period wherein Tenant has an obligation to pay Lease Expenses.

9. Utilities and Services. Tenant shall make all arrangements for and pay the cost of all utilities and services (including without limitation any connection charges and taxes thereon) furnished to the Premises or used by Tenant during the Lease Term, including without limitation electricity, water, heating, ventilating, air-conditioning, oil, steam for heating, sewer, gas, telephone, communication services, trash collection, janitorial, cleaning, and window washing. Landlord shall not be liable for failure to furnish any utilities or services to the Premises. The discontinuance of any utilities or services shall neither be deemed an actual or constructive eviction, nor release Tenant from its obligations under this Lease including, without limitation, Tenant's obligation to pay Rental. If any governmental authority having jurisdiction over the Project imposes mandatory controls, or suggests voluntary guidelines applicable to the Project, relating to the use or conservation of water, gas, electricity, power, or the reduction of automobile emissions, Tenant, at its sole discretion, shall comply with such mandatory controls or voluntary guidelines. Landlord shall not be liable for damages to persons or property for any such reduction, nor shall such reduction in any way be construed as a partial eviction of Tenant, cause an abatement of rent, or operate to release Tenant from any of Tenant's obligations under this Lease.

10. Maintenance.

10.1 Tenant's Duties. Subject to the understanding regarding the condition of the Premises upon delivery and surrender thereof, as set forth in such 8.1 above, and

Landlord's liability for all capital costs arising during the Lease Term (except as otherwise expressly provided herein), Tenant shall at its sole cost (i) maintain, repair, replace, and repaint, all portions of the Premises (except those portions of the Premises to be maintained by Landlord as expressly set forth below) as necessary to maintain the Premises in the condition delivered by Landlord on the Commencement Date, subject to normal wear and tear, (ii) arrange for the removal of trash from the Premises, (iii) furnish reasonable janitorial services within the Premises, (iv) maintain and repair any plate-glass windows appurtenant to the Premises and all interior and exterior doors, including roll-up doors, (v) maintain and repair the heating, air-conditioning, and ventilation system in the Premises, including, maintaining the service agreement in effect on the date of this Agreement (or such replacement service agreement as may be reasonably satisfactory to Landlord, a copy of which Tenant shall furnish to Landlord), (vi) maintain existing pest and termite control service agreement with respect to the Premises maintained by Tenant on the date of this Agreement, (vii) maintain and repair all telephone lines and wiring and all wiring, fixtures, lamps, and tubes serving the interior lighting within the Premises, and (viii) maintain all grease traps serving the Premises. Tenant is additionally liable for any damage to the Project resulting from the acts or omissions of Tenant or Tenant's Invitees during the Term, including, without limitation, any damage to the roof or including any damage relating to a roof penetration, caused by Tenant or Tenant's Invitees during the Term. If Tenant fails to maintain, repair or replace any portion of the Premises as provided above, or if Tenant or Tenant's Invitees damage any portion of the Project outside the boundaries of the Premises, then Landlord may, at its election, maintain, repair or replace, any such portion of the Premises or the Project and Tenant shall promptly reimburse Landlord for Landlord's actual cost thereof, plus a supervisory fee in the amount of ten percent (10%) of such actual cost. Landlord, in Landlord's reasonable discretion, may require Tenant to use specific contractors or construction/repair techniques for the purpose of maintaining warranties of the Premises or labor relations with respect to Landlord's development of any other portions of the Project. To the extent Landlord has in its possession any warranties or service contracts relating to the heating, ventilation, and air-conditioning system for the Premises (if any), Landlord will assign to Tenant the right to make claims under such warranties and service contracts during the Term of this Lease. This Section 10.1 relates to repairs and maintenance arising in ordinary course of operation of the Building, the Project and any related facilities. In the event of fire, earthquake, flood, vandalism, war, or terrorism or similar cause of damage or destruction, this Section 10.1 shall not be applicable and the provisions of Section 25 shall apply and control.

If, without benefit of insurance proceeds, Tenant must repair, maintain and/or replace any component of the Premises (other than the Excluded Improvements or Tenant's personal property) that is, under generally accepted accounting principles, "capital" in nature, that has a useful life greater than the remaining Lease Term and whose cost of repair, maintenance and/or replacement exceeds $25,000 (a "Capital Repair"), and provided that the reason for such Capital Repair is not the negligence or willful failure of Tenant to perform its obligations under this Lease, Landlord shall advance to Tenant reasonably estimated cost of such Capital Repair pursuant to customary construction disbursement procedures, and Tenant shall not be responsible for any portion of the cost of such Capital Repair; provided, however, that prior to commencing any such repair, maintenance or replacement, Tenant shall first obtain Landlord's prior written consent as to the necessity and cost thereof, which consent shall not be unreasonably withheld, conditioned or delayed by Landlord.

10.2 Landlord's Duties. Landlord shall maintain and repair the structural parts of the Building within the Premises, which are only the foundations, exterior walls (excluding glass and doors), and the structural and waterproofing membranes portions of the roof (excluding skylights). Landlord's failure to perform its obligations set forth in the preceding sentence will not release Tenant of its obligations under this Lease, including without limitation Tenant's obligation to pay Rental; provided, however, that Tenant's surrender obligations under Section 21 below shall not include any of Landlord's obligations under this Section 10.2, and shall be limited to the extent Landlord's failure to perform its obligations interferes with Tenant's surrender obligations. Tenant waives the provisions of California Civil Code Section 1942 (or any successor statute), and any similar principals of law with respect to Landlord's obligations for tenantability of the Premises and Tenant's right to make repairs and deduct the expense of such repairs from rent. This Section 10.2 relates to repairs and maintenance arising in ordinary course of operation of the Building, the Project and any related facilities. In the event of fire, earthquake, flood, vandalism, war, or terrorism or similar cause of damage or destruction, this Section 10.2 shall not be applicable and the provisions of Section 25 shall apply and control.

11. Parking. Subject to the remaining provisions of this Paragraph, as long as Tenant is not in default under this Lease beyond all applicable cure periods, Tenant (for the benefit of Tenant and Tenant's Invitees (as defined in Section 18 below)) shall have the right to the exclusive use of the parking area within the boundaries of and serving the Premises. Tenant shall also have the non-exclusive right for tenant and Tenant's Invitees to use at least eighteen (18) parking spaces on that portion of the Project adjacent to the Premises, commonly known as Lot 29, for the use of Tenant between the Commencement Date and that date upon which Landlord's construction activities on Lot 29 prevent Tenant from safely parking in Lot 29; and thereafter Landlord shall provide Tenant with at least 43 parking spaces, marked as "Neurocrine Reserved" parking spaces elsewhere in the Project, but located on that portion of Landlord's property in the Project (other than Lot 29) that is closest in proximity to the Premises, which parking spaces shall be included as part of the Premises during such portion of the Lease Term as such parking spaces are reserved for the exclusive use of Tenant's Invitees. Additionally, Landlord shall take no action that will result in the number of parking spaces on the Premises being reduced to less than the number of parking spaces located thereon as of the date of this Agreement, unless Landlord provides a similar number of reserved parking spaces elsewhere in the Project in close proximity to the Premises. During any portion of the Lease Term when Landlord is constructing improvements on or about the Premises, which results in mud, dirt or excessive dust accumulating on vehicles parked by Tenant's Invitees on or about the Premises, Landlord shall provide for the distribution of coupons for free car-washing services to such employees at such reasonable intervals as will maintain such vehicles in good appearance, at no cost to Tenant or such Tenant Invitees, which coupons shall be valid at a commercial car-washing vendor reasonably acceptable to Tenant. Additionally, for every 4 distributions of such coupons, the recipients thereof shall also receive coupons from the approved car-washing vendor for exterior car detailing, free of charge to Tenant and such recipients.

12. Signs. Except for existing signage, Tenant may not place or construct any sign, advertisement, awning, banner, or other exterior decoration (collectively, "sign") in the Premises which are visible from the exterior of the Premises, or on the Building without Landlord's prior written consent. Any sign that Tenant is permitted by Landlord to place or

construct in the Premises or on the Building shall comply with sign criteria applicable to the Project, including, without limitation, criteria relating to size, color, shape, graphics, and location (collectively, the "Sign Criteria"), and shall comply with all applicable laws, ordinances, rules, or regulations, and Tenant shall obtain any approval required by such laws, ordinances, rules, and regulations. Landlord makes no representation with respect to Tenant's ability to obtain any such approval. Tenant shall, at Tenant's sole cost, make any changes to any sign, in the Premises or on the Building as required by any new or revised applicable laws, ordinances, rules, or regulations, or any changes in the Sign Criteria.

13. Plate-Glass Insurance. Tenant shall at its sole cost maintain full coverage plate-glass insurance on the Premises, in which Landlord and any lender holding a security interest in the Premises ("Lender") shall be named as an additional insured.

14. Public Liability and Property Damage Insurance. Tenant shall, at Tenant's sole cost, maintain commercial general liability and property damage insurance (i) with a combined single limit liability of not less than $2,000,000 per occurrence, $3,000,000 aggregate, (ii) insuring (a) against all liability of Tenant and Tenant's Invitees arising out of or in connection with Tenant's use or occupancy of the Premises, and (b) performance by Tenant of the indemnity provisions set forth in this Lease, (iii) naming Landlord, and any Lender as additional named insureds, (iv) containing cross-liability endorsements, and (v) which includes products liability insurance (if Tenant is to sell merchandise or other products derived from the Premises).

15. Fire and Extended Coverage Insurance. Tenant shall, at Tenant's sole cost, maintain on the Premises during the Term a policy of special form insurance providing protection against any peril generally included within the classification "fire and extended coverage," together with insurance against vandalism and malicious mischief, coverage with respect to increased costs due to building ordinances, demolition coverage, boiler and machinery insurance, and sprinkler leakage coverage (if applicable), to the extent of at least 100 percent of full replacement cost (exclusive of the costs of excavation, foundations, and footings, and without reference to depreciation taken by Landlord upon its books or tax returns), subject to commercially-reasonable deductibles and Tenant's business interruption insurance, which insurance policy shall be issued in the name of Tenant with Landlord and any Lender as additional insureds. Such "full replacement value" shall be determined by the company issuing such policy at the time the policy is initially obtained.

16. Insurance Generally. If Tenant fails during the Term to maintain any insurance required to be maintained by Tenant under this Lease, then Landlord may, at its election, arrange for any such insurance, and Tenant shall reimburse Landlord for any premiums for any such insurance within five days after Tenant receives a copy of the premium notice. If any such premiums are allocable to a period, a portion of which occurs during the Term and the remainder of which occurs before or after the Term, then such premiums shall be apportioned between Landlord and Tenant based upon the number of days during such period that occur during the Term and the number of days that occur before or after the Term, such that Tenant pays for the premiums that are allocable to the period during the Term. Insurance required to be maintained by Tenant under this Lease (i) shall be issued as a primary policy by insurance companies authorized to do business in the state in which the Premises are located with a Best's

Rating of at least "A-" and a Best's Financial Size Category rating of at least "XV," as set forth in the most current edition of "Best's Insurance Reports" (unless otherwise approved by Landlord), (ii) shall name Landlord and any Lender as additional named insureds, (iii) shall consist of "occurrence" based coverage, without provision for subsequent conversion to "claims" based coverage, (iv) shall not be cancelable or subject to reduction of coverage or other modification except after 30-days' prior written notice to Landlord and any Lender, and (v) shall not provide for a deductible or co-insurance provision in excess of $________. Tenant shall, at least 10 days prior to the expiration of each such policy, furnish Landlord with a renewal of or "binder" extending such policy. Tenant shall promptly upon request deliver to Landlord certificates evidencing the existence and amounts of such insurance together with evidence of payment of premiums.

17. Waiver of Subrogation. Landlord hereby releases Tenant and Tenant's guests, invitees, customers and licensees (collectively, "Tenant's Invitees"), Tenant hereby releases Landlord and Landlord's guests, invitees, customers and licensees (collectively, "Landlord's Invitees"), from all claims for damage, loss, or injury to the Project, to Tenant's Personal Property, and to the fixtures and Alterations of either Landlord or Tenant in or on the Project to the extent such damage, loss or injury is covered by any insurance policies carried by Landlord and Tenant and in force at the time of such damage. Subject to the remaining provisions of this Paragraph, Landlord and Tenant shall each cause all insurance policies obtained by it pursuant to this Lease to provide that the insurance company waives all right of recovery by way of subrogation against Landlord and Tenant in connection with any damage, loss, or injury covered by such policy. If any such policy cannot be obtained with a waiver of subrogation, or is obtainable only by the payment of an additional premium charge above that charged by insurance companies issuing policies without waiver of subrogation endorsements, the party undertaking to obtain such policy (the "Undertaking Party") shall so notify the other party (the "Notified Party"). The Notified Party shall, within 10 days after the giving of such notice, either obtain such policy from a company that is reasonably satisfactory to the Undertaking Party and that will issue such policy with a waiver of subrogation endorsement, or agree to pay the additional premium if such policy is obtainable at additional cost. If such policy cannot be obtained with a waiver of subrogation endorsement or the Notified Party refuses to pay such additional premium, then the Undertaking Party shall not be required to obtain a waiver of subrogation endorsement with respect to such policy.

18. Landlord's Insurance. Landlord may, at its election, maintain any of the following insurance policies covering Landlord's interest in the Premises, in such amounts and with such limits as Landlord shall determine in its reasonable discretion: (i) Fire and extended coverage and special form insurance, coverage with respect to increased costs due to building ordinances, demolition coverage, and sprinkler leakage coverage; and (ii) boiler and machinery insurance. The premiums, costs, expenses, and deductibles (or similar costs or charges) of and/or with respect to any such insurance (all of the preceding, collectively, "Insurance Expenses") to the extent such policies maintained by Landlord are not duplicative of policies maintained by Tenant on the Premises shall be included in Lease Expenses.

19. Taxes.

19.1 Personal Property Taxes. Tenant shall pay before delinquency all taxes, assessments, license fees, and other charges that are levied or assessed against, or based upon the value of, Tenant's personal property installed or located in or on the Premises including without limitation trade fixtures, furnishings, and Tenant's Excluded Improvements and inventory (collectively, "Tenant's Personal Property"). On demand by Landlord, Tenant shall furnish Landlord with satisfactory evidence of such payments. If any such taxes, assessments, license fees, and/or other charges directly attributable to Tenant's Personal Property are levied against Landlord or Landlord's property, or if the assessed value of the Premises is increased by the inclusion of a value placed on Tenant's Personal Property, and if Landlord pays such taxes which payment shall be made (subject, however, to Tenant's right to reasonably contest the amount or validity of such taxes), assessments, license fees, and/or other charges or any taxes based on the increased assessments caused by Tenant's Personal Property, then Tenant, on demand, shall immediately reimburse Landlord for the sum of such taxes, assessments, license fees, and/or other charges so levied against Landlord, or the proportion of taxes resulting from such increase in Landlord's assessment. Landlord may, at its election, pay such taxes, assessments, license fees, and/or other charges or such proportion, and receive such reimbursement, regardless of the validity of the levy as long as such payment is not prejudicial to Tenant's ability to contest such taxes.

19.2 Real Property Taxes. Except to the extent any such impositions are excluded from Lease Expenses under Section 8.1 above, Tenant shall pay, at least ten days before delinquency, all real property or real estate taxes, assessments, and other impositions, whether general, special, ordinary, or extraordinary, and of every kind and nature, which may be separately levied, assessed, imposed upon or with respect to the Premises to the extent attributable to the Term. On demand by Landlord, Tenant shall furnish Landlord with satisfactory evidence of such payments. Landlord may, at its election, pay such taxes, assessments, license fees, and/or other charges and Landlord shall receive immediate reimbursement of that portion of the amounts so paid that are applicable to the Term, regardless of the validity of the levy. To the extent Tenant pays any such taxes, assessments, license fees and/or other charges, which are attributable to any period after the expiration or earlier termination of this Lease, Landlord shall, within thirty (30) days following such expiration or earlier termination and Tenant's written demand therefor, the pro-rata portion of such payment attributable to such period. If, by applicable law, any taxes or assessments may be paid in installments at the option of the taxpayer, then whether or not Landlord elects to pay taxes and assessments in installments, Tenant's liability for such taxes an assessments shall be computed as if such election had been made, and only the installments thereof and any interest or fee payable thereon which would have become due during the Lease Term shall be included in Lease Expenses.

Tenant shall have the right, by appropriate proceedings, to protest or contest with the appropriate governmental agency any assessment, reassessment or allocation of real property taxes or other taxes payable by Tenant hereunder, in whole or in part; provided that Tenant provides such financial assurances as Landlord may reasonably require in order to bond over or provide for such taxes and no jeopardy or threat to the Landlord's interest in the Premises or any portion thereof exists as a result. Tenant may act in its own name and Landlord shall, at Tenant's request and expense, reasonably cooperate with Tenant in connection with such contest. Tenant may utilize any legal procedure for payment under protest, if available, and may sue to recover

overpayments. Tenant shall indemnify, hold harmless and defend Landlord and the Premises from any liens, liabilities, claims, losses, costs, expenses, fees, judgments, actions, causes of action or damages (including, without limitation, reasonable attorneys' fees and expenses) arising out of or related to any contest of real property taxes by Tenant and shall pay any real property taxes ultimately determined to be due, together with any interest or penalties charged by the taxing entity.

20. Alterations. Tenant shall not make any alterations, improvements, additions, installations, or changes of any nature in or to the Premises (any of the preceding, "Alterations") unless either (A) such Alterations do not exceed $25,000 per work of improvement (and $100,000 in the aggregate during the Term), and do not affect the Building structure or mechanical systems ("Permitted Alterations"), or (B) (i) Tenant first obtains Landlord's written consent, (ii) Tenant complies with all conditions which may be reasonably imposed by Landlord, including but not limited to Landlord's selection of construction techniques (provided, however, Tenant shall have the right to use a contractor of Tenant's selection, subject to Landlord's prior written approval, which approval will not unreasonably be withheld), and (iii) Tenant pays to Landlord the reasonable costs and expenses of Landlord for architectural, engineering, or other consultants which reasonably may be incurred by Landlord in determining whether to approve any such Alterations. At least 30 days prior to making any Alterations that are not Permitted Alterations, Tenant shall submit to Landlord, in written form, proposed detailed plans of such Alterations, which Landlord shall approve, or indicate changes required for Landlord's approval, within 15 days following Landlord's receipt thereof. If Landlord fails to provide such response within such 15-day period, Landlord shall be deemed to have approved such plans. Tenant shall, prior to the commencement of any Alterations that are not Permitted Alterations, at Tenant's sole cost, (i) acquire (and deliver to Landlord a copy of) a permit from appropriate governmental agencies to make such Alterations (any conditions of which permit Tenant shall comply with, at Tenant's sole cost, in a prompt and expeditious manner), (ii) obtain and deliver to Landlord (unless this condition is waived in writing by Landlord) a letter of credit in the amount of the stipulated sum of the cost of the proposed Alterations, or a lien and completion bond in an amount equal to 150 percent of the estimated cost of the proposed Alterations, to insure Landlord against any liability for mechanics' liens and to insure completion of the work, (iii) provide Landlord with 10 days' prior written notice of the date the installation of the Alterations is to commence, so that Landlord can post and record an appropriate notice of non-responsibility, and (iv) obtain (and deliver to Landlord proof of) reasonably adequate workers compensation insurance with respect to any of Tenant's employees installing or involved with such Alterations (which insurance Tenant shall maintain in force until completion of the Alterations). All Alterations shall upon installation become the property of Landlord and shall remain on and be surrendered with the Premises on the Expiration Date or earlier termination of this Lease, except that Landlord may, at its election, require Tenant to remove any or all of the Permitted Alterations, by so notifying Tenant in writing at least 60 days prior the Expiration Date or on or before the earlier termination of this Lease, in which event, Tenant shall, at its sole cost, on or before the Expiration Date or within 60 days after Landlord's earlier written notice requiring removal of the Permitted Alterations, repair and restore the Premises to the condition of the Premises prior to the installation of the Permitted Alterations which are to be removed. Tenant shall pay all costs for Alterations and other construction done or caused to be done by Tenant and Tenant shall keep the Premises free and clear of all mechanics' and materialmen's lien's resulting from or relating to any Alterations or other construction. Tenant may, at its election,

contest the correctness or validity of any such lien provided that (a) immediately on demand by Landlord, Tenant procures and records a lien release bond, issued by a corporation satisfactory to Landlord and authorized to issue surety bonds in the state in which the Premises are located, in an amount equal to 150 percent of the amount of the claim of lien, which bond meets the requirements of California Civil Code Section 3143 or any successor statute, and (b) Landlord may, at its election, require Tenant to pay Landlord's attorneys' fees and costs in participating in such an action. Notwithstanding the foregoing, Tenant's removal of the Excluded Improvements shall not be Alterations subject to this Section 20.

21. Surrender of Premises and Holding Over. On the Expiration Date or earlier termination of this Lease, (i) Tenant shall surrender to Landlord the Premises and all Alterations (except for Alterations that Tenant has paid for itself and which Landlord requires Tenant to remove) in a good and clean condition, ordinary wear and tear and casualty damage (subject to Section 26 below) excepted (provided, however, that if this Lease terminates pursuant to any condemnation of the Premises, as defined in Section 27, Tenant shall only be obligated to surrender the Premises in their "as is" condition as of the date Tenant surrenders the Premises to Landlord or the condemning authority), (ii) Tenant shall remove all of the Excluded Improvements and Tenant's Personal Property and perform all repairs and restoration required by the removal of any Excluded Improvements, Permitted Alterations or Tenant's Personal Property, and (iii) Tenant shall surrender to Landlord all keys to the Premises (including without limitation any keys to any exterior or interior doors). Landlord may elect to retain or dispose of in any manner any Excluded Improvements, Permitted Alterations or Tenant's Personal Property that Tenant does not remove from the Premises on the Expiration Date or earlier termination of this Lease as required by this Lease by giving written notice to Tenant. Any such Excluded Improvements, Permitted Alterations or Tenant's Personal Property that Landlord elects to retain or dispose of shall immediately upon notice to Tenant vest in Landlord. Tenant waives all claims against Landlord for any damage to Tenant resulting from Landlord's retention or disposition of any such Excluded Improvements, Permitted Alterations or Tenant's Personal Property. Tenant shall be liable to Landlord for Landlord's costs for storing, removing or disposing of any such Excluded Improvements, Permitted Alterations or Tenant's Personal Property. If Tenant fails to surrender the Premises to Landlord on the Expiration Date or earlier termination of this Lease (subject to Tenant's right to remove any Permitted Alterations within 60 days after Landlord's written notice requiring such removal), Tenant shall indemnify Landlord against all liabilities, damages (but not any consequential damages), losses, costs, expenses, attorneys' fees and claims resulting from such failure, including without limitation any claim for damages made by a succeeding tenant other than Landlord or any of Landlord's affiliates. If Tenant, with Landlord's consent, remains in possession of the Premises after the Expiration Date or earlier termination of this Lease for any reason other than removal of Permitted Alterations following Landlord's notice requiring such removal, such possession by Tenant shall be deemed to be a month-to-month tenancy terminable on 30-days' written notice given at any time by Landlord or Tenant. During the first 30 days of any such month-to-month tenancy, Tenant shall pay, as Basic Monthly Rent, 110 percent of the Basic Monthly Rent in effect immediately prior to the Expiration Date or earlier termination of this Lease, as the case may be and thereafter Tenant shall pay 150 percent of such effective Basic Monthly Rent. All provisions of this Lease except for those pertaining to Term shall apply to such month-to-month tenancy.

22. Default. The occurrence of any of the following shall constitute a material default and breach of this Lease by Tenant:

22.1 The abandoning of the Premises by Tenant.

22.2 Tenant's failure to make any payment of Rental as and when due, where such failure continues for a period of five days after written notice thereof from Landlord to Tenant; provided, however, that such notice will be in lieu of, and not in addition to, any notice required under applicable law (including, without limitation, those provisions relating to an action for unlawful detainer contained in the California Code of Civil Procedure and the California Civil Code). No grace period prior to the imposition of a late charge pursuant to Paragraph 26 below, shall extend the date when such Rental is due and payable, and Tenant shall be in default under this Lease if such payment is not timely made. In the case of Basic Monthly Rent, payments must be received on or before the first day of each calendar month, and Tenant shall be in default if such Rental is not paid by such date.

22.3 Tenant's failure to observe or perform any of the provisions of this Lease to be observed or performed by Tenant, other than described in the preceding two Paragraphs where such failure shall continue for a period of ten days after written notice of such failure from Landlord to Tenant; provided, however, that any such notice shall be in lieu of, and not in addition to, any notice required under applicable unlawful detainer statutes; and provided further, however, that if the nature of Tenant's default is such that more than ten days are required for its cure, then Tenant shall not be deemed to be in default if Tenant commenced such cure within such ten-day period and thereafter diligently prosecutes such cure to completion.

22.4 The making by Tenant of any general arrangement or assignment for the benefit of creditors; Tenant's becoming bankrupt, insolvent or a "debtor" as defined in 11 U.S.C. Section 101, or any successor statute (unless, in the case of a petition filed against Tenant, such petition is dismissed within 60 days after its original filing); the institution of proceedings under the bankruptcy or similar laws in which Tenant is the debtor or bankrupt; the appointing of a trustee or receiver to take possession of substantially all of Tenant's assets located at the Premises or of Tenant's interest in this Lease (unless possession is restored to Tenant within 60 days after such taking); the attachment, execution, or judicial seizure of substantially all of Tenant's assets located at the Premises or Tenant's interest in this Lease (unless such attachment, execution, or judicial seizure is discharged within 60 days after such attachment, execution, or judicial seizure); or, if Tenant is a partnership or consists of more than one person or entity, any partners of the partnership or any such other person or entity becoming bankrupt or insolvent or making a general arrangement or assignment for the benefit of creditors.

23. Landlord's Remedies. Landlord shall have the following remedies if Tenant commits a default or breach under this Lease; these remedies are not exclusive, but are cumulative and in addition to any remedies provided elsewhere in this Lease, or now or later allowed by law.

23.1 Continuation of Lease. No act by Landlord (including without limitation the acts set forth in the succeeding sentence) shall terminate Tenant's right to possession unless Landlord notifies Tenant in writing that Landlord elects to terminate Tenant's right to possession. As long as Landlord does not terminate Tenant's right to possession, Landlord may (i) continue this Lease in effect and (ii) continue to collect Rental when due and enforce all the other provisions of this Lease. Tenant shall immediately pay to Landlord all costs Landlord incurs in collecting Rental when due and enforcing all other provisions of this Lease, including, without limitation, actual out-of-pocket attorneys' fees and costs.

23.2 Termination of Tenant's Right to Possession. In accordance with the procedures contained in the California Code of Civil Procedure and the California Civil Code relating to an action for unlawful detainer, Landlord may terminate Tenant's right to possession of the Premises at any time, by notifying Tenant in writing that Landlord elects to terminate Tenant's right to possession. On termination of this Lease, Landlord has the right to recover from Tenant the worth at the time of the award of the unpaid Basic Monthly Rent which had been earned at the time of such termination. The "worth at the time of the award" of the amounts referred to above is to be computed by allowing interest at the Default Rate, as set forth below, or if no Default Rate is set forth, then at the maximum rate permitted by applicable law.

23.3 Landlord's Right to Cure Default. Landlord, at any time after Tenant commits a default or breach under this Lease (and after the expiration of any applicable cure period), may cure such default or breach at Tenant's sole cost. If Landlord at any time, by reason of Tenant's default or breach, pays any sum or does any act that requires the payment of any sum, such sum other than Basic Monthly Rent, which shall be due immediately shall be due from Tenant to Landlord within thirty (30) days after Landlord's written demand therefor, and shall be deemed Additional Rent under this Lease. If Tenant fails to timely pay any amount due under this Paragraph, then (without curing such default) interest at the rate of ten percent (10%) per annum shall accrue (and be immediately payable) on such overdue amount until it is paid.

23.4 Enforcement Costs. All out-of-pocket costs and expenses incurred by Landlord in connection with collecting any amounts and damages owing by Tenant pursuant to the provisions of this Lease, or to enforce any provision of this Lease, including reasonable attorneys' fees, whether or not any action is commenced by Landlord, shall be paid by Tenant to Landlord upon demand. If Tenant fails to timely pay any amount due under this Paragraph, then (without curing such default) interest at the rate of ten percent (10%) per annum shall accrue (and be immediately payable) on such overdue amounts until it is paid.

24. Interest and Late Charges. Late payment by Tenant to Landlord of Rental will cause Landlord to incur costs not contemplated by this Lease, the exact amount of which would be impracticable or extremely difficult to fix. Such costs include, without limitation, processing, collection and accounting charges, and late charges that may be imposed on Landlord by the terms of any deed of trust covering the Premises. Therefore, if any Rental is not received by Landlord within ten days following notice to Tenant that such amount was not received by

Landlord when due, then, without any requirement for notice to Tenant, Tenant shall pay to Landlord an additional sum of five percent (5%) of such overdue amount as a late charge, not to exceed $2,500 per late payment. Such late charge represents a fair and reasonable estimate of the costs that Landlord will incur by reason of any late payment by Tenant, and therefore this Paragraph is reasonable under the circumstances existing at the time this Lease is made. Acceptance of such late charge by Landlord shall not constitute a waiver of Tenant's default with respect to such overdue amount, nor prevent Landlord from exercising any of the other rights and remedies available to Landlord under this Lease. In addition to the late charge payable by Tenant, as provided above, if any such Rental is not paid on or before the date such Rental was due, then, within 30 days following written notice from Landlord specifying such amount of interest payable, Tenant shall pay to Landlord interest on such overdue Rental at the rate of three percent (3%) above the "reference rate" announced from time to time by Bank of America, NT&SA, but not in excess of ten percent (10%) per annum (the "Default Rate"). Such interest shall additionally accrue and be payable by Tenant relative to any other amounts payable by Tenant to Landlord under the provisions of this Lease which are not paid when due (if such reference rate ceases to be announced, then a comparable "prime rate" shall be utilized, selected by Landlord).

25. Destruction. If the Premises is totally or partially destroyed during the Term, rendering the Premises materially inaccessible or unusable, as determined by Tenant in Tenant's reasonable determination, then Tenant shall notify Landlord in writing of such inaccessibility or inability of Tenant to use the Premises, and whether Tenant elects to maintain this Lease in effect by performing such repairs as are necessary to restore the Premises to support Tenant's use and occupancy thereof for the remainder of the Term. If Tenant does not elect to restore the Premises in order to continue the Term of this Lease, this Lease shall terminate 30 days following the date of such written notice. Notwithstanding the termination of this Lease due to any casualty as provided in this Section 25, if Tenant is maintaining the insurance coverage on the Building required by Section 15 above, Tenant shall be responsible for performing such repairs or restoration as is necessary to restore the Premises to the condition they existed in as of the Commencement Date (exclusive of Tenant's Excluded Improvements, Permitted Alterations and Tenant's Personal Property), and Tenant shall be entitled to receive all proceeds of insurance to cover such repairs and shall pay for all amounts not covered by insurance; provided, however, that Tenant shall not be responsible for repairing any damage that is not covered by such policy of insurance which Tenant is required to maintain under the terms of this Lease (other than the amount of deductible relating to such insurance policy); and further provided, that Landlord, in Landlord's sole discretion may elect to waive Tenant's repair obligations under this Section 25, and if so waived, Landlord shall receive all insurance proceeds relating to such casualty (exclusive of that portion of such insurance proceeds which are reasonably allocated to the Excluded Improvements and Tenant's Personal Property) plus cash from Tenant in an amount equal to the deductible maintained by Tenant on the insurance policy applicable to such casualty, if any.

26. Condemnation. If during the Term, or during the period of time between the execution of this Lease and the Commencement Date, there is any taking of all or any material part of the Premises or any material interest in this Lease (including, without limitation, Tenant's parking rights under this Lease) by the exercise of any governmental power, whether by legal proceedings or otherwise, by any public or quasi-public authority, or private corporation or

individual, having the power of condemnation (any of the preceding a "Condemnor"), or a voluntary sale or transfer by Landlord to any Condemnor, either under threat of condemnation or while legal proceedings for condemnation are pending (any of the preceding, a "Condemnation"), this Lease shall terminate on the date the Condemnor takes possession of the Premises (the "Date of Condemnation"), provided that Landlord agrees to reasonably cooperate with Tenant in Landlord's negotiation of any voluntary sale or surrender, in order to mitigate the detrimental effect of such Condemnation on Tenant's business in the Premises. "Materiality," for the purposes of this Section 26, shall be determined by Tenant in its reasonable discretion based upon the impact of such taking on Tenant's ability to occupy and operate its business in the Premises after such Condemnation. Tenant shall be entitled to any award which is specifically awarded as compensation for the taking of the Excluded Improvements and Tenant's Personal Property, for the value of Tenant's good will in the Premises, for any damage to Tenant's business and for costs of Tenant moving to a new location other than Tenant's new corporate headquarters campus in the San Diego Corporate Center. Except as set forth above, any award for such Condemnation shall belong to Landlord. If upon any taking of the nature described in this Section 26, this Lease continues in effect, Tenant may elect to restore the Premises as feasible to occupy and operate Tenant's business in the Premises as such occupancy and operations existed prior to such Condemnation. Rent shall be abated proportionately based upon the extent to which Tenant's use of the Premises has decreased on the basis of the percentage of the rental value of the Premises after the Date of Condemnation and the rental value of the Premises prior to the Date of Condemnation.

27. Assignment and Other Transfers. Without Landlord's prior written consent, none of the following shall occur (nor be permitted by Tenant to occur), voluntarily, involuntarily, by operation of law, or otherwise (any of the following, a "Transfer"): any assignment, sublease, disposition, sale, concession, license, mortgage, encumbrance, hypothecation, pledge, collateral assignment, or other transfer, by Tenant of this Lease, any interest in this Lease, or all or any portion of the Premises.

Notwithstanding anything to the contrary contained in the preceding paragraph, Tenant may assign this Lease or sublet all or any portion of the Premises, without Landlord's prior consent, to (a) any parent, subsidiary, or affiliate corporation or partnership which controls, is controlled by, or is under common control with Tenant (herein referred to as "Affiliated") or to, (b) any corporation resulting from a merger or consolidation with Tenant, or to(c) any partnership in which Tenant is a partner, or (d) any person or entity which acquires all of the assets of Tenant's business as a going concern, where such acquiring party has a net worth equal to or greater than Tenant's net worth (as of the date of this Lease); provided, that: (i) at least 30 days prior to such assignment or sublease Tenant delivers to Landlord written notice of the particulars of such proposed assignment or sublease and the reason why such assignment or sublease meets the requirements of this paragraph, (ii) if an assignment, the assignee assumes, in full, the obligations of Tenant under this Lease, or if a sublease, the sublessee of a portion of the Premises assumes, in full, the obligations of Tenant with respect to such portion, and (iii) the use of the Premises remains unchanged. Any assignment or subletting meeting the requirements of the preceding sentence will constitute a "Permitted Transfer" under this Lease and will not require Landlord's prior consent. Notwithstanding anything to the contrary contained in this paragraph, the original Tenant named in this Lease shall continue to remain primarily liable for all obligations of the "Tenant" under this Lease following a Permitted Transfer.

28. Access by Landlord. Landlord and any of Landlord's Invitees shall have the right to enter the Premises at all reasonable times, during normal business hours, except in the event of an emergency, upon reasonable notice and subject to Tenant's security requirements, to the extent feasible under the circumstances, (i) to determine whether the Premises are in good condition and whether Tenant is complying with its obligations under this Lease, (ii) to do any necessary maintenance or make any restoration to the Premises that Landlord has the right or obligation to perform; provided, however, if such maintenance and/or restoration to the Premises is not of an emergency-type nature, Landlord's access under this clause (ii) shall be limited to non-business hours, unless Tenant otherwise consents in writing, which consent will not unreasonably be withheld or delayed, (iii) to serve, post, or keep posted any notices required or allowed under this Lease, and (iv) to shore the foundations, footings, and walls of the Premises, and to erect scaffolding and protective barricades around and about the Premises, but not so as to prevent entry to the Premises, and to do any other act or thing necessary for the safety or preservation of the Premises if any excavation or other construction is undertaken or is about to be undertaken on any adjacent property or nearby street. In the event of an emergency Landlord shall have the right to enter the Premises at any time, without prior notice to Tenant. Landlord's rights under this Paragraph extend, with Landlord's consent, to the owner of adjacent property on which excavation or construction is to take place and the adjacent property owner's agents, employees, officers, and contractors. Landlord shall not be liable for any inconvenience, disturbance, loss of business, nuisance, or other damage arising out of any entry on the Premises as provided in this Paragraph except damage resulting directly from the grossly negligent acts of Landlord or Landlord's Invitees and any other acts of Landlord and Landlord's Invitees which are not covered by Tenant's insurance policies. Tenant shall not be entitled to any abatement or reduction of Basic Monthly Rent or other Rental because of the exercise by Landlord of any rights under this Paragraph, except to the extent resulting from the grossly negligent acts of Landlord or Landlord's Invitees and to the extent Landlord's or Landlord's Invitees actions are not covered by Tenant's business interruption insurance.

29. Indemnity and Exemption of Landlord from Liability. Tenant hereby indemnifies Landlord against all Claims (as defined below) and all costs, expenses, and attorneys' fees incurred in the defense or handling of any such Claims or any action or proceeding brought on any of such Claims. For purposes of this Lease, "Claims" shall mean all liabilities, damages, losses, costs, expenses, attorneys' fees, and claims (except to the extent they result from Landlord's sole negligent acts or willful misconduct) arising from or which seek to impose liability under or because of (i) Tenant's or Tenant's Invitees' use of the Premises, (ii) the conduct of Tenant's business, (iii) any activity, work, or things done, permitted, or suffered by Tenant or any of Tenant's Invitees in or about the Premises or elsewhere, by anyone other than Landlord or any of Landlord's Invitees, (iv) any breach or default in the performance of any obligation to be performed by Tenant under this Lease, and/or (v) any negligence of Tenant or any of Tenant's Invitees. If any action or proceeding is brought against Landlord by reason of any such Claims, Tenant upon notice from Landlord shall defend such action or proceeding at Tenant's sole cost by legal counsel satisfactory to Landlord.

Landlord shall indemnify, defend, protect and hold Tenant harmless from any and all Claims arising or resulting from: (a) any act or omission of Landlord or any of its affiliates or any of their respective officers, employees, agents, contractors or invitees, (b) any activity, work or thing done, permitted or suffered by Landlord in or about the Premises; and/or (c) Landlord's

default of any of its obligations under this Lease. In case any action or proceeding is brought against Tenant by reason of any such indemnified Claims, Landlord, upon notice from Tenant, shall defend the same at Landlord's expense by counsel approved in writing by Tenant, which approval shall not be unreasonably withheld, conditioned or delayed.

30. Hazardous Substances. Tenant hereby agrees to indemnify Landlord against all actions, liabilities, damages, losses, costs, expenses, attorneys' fees, and claims (except to the extent they arise as a result of Landlord's grossly negligent acts or willful misconduct), arising from or relating to: (i) any discharges, releases, or threatened releases of noise, pollutants, contaminants, herbicides, pesticides, insecticides, or hazardous or toxic wastes, substances, or materials (any of the preceding a "Hazardous Material") into ambient air, water, or land by Tenant or Tenant's Invitees, from, on, under, or above the Premises during the Term of this Lease, (ii) the manufacture, processing, distribution, use, treatment, storage, disposal, transport, or handling of pollutants, contaminants, or hazardous or toxic wastes, substances, or materials by Tenant or Tenant's Invitees, or otherwise from, on, or under, the Premises during the Lease Term, or (iii) a violation of any environmental law on, under, or above the Premises during the Lease Term (for purposes hereof, "environmental laws" shall mean any Federal, State, or local law, statute, regulation, ordinance, guideline, or common law principle relating to public health or safety or the use or control of the environment, including without limitation the Federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, the Carpenter-Presley-Tanner Hazardous Substance Account Act, the California Hazardous Waste Control Law, the Federal Clean Air Act, the California Air Resources Act, the Federal Clean Water Act, the California Porter-Cologne Water Quality Control Act, the Federal Resource Conservation and Recovery Act, the California Nejedly-Z'berg-Dills Solid Waste Management and Recovery Act, the California Radiation Control Law, and California Health and Safety Code Section 25359.7). Neither Tenant nor any of Tenant's Invitees shall use, manufacture, store, or dispose of any Hazardous Materials anywhere within the Premises or the Project which are or could (a) be detrimental to the Project, human health, or the environment, except in accordance with all applicable laws, or (b) adversely affect the value of the Premises or the Project. If the Premises are contaminated (or, due to the acts or omissions of Tenant or Tenant's Invitees, the Project is contaminated) by any Hazardous Material during the Term, and such contamination is not caused by, or attributable to Landlord, Landlord's invitees or any third party other than any of Tenant's Invitees then (1) Tenant shall promptly notify Landlord in writing of such contamination, and (2) Tenant shall perform all remediation required by Landlord (to Landlord's satisfaction and at Tenant's sole cost, necessary to return the Premises (and/or the Project) to the condition required by applicable governmental authority (or the Project), which Tenant shall immediately do upon receipt of notice from Landlord; provided that if (a) the cost of Tenant's obligation to comply with the conditions imposed by applicable governmental authority exceeds the Purchase Price, (b) notwithstanding such compliance, Landlord or Tenant is reasonably anticipated to have continuing liability for such contamination following Tenant's performance of the required remediation, or (c) notwithstanding such compliance, the value of the Premises materially reduced below the Purchase Price paid by Landlord to Tenant as the result of such contamination ("Purchase Price"), then Landlord may require Tenant to rescind the sale of the Premises to Landlord, and within 120 days following written notice of Landlord's decision to rescind the sale (which shall not be given more than 90 days after Tenant's notice to Landlord of such contamination and the work of remediation proposed by Tenant), Tenant shall pay to Landlord the full amount of the Purchase Price, plus all out-of-pocket costs and fees associated

with Landlord's acquisition of the Premises, and Landlord shall contemporaneously quitclaim its interest in the Premises to Tenant. If Tenant does not promptly commence and diligently pursue such remediation, then Landlord may, at Landlord's election, perform or cause to be performed such remediation and Tenant shall immediately, upon demand, pay the cost thereof, plus a supervisory fee in the amount of ten percent (10%) of such cost. Tenant's obligations and liability under this Paragraph shall survive the termination of Tenant's tenancy and the Term of this Lease, except that nothing contained in this Paragraph shall be deemed to impose liability on Tenant for any pre-existing Hazardous Materials or violation of environmental laws, or problem arising after the Term of this Lease provided neither Tenant nor Tenant's Invitees contributed to such problem during the Term of the Lease.

Landlord hereby notifies Tenant, and Tenant hereby acknowledges that, prior to the leasing of the Premises pursuant to this Lease, Tenant has been notified, pursuant to California Health and Safety Code Section 25359.7 (or any successor statue), that Landlord knows, or has reasonable cause to believe, that certain hazardous substances (as such term is used in such Section 25359.7), such as common cleaning supplies, office supplies, spillage of petroleum products from motor vehicles, and other consumer products ("Incidental Hazardous Materials"), may have come to be located on or beneath the Premises and/or the Project. Landlord hereby acknowledges that it is not the intent of this Section 31 to prohibit Tenant from operating its business for the Permitted Use consistent with Tenant's business operations as of the date of this Lease. Notwithstanding the limitations set forth in this Section 31, Tenant shall be permitted to operate its business according to the custom of Tenant's industry so long as the presence of Hazardous Materials is strictly and properly monitored according to all applicable governmental requirements, and provided that Tenant delivers to Landlord prior to the Commencement Date a list identifying each type of Hazardous Materials to be present in the Premises (other than Incidental Hazardous Materials) and setting forth any and all governmental approvals and permits required in connection with the presence of such Hazardous Materials in the Premises. Tenant shall deliver an updated Hazardous Materials list to Landlord whenever any new Hazardous Material (other than Incidental Hazardous Materials) is brought into the Premises.

Landlord shall indemnify, protect, defend (by counsel reasonably approved by Tenant) and hold Tenant, its successors, assigns, subtenants, agents, employees, officers and directors harmless from any and all losses, damages, liabilities, judgments, costs, claims, expenses, penalties, including, but not limited to, attorneys' fees, court costs and consultant fees arising out of or involving any Hazardous Materials introduced to the Premises by Landlord or any of its affiliates, or their respective officers, employees, agents, contractors or invitees (other than Tenant or anyone under Tenant's control). Landlord's obligations and liability under this Paragraph shall survive the termination of Tenant's tenancy and the Term of this Lease.

31. Prohibition Against Asbestos-Containing Materials. Other than pre-existing Asbestos-Containing Materials, for which Tenant shall have no obligation or liability hereunder, Tenant shall not allow or permit any materials which contain asbestos in any form or concentration ("Asbestos-Containing Materials") to be used or stored in the Premises or used in the construction of any improvements or alterations to the Premises, including, without limitation, building or construction materials and supplies. Such prohibition against Asbestos-Containing Materials shall apply regardless of whether the Asbestos-Containing Materials may

be considered safe or approved for use by a manufacturer, supplier, or governmental authority, or by common use or practice. Landlord shall have the right, upon reasonable notice, to enter upon and conduct inspections of the Premises to determine Tenant's compliance with this paragraph. If Tenant allows or permits Asbestos-Containing Materials to be used or stored in the Premises or used in the construction of any improvements or alterations to the Premises, (a) Tenant shall, upon notice from Landlord, immediately remove such Asbestos-Containing Materials at Tenant's sole cost, (b) such removal shall comply with all applicable laws, regulations, and requirements concerning asbestos and the removal and disposal of Asbestos-Containing Materials, (c) Tenant shall reimburse Landlord for all expenses incurred in connection with any inspection of the Premises conducted by Landlord, and (d) unless Tenant completes such removal within 30 days after notice from Landlord, Landlord may, at its election, do either or both of the following: (i) declare Tenant in breach of this Lease and terminate this Lease upon 10 days prior written notice to Tenant, and (ii) remove and dispose of the Asbestos-Containing Materials and obtain reimbursement from Tenant for the cost of such removal and disposal. Tenant shall indemnify Landlord and Landlord's directors, officers, employees, and agents against all costs, liability, expenses, penalties, and claims for damages, including, without limitation, litigation costs and attorneys' fees, arising from (A) the presence of Asbestos-Containing Materials upon the Premises, to the extent that such Asbestos-Containing Materials are used or stored in the Premises or used in the construction of any improvements or alterations to the Premises by Tenant or Tenant's agents, employees, representatives, or independent contractors, (b) any lawsuit, settlement, governmental order, or decree relating to the presence, handling, removal, or disposal of Asbestos-Containing Materials upon or from the Premises, to the extent that such Asbestos-Containing Materials are used or stored in the Premises or used in the construction of any improvements or alternations to the Premises by Tenant or Tenant's agents, employees, representatives or independent contractors, or (C) Tenant's failure to perform its obligations to remove such Asbestos-Containing Materials under this paragraph.

32. Environmental Requirements at Lease Termination. Tenant shall apply for termination of Tenant's radioactive materials ("RAM") license from the State of California at least 90 days prior to the earlier of Lease termination or expiration, and shall thereafter diligently pursue the termination of such RAM license. To the extent Tenant's failure to perform its obligations to terminate such RAM license prevent Landlord from occupying the Premises, or delivery the Premises for occupancy to any third part, Tenant shall be obligated to pay holdover rent in accordance with Section 21 above for the duration of such delay in occupancy, (3) Tenant's duty to apply for CUPA inspection and close-out of hazardous waste permit at least 30 days prior to Lease termination, to diligently pursue closeout, and for Tenant's liability if closeout is not timely completed due to Tenant's actions or inactions [DISCUSS], and (4) Tenant's duty to join in and cooperate with the transfer of the emergency electrical generator permit [DISCUSS].]

33. Security Measures. Tenant acknowledges (i) that the Basic Monthly Rent does not include the cost of any security measures for any portion of the Project (ii) that Landlord shall have no obligation to provide any such security measures, (iii) that Landlord has made no representation to Tenant regarding the safety or security of the Project, and (iv) that Tenant will be solely responsible for providing any security it deems necessary to protect itself, its property, and Tenant's Invitees in, on, or about the Project. Tenant assumes all responsibility for the security and safety of Tenant, Tenant's property, and Tenant's Invitees. Tenant releases

Landlord from all claims for damage, loss, or injury to Tenant, Tenant's Invitees, and/or to the personal property of Tenant and/or of Tenant's Invitees, even if such damage, loss, or injury is caused by or results from the criminal or negligent acts of third parties. Landlord shall have no duty to warn Tenant of any criminal acts or dangerous conduct that has occurred in or near the Project, regardless of Landlord's knowledge of such crimes or conduct.

34. Subordination and Attornment. This Lease and Tenant's rights under this Lease are subject and subordinate to any mortgage, deed of trust, ground lease, or underlying lease (and to all renewals, modifications, consolidations, replacements, or extensions thereof), now or hereafter affecting the Premises provided that any such subordination shall be subject to the beneficiary's or mortgagee's obligation not to disturb Tenant's occupancy of the Premises or any rights of Tenant hereunder as long as Tenant is not in default hereunder beyond all applicable notice and cure periods. The provisions of this Paragraph shall be self-operative, and no further instrument of subordination shall be required. In confirmation of such subordination, however, Tenant shall promptly execute and deliver any instruments that Landlord, any Lender, or the lessor under any ground or underlying lease, may request to evidence such subordination, provided such instruments contain commercially-reasonable non-disturbance provisions protecting Tenant's rights under this Lease. Notwithstanding the preceding provisions of this Paragraph, if any ground lessor or Lender elects to have this Lease prior to the lien of its ground lease, deed of trust, or mortgage, and gives written notice thereof to Tenant that this Lease shall be deemed prior to such ground lease, deed of trust, or mortgage, whether this Lease is dated prior or subsequent to the date of such ground lease, deed of trust, or mortgage, then this Lease shall be deemed to be prior to the lien of such ground lease or mortgage and such ground lease, deed of trust, or mortgage shall be deemed to be subordinate to this Lease. If any Lender, or the lessor of any ground or underlying lease affecting the Premises, shall hereafter succeed to the rights of Landlord under this Lease, whether by foreclosure, deed in lieu of foreclosure or otherwise, then (i) such successor landlord shall not be subject to any offsets or defenses which Tenant might have against Landlord, (ii) such successor landlord shall not be bound by any prepayment by Tenant of more than one month's installment of Basic Monthly Rent or any other Rental prepayment, (iii) such successor landlord shall not be subject to any liability or obligation of Landlord except those arising after such succession, (iv) Tenant shall attorn to and recognize such successor landlord as Tenant's landlord under this Lease, (v) Tenant shall promptly execute and deliver any instruments that may be necessary to evidence such attornment, and (vi) upon such attornment, this Lease shall continue in effect as a direct lease between such successor landlord and Tenant upon and subject to all of the provisions of this Lease. If any Lender requests reasonable amendment(s) to this Lease at any time during the Term, then Tenant shall not unreasonably withhold or delay its written consent to such amendment(s), subject to Landlord's payment of Tenant's legal fees and costs associated therewith.

35. Estoppel Certificates. Within 10 business days after notice from Landlord, Tenant shall execute and deliver to Landlord, in recordable form, a certificate stating (i) that this Lease is unmodified and in full force and effect, or in full force and effect as modified, and stating all modifications, (ii) the then-current Basic Monthly Rent, (iii) the dates to which Basic Monthly Rent has been paid in advance, (iv) the amount of any security deposit, prepaid rent or other payment constituting Rental which has been prepaid, (v) whether or not Tenant or Landlord is in default under this Lease and whether, to Tenant's knowledge, there currently exist any defenses or rights of offset under the Lease, and (vi) such other factual matters as Landlord

shall reasonably request. Tenant's failure to deliver such certificate within such 10-business day period shall be conclusive upon Tenant for the benefit of Landlord, and any successor in interest to Landlord, any lender or proposed lender, and any purchaser of the Project that, except as may be represented by Landlord, this Lease is unmodified and in full force and effect, no Rental has been paid more than 30 days in advance, and neither Tenant nor Landlord is in default under this Lease.

36. Waiver. No delay or omission in the exercise of any right or remedy of Landlord in the event of any default by Tenant shall impair such right or remedy or be construed as a waiver. The receipt and acceptance by Landlord of delinquent Rental shall not constitute a waiver of any default other than the particular Rental payment accepted. Landlord's receipt and acceptance from Tenant, on any date (the "Receipt Date"), of an amount less than Rental due on such Receipt Date, or to become due at a later date but applicable to a period prior to such Receipt Date, shall not release Tenant of its obligation (i) to pay the full amount of such Rental due on such Receipt Date or (ii) to pay when due the full amount of such Rental to become due at a later date but applicable to a period prior to such Receipt Date. No act or conduct of Landlord, including without limitation, the acceptance of the keys to the Premises, shall constitute an acceptance by Landlord of the surrender of the Premises by Tenant before the Expiration Date. Only a written notice from Landlord to Tenant stating Landlord's election to terminate Tenant's right to possession of the Premises shall constitute acceptance of the surrender of the Premises and accomplish a termination of this Lease. Landlord's consent to or approval of any act by Tenant requiring Landlord's consent or approval shall not be deemed to waive or render unnecessary Landlord's consent to or approval of any other or subsequent act by Tenant. Any waiver by Landlord of any default must be in writing and shall not be a waiver of any other default concerning the same or any other provision of this Lease. Tenant acknowledges that Tenant's waivers set forth in this Paragraph are a material part of the consideration for Landlord's entering into this Lease and that Landlord would not have entered into this Lease in the absence of such waivers.

37. Brokers. Tenant and Landlord represent to one another, respectively, that no real estate broker, agent, finder, or other person is responsible for bringing about or negotiating this Lease and that it has not dealt with any real estate broker, agent, finder, or other person, relative to this Lease in any manner. Each party hereto hereby indemnifies the other against all liabilities, damages, losses, costs, expenses, attorneys' fees and claims arising from any claims that may be made against such other party by any real estate broker, agent, finder, or other person (other than as set forth above), alleging to have acted on behalf of or to have dealt with the indemnifying party.

38. Easements. Landlord may, at its election, from time to time, grant such easements, rights and dedications, and cause the recordation of parcel maps, easement and operating agreements, and restrictions affecting the Premises, provided that the foregoing will not materially and adversely affect Tenant's use and enjoyment of the Premises under this Lease, nor increase the cost of Tenant's obligations under this Lease.

39. Limitations on Landlord's Liability. If Landlord is in default of this Lease, and as a consequence Tenant recovers a money judgment against Landlord, such judgment shall be satisfied only out of the proceeds of sale received upon execution of such judgment and levy

against the right, title, and interest of Landlord in the Premises or out of the consideration received by Landlord from the sale or other disposition of all or any part of Landlord's right, title, and interest in the Premises. Neither Landlord nor Landlord's shareholders, officers, directors or agents shall be personally liable for any deficiency.

40. Sale or Transfer of Premises. If Landlord sells or transfers the Premises, Landlord, on consummation of the sale or transfer and the buyer's or transferee's written notice to Tenant that such entity has assumed all liabilities of Landlord accruing under this Lease after the date of such sale or transfer, shall be released from any liability thereafter accruing under this Lease.

41. Quitclaim Deed. At Landlord's sole cost and expense, Tenant shall execute and deliver to Landlord on the Expiration Date or earlier termination of this Lease, promptly on Landlord's request, a quitclaim deed to the Premises, in recordable form, designating Landlord as transferee.

42. No Merger. The voluntary or other surrender of this Lease by Tenant, or a mutual cancellation of this Lease, or a termination by Landlord, shall not work a merger, and shall, at the option of Landlord, terminate any existing subleases or may, at the option of Landlord, operate as an assignment to Landlord of any such subleases.

43. Confidentiality. Except as essential to the consummation of the transaction contemplated by this Lease (together with all amendments and addenda hereto):

43.1 Landlord and Tenant shall each keep and maintain the terms of this Lease and the transactions contemplated by this Lease or any aspect of this Lease in strict confidence; and

43.2 Landlord and Tenant may not make or allow any notices, statements, disclosures, communication, or news releases concerning this Lease, the terms of this Lease and the transactions contemplated by this Lease or any aspect of this Lease. Nothing provided herein, however, shall prevent either Landlord or Tenant from disclosing to its legal counsel and/or certified public accountants, prospective purchasers, or lenders the existence and terms of this Lease or any transaction under this Lease, or any aspect of this lease, or from complying with any governmental or court order or similar legal requirement which requires such party to disclose this Lease, the terms of this Lease, the transaction contemplated by this Lease and/or any aspect of this Lease; provided that such party uses reasonable and diligent good faith efforts to disclose no more than is absolutely required to be disclosed by such legal requirement.

44. Miscellaneous.

44.1 This Lease shall be governed by and construed in accordance with the laws of the State of California.

44.2 For purposes of venue and jurisdiction, this Lease shall be deemed made and to be performed in the City of San Diego, California (whether or not the

Premises are located in San Diego, California) and Landlord and Tenant hereby consent to the jurisdiction of the State and Federal Courts located in the County of San Diego.

44.3 This Lease may be executed in counterparts, each of which shall be deemed an original and all of which together shall constitute one document.

44.4 Whenever the context so requires, all words used in the singular shall be construed to have been used in the plural (and vice versa), each gender shall be construed to include any other genders, and the word "person" shall be construed to include a natural person, a corporation, a firm, a partnership, a joint venture, a trust, an estate or any other entity.

44.5 Each provision of this Lease shall be valid and enforceable to the fullest extent permitted by law. If any provision of this Lease or the application of such provision to any person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Lease, or the application of such provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected by such invalidity or unenforceability, unless such provision or such application of such provision is essential to this Lease.

44.6 In the event any litigation, arbitration, mediation, or other proceeding ("Proceeding") is initiated by any party against any other party to enforce, interpret or otherwise obtain judicial or quasi-judicial relief in connection with this Lease the prevailing party in such Proceeding shall be entitled to recover from the unsuccessful party as an element of its costs of suit, and not as damages, all costs, expenses, and reasonable attorney's fees and expert witness fees relating to or arising out of such Proceeding (whether or not such Proceeding proceeds to judgment), and any post-judgment or post-award proceeding including without limitation one to enforce any judgment or award resulting from any such Proceeding. Any such judgment or award shall contain a specific provision for the recovery of all such subsequently incurred costs, expenses, and actual attorney's fees and expert witness fees. The prevailing party shall mean the party that obtains the principal relief it has sought, whether by compromise, settlement or judgment.

44.7 This Lease shall become effective when it has been executed by each of Landlord and Tenant.

44.8 Subject to any restriction on transferability contained in this Lease, this Lease shall be binding upon and shall inure to the benefit of the successors-in-interest and assigns of each party to this Lease.

44.9 The headings of the Paragraphs of this Lease have been included only for convenience, and shall not be deemed in any manner to modify or limit any of the provisions of this Lease, or be used in any manner in the interpretation of this Lease.

44.10 Time and strict and punctual performance are of the essence with respect to each provision of this Lease.

44.11 Each party to this Lease and its legal counsel have had an opportunity to review and revise this Lease. The rule of construction that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Lease or any Exhibit to this Lease, and such rule of construction is hereby waived by Tenant.

44.12 All notices or other communications required or permitted to be given to Tenant or Landlord shall be in writing and shall be personally delivered, sent by certified mail, postage prepaid, return receipt requested, or sent by an overnight express courier service that provides written confirmation of delivery to Tenant at the address set forth in Paragraph 2.6 of this Lease and to Landlord at the address set forth in Paragraph 2.5 of this Lease. Each such notice or other communication shall be deemed given, delivered and received upon its actual receipt. Landlord or Tenant must give a notice of a change of its address to the other, if such address changes.

44.13 All provisions, whether covenants or conditions, to be performed or observed by Tenant shall be deemed to be both covenants and conditions.

44.14 All payments to be made by Tenant to Landlord under this Lease shall be in United States currency.

44.15 The Exhibits attached to this Lease are incorporated herein by this reference.

44.16 The parties hereto waive trial by jury in connection with proceedings or counterclaims brought by either of the parties hereto against the other.

44.17 There are no covenants, promises, assurances, representations, warranties, statements, conditions, or understandings, either oral or written, between them, other than as herein set forth. Except as herein otherwise provided, no subsequent alteration, change, or addition to this Lease shall be binding upon Landlord or Tenant unless reduced to writing and signed by each of them.

44.18 With the exception of the provisions of the Purchase Agreement for the sale and conveyance of the Premises from Tenant to Landlord, this Lease supersedes and revokes any and all previous negotiations, arrangements, letters of intents, offers to lease, lease proposals or drafts, brochures, representations, and information conveyed, whether oral or written, between parties hereto or their respective representations or any other person purported to represent Landlord or Tenant. Tenant and Landlord each acknowledge that it has not been induced to enter into this Lease by any representations not set forth in this Lease, nor has it relied on any such representations. No such representations should be used in the interpretation or construction of this Lease and neither party.

Landlord shall have any liability to the other for any consequences arising as a result of any such representations.

LANDLORD: PFIZER INC, A DELAWARE CORPORATION

By:_________________________________

Its:_____________________________

Date:_______________________________

TENANT: NEUROCRINE BIOSCIENCES, INC., A DELAWARE CORPORATION

By:_________________________________

Its:_____________________________

Date:_______________________________

EXHIBIT "A"

Site Plan

EXHIBIT "B"

Legal Description

LOT 30 OF TORREY PINES SCIENCE CENTER, UNIT NO. 2, IN THE CITY OF SAN DIEGO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP THEREOF NO. 12845, FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, JULY 23, 1991.

AND

A NONEXCLUSIVE EASEMENT FOR DRIVEWAY FOR VEHICULAR AND PEDESTRIAN INGRESS AND EGRESS OVER A PORTION OF LOT 29 OF TORREY PINES SCIENCE CENTER, UNIT NO. 2, IN THE CITY OF SAN DIEGO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP THEREOF NO. 12845 RECORDED ON JULY 23, 1991 ON FILE IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWESTERLY CORNER OF LOT 29, ALSO BEING A POINT ON A NON-TANGENT 799.00 FOOT RADIUS CURVE CONCAVE SOUTHEASTERLY, A RADIAL FROM SAID POINT BEARS SOUTH 63 DEGREES, FIVE FEET, 28 INCHES EAST; THENCE ALONG THE ARC OF SAID CURVE NORTHERLY 22.65 FEET THROUGH A CENTRAL ANGLE OF 01 DEGREES, 37 FEET, 28 INCHES; THENCE LEAVING SAID CURVE SOUTH 63 DEGREES, 05 FEET, 28 INCHES EAST 31.60 FEET TO THE BEGINNING OF A 3.00 FOOT RADIUS CURVE CONCAVE NORTHWESTERLY; THENCE ALONG THE ARC OF SAID CURVE NORTHEASTERLY 3.98 FEET THROUGH A CENTRAL ANGLE OF 75 DEGREES, 55 FEET, 35 INCHES TO THE BEGINNING OF A 42.00 FOOT RADIUS REVERSE CURVE CONCAVE SOUTHERLY; THENCE ALONG THE ARC OF SAID CURVE EASTERLY 73.29 FEET THROUGH A CENTRAL ANGLE OF 99 DEGREES, 59 FEET, 10 INCHES; THENCE TANGENT FROM SAID CURVE SOUTH 39 DEGREES, 01 FEET, 53 INCHES EAST 77.80 FEET, TO THE SOUTHERLY LOT LINE OF SAID LOT; THENCE ALONG SAID LOT LINE NORTH 70 DEGREES, 30 FEET, 59 INCHES WEST 165.12 FEET TO THE POINT OF BEGINNING.

ASSESSOR'S PARCEL NO. 340-180-20

EXHIBIT C -- GUARANTY

GUARANTY

THIS GUARANTY ("GUARANTY") is made as of April 30, 2003, by NEUROCRINE BIOSCIENCES, INC., a Delaware corporation ("GUARANTOR"), in favor of PFIZER INC., a Delaware corporation ("BUYER").

R E C I T A L S

A. Science Park Center LLC, a California limited liability company ("SELLER"), has entered into a Purchase and Sale Agreement dated as of April 30, 2003 ("PURCHASE AGREEMENT") with Buyer, pursuant to which Seller agreed to sell the property described therein ("PROPERTY"). Capitalized terms used herein and not otherwise defined shall have the meaning given such terms in the Purchase Agreement.

B. Seller is an affiliate of Guarantor and Guarantor will benefit directly from the sale of the Property to Buyer and Guarantor acknowledges that Buyer would be unwilling to enter into the Purchase Agreement but for having certain obligations undertaken therein by Seller guaranteed by Guarantor. The execution and delivery of this Guaranty by Guarantor is a condition precedent to Buyer's obligation to consummate the transactions provided for in the Purchase Agreement.

C. Terms not otherwise defined herein shall have the meanings given them in the Purchase Agreement.

NOW, THEREFORE, in consideration of and as a material inducement to Buyer's agreement to enter into the Purchase Agreement and to close the transaction contemplated thereby, Guarantor hereby covenants and agrees for the benefit of Buyer and its successors and assigns, as follows:

1. OBLIGATIONS GUARANTEED.

1.1 Guarantor hereby irrevocably, absolutely and unconditionally guarantees to Buyer and to Buyer's successors and assigns the payment and performance by Seller of Seller's post-closing obligations under the Purchase Agreement (collectively, "OBLIGATIONS") as and when due including, without limitation, the following:

(a) Any liability arising from any breach of the representations and warranties of Seller under the Purchase Agreement ("REPRESENTATIONS"); and

(b) All other obligations owed by Seller under the Purchase Agreement to Buyer that require payment or other performance by Seller after the date of Closing.

1.2 This Guaranty is a continuing and absolute guaranty of the Obligations and shall terminate on the earlier of (a) satisfaction or expiration of the Obligations or (b) that date which is eighteen (18) months after Guarantor vacates the Property in accordance with the Lease, provided that, (i) this Guaranty shall not terminate with respect to the Obligations on such date if Buyer has made a written demand on Guarantor under this Guaranty on or before such date with respect to

the matters that are the subject of such demand, and (ii) in the event that any payment or other consideration by Seller to Buyer is rescinded or Buyer is compelled to return any amount or other consideration received in connection with any Obligation, in connection with a bankruptcy of Seller or otherwise, this Guaranty shall automatically be reinstated with respect to the amount or other consideration rescinded or returned by Buyer notwithstanding the expiration of the eighteen (18) month term hereof or Buyer's failure to make a claim within such time period. Provided further, this Guaranty shall not terminate with respect to any environmental or indemnification provisions intended to survive the closing under the Purchase Agreement for the period such Obligations survive such closing, as expressly set forth in the Purchase Agreement.

1.3 Guarantor's aggregate liability with respect to the Representations (but exclusive of any other Obligations and any liability of Guarantor under Section 7 below) shall in no event exceed the Purchase Price paid by Buyer under the Purchase Agreement.

2. NATURE OF GUARANTY.

2.1 The obligations of Guarantor under this Guaranty are independent of, in addition to, and co-extensive with Seller's obligations under the Purchase Agreement and documents delivered at Closing.

2.2 Guarantor acknowledges and agrees that Buyer may enforce any rights or remedies against Seller that may be available under the Purchase Agreement, at law or in equity at any time in its sole discretion, upon any terms and conditions as Buyer may elect, without notice to or obtaining the consent of Guarantor and without affecting the liability of Guarantor under this Guaranty.

2.3 Guarantor expressly agrees that so long as any Obligations are outstanding, Guarantor shall not be released by any act or event which might, but for this provision of this Guaranty, be deemed a legal or equitable discharge of a surety. Seller shall be released to the extent Seller is released as a result of any waiver, extension, modification, forbearance, or delay, or other act or omission of Buyer, or the failure of Buyer to proceed promptly or otherwise as against Seller, any other guarantor or any third party, or because of any further dealings between Seller and Buyer, whether relating to the Obligations or otherwise.

3. NO BUYER WAIVERS. Any waiver by Buyer of any breach must be express and in writing and shall not be a waiver of any other breach concerning the same or any provision of the Purchase Agreement. Upon a failure by Seller to pay or perform any of the Obligations, Buyer in its sole and absolute discretion, without prior notice to and without obtaining the consent of Guarantor, may elect to compromise, or adjust any part of the Obligations with Seller, or make any other accommodation with Seller, or exercise any other available remedy against Seller.

4. GUARANTOR'S WAIVERS.

4.1 Guarantor unconditionally, irrevocably, and expressly waives and releases: (a) any right to assert or claim that Guarantor is exonerated by any action taken by Buyer which impairs Guarantor's rights to be subrogated to Buyer's rights against Seller; (b) the right to enforce any remedies that Buyer now has, or later may have, against Seller until such time as all Obligations of Seller have been satisfied; (c) all presentments, demands for performance, notices of non-performance, protests, notices of protest, notices of dishonor, and notices of acceptance of this Guaranty; (d) Guarantor's right by law to receive any notices to Seller of the existence, creation, or incurrence of new or additional obligations under the Purchase Agreement; (e) any duty of Buyer to advise Guarantor of any information known to Buyer regarding the financial condition of Seller; (f) the right to proceed against Seller or pursue any particular remedy in Buyer's power (until such time as all Obligations of Seller have been satisfied); and (g) any defense by reason of any disability of Seller and any other defense based upon the termination of Seller's ability to perform under the Purchase Agreement from any cause other than the legal or contractual rights of Seller pursuant to the Purchase Agreement. Without limiting the generality of the foregoing, Guarantor hereby expressly waives any and all benefits which might otherwise be available to it under California Civil Code Sections 2810, 2819, 2845, 2848 and 2850.

4.2 Guarantor hereby agrees, represents and warrants that the matters contemplated by this Guaranty and the Purchase Agreement involve complicated transactions and that Guarantor possesses knowledge, expertise and experience with respect to such transactions. Furthermore, Guarantor agrees, represents and warrants that it has had the advice of counsel of its own choosing in negotiations for and the preparation of the Purchase Agreement and this Guaranty, that Guarantor has read the provisions of this Guaranty, including the foregoing waivers, that Guarantor is fully aware of its contents and legal effect and that Guarantor has not relied on any statements or opinions of Buyer or Buyer's counsel with respect to the meaning or legal effect of this Guaranty or the Purchase Agreement.

5. REPRESENTATIONS AND WARRANTIES. Guarantor hereby represents, warrants and covenants to Buyer as follows:

5.1 The execution and delivery of this Guaranty are not, and the performance of this Guaranty will not be, in contravention of, or in conflict with, any agreement, indenture, or undertaking to which Guarantor is a party or by which Guarantor or Guarantor's property is or may be bound or affected and do not, and will not, cause any security interest, lien, or other encumbrance to be created or imposed upon any such property.

5.2 The execution and delivery of this Guaranty will not (i) render Guarantor insolvent (defined below) under generally accepted accounting principles consistently applied, (ii) leave Guarantor with remaining assets which constitute unreasonably small capital given the nature of Guarantor's business, or (iii) result in the incurrence of debts (defined below) beyond Guarantor's ability to pay them when and as they mature. For the purposes of clause (i) above, "INSOLVENT" means that the present fair salable value of assets is less than the amount that will be required to pay the probable liability on existing debts as they become absolute and matured and as further defined in Section 101(32) of the United States Bankruptcy Code. For the purposes of clause (iii), "DEBTS" includes any legal liability for indebtedness, whether matured or unmatured.

5.3 Guarantor hereby acknowledges and warrants that it has derived or expects to derive a financial or other benefit or advantage from the Purchase Agreement. Guarantor

acknowledges that Seller is not merely the agent, instrumentality, or alter ego of Guarantor, and that Seller is an independent and separate business entity, fully and adequately capitalized for its own business purposes.

6. BANKRUPTCY. The obligations of Guarantor under this Guaranty shall not be altered, limited or affected by any proceeding, voluntary or involuntary, involving the bankruptcy, reorganization, insolvency, receivership, liquidation or arrangement of Seller, or by any defense which Seller may have by reason of any order, decree or decision of any court or administrative body resulting from any such proceeding.

7. CUMULATIVE RIGHTS. All rights, powers and remedies of Buyer hereunder and under any other agreement now or at any time hereafter in force between Buyer and Guarantor and any other guaranty executed by Guarantor relating to any other obligations or indebtedness of Seller to Buyer, shall be cumulative and not alternative, and such rights, powers and remedies shall be in addition to all rights, powers and remedies given to Buyer by law. This Guaranty is in addition to and independent of the guaranty of any other guarantor of any other obligations or indebtedness of Seller to Buyer.

8. INDEPENDENT OBLIGATIONS. The obligations of Guarantor hereunder are independent of the obligations of Seller, and, in the event of any default hereunder, a separate action or actions may be brought and prosecuted against Guarantor, whether or not Seller is joined therein or a separate action or actions are brought against Seller. Buyer's rights hereunder shall not be exhausted by its exercise of any of its rights or remedies or by any such action or by any number of successive actions unless and until all Obligations hereby guaranteed have been paid and fully performed.

9. NOTICES. Whenever Guarantor or Buyer shall desire to give or serve any notice, demand, request or other communication with respect to this Guaranty, each such notice shall be in writing and shall be effective only if the same is delivered by personal service, by facsimile, or mailed by registered or certified mail, postage prepaid, return receipt requested, addressed as follows:

10

If to Buyer:
Pfizer Inc.
10777 Science Center Drive
San Diego, California 92121
(858) 678-8152 - (Telecopy)
Attn: Jim Serbia

With copies to:
Pfizer Inc.
10777 Science Center Drive
San Diego, California 92121
(858) 622-3297 - (Telecopy)
Attn: D. Frederick Jay, Esq.

Solomon Ward Seidenwurm & Smith, LLP
401 B Street, Suite. 1200
San Diego, CA 92101
(619) 231-4755 - (Telecopy)
Attn: Richard L. Seidenwurm, Esq.

If to Guarantor: Neurocrine Biosciences, Inc.
Attn: Paul Hawran, Executive Vice President
10555 Science Center Drive
San Diego, CA 92121
(858) 658-7605 - (Telecopy)

With a copy to: Paul, Hastings, Janofsky & Walker LLP
12390 El Camino Real
San Diego, CA 92130
(858) 720-2555 - (Telecopy)
Attn: W. Scott Biel, Esq.

Any such notice delivered personally shall be deemed to have been received upon delivery. Any such notice sent by facsimile shall be presumed to have been received by the addressee on the date sent, provided, however, that notices sent by facsimile shall also be sent by overnight courier on the same day. Any such notice sent by mail shall be presumed to have been received by the addressee three (3) business days after posting in the United States mail. Guarantor or Buyer may change its address by giving the other written notice of the new address as herein provided.

11. SUCCESSORS AND ASSIGNS. This Guaranty shall inure to the benefit of Buyer, and any affiliate of Buyer to whom Buyer may transfer the Property or its rights under the Purchase Agreement, and shall bind the heirs, executors, administrators, personal representatives, successors and assigns of Guarantor; provided that Guarantor may not assign its obligations under this Guaranty without the consent of Buyer which may be withheld in Buyer's sole discretion.

12. MISCELLANEOUS PROVISIONS.

12.1 This Guaranty shall be governed by and construed in accordance with the laws of the State of California. Guarantor hereby consents to the jurisdiction of any state or federal court sitting in San Diego, California, consents to service of process by any means authorized by California law in any action brought under or arising from this Guaranty, and irrevocably agrees that all claims in respect of this Guaranty shall be heard in such court.

12.2 Except as provided in any other written agreement now or at any time hereafter in force between Guarantor and Buyer, this Guaranty shall constitute the entire agreement of Guarantor with Buyer with respect to the subject matter hereof, and no representation, understanding, promise or condition concerning the subject matter hereof shall be binding upon Guarantor or Buyer unless expressed herein.

12.3 Until all Obligations of Seller have expired or have been performed in full or this Guaranty shall have expired as set forth in Section 1.2 and 1.4 above, Guarantor shall have no right of subrogation.

12.4 Should any term, covenant, condition or provisions of this Guaranty be determined to be illegal or unenforceable, all other terms, covenants, conditions and provisions hereof shall nevertheless remain in full force and effect.

12.5 Time is of the essence to this Guaranty and each of its provisions.

12.6 When the context and construction so require, all words used in the singular herein shall be deemed to include the plural, the masculine shall include the feminine and neuter, and vice versa.

12.7 The word "PERSON" as used herein shall include any individual, company, firm, association, partnership, joint venture, corporation, trust or other legal entity of any kind whatsoever.

12.8 No provision of this Guaranty or right granted to Buyer hereunder can be waived in whole or in part, nor can Guarantor be released from its obligations hereunder, except by a writing duly executed by an authorized officer of Buyer.

12.9 The headings of this Guaranty are inserted for convenience only and shall have no effect upon the construction or interpretation hereof.

IN WITNESS WHEREOF the undersigned has executed this Guaranty as of the date first above written.

GUARANTOR:

NEUROCRINE BIOSCIENCES, INC.,
a Delaware corporation

By:: ____________________________________
Paul W. Hawran, Executive Vice President and Chief Financial Officer

EXHIBIT D -- EHS DOCUMENTS

1. To the extent held by Seller, all permits, planning permissions, registrations, or authorizations issued pursuant to federal, state or local law relating to the Seller's operation on the Property registrations or other documentation issued by any governmental agency with jurisdiction over environmental matters authorizing the business operations undertaken on the Property.

2. All non-privileged correspondence, notifications, reports, and applications filed by Seller or any affiliates or subsidiaries with federal, state or local agencies in the regarding any environmental or health and safety matter relating to operations on the Property.

3. All relevant documents of record relating to government inspections, investigations, information requests, claims of violation or liability under any environmental law or occupational health and safety law, i.e. reports of government agencies, notices of violation administrative orders, and consent orders, received during the prior three (3) years, or otherwise current in effect or unabated, related to operations on the Property.

4. All relevant documents of record relating to non-governmental claims under any environmental law, occupational health and safety law, or tort law arising from operations on the Property.

5. All corporate, operating group, or facility driven (self audit) environmental and health and safety audit reports and plan of action and resolution of findings relating to operations on the Property.

6. All documentation for the previous three years relating to the handling, storage, transportation, treatment and disposal of hazardous substances, off-site or on-site from the Property. "Hazardous Substances" includes all petroleum products, radioactive materials, commercial chemical products, toxic or infectious materials, hazardous waste, and rejected or returned goods. Such documentation includes, but is not limited to, the reports to government agencies, manifests, characterizations, and contracts with vendors for the previous 3 years.

7. All documents regarding historic or ongoing environmental investigations or remediation undertaken by or for the Seller with respect to the Property.

8. All documents related to historic or recent spills or releases to the environment of Hazardous Substances or pharmaceutical materials from process equipment, waste handling or disposal facilities, above or below ground transmission lines, underground storage tanks, above ground storage tanks, containers, container storage areas, waste storage areas, waste disposal areas, and motor vehicles and the loading and/or unloading areas.

9. All documents related to the presence, condition, management, disposition and replacement of asbestos containing materials, polychlorinated biphenyls, underground storage tanks, lead paint, radioactive materials, and ozone depleting substances. Such documentation includes existing plans to address or manage these materials currently and in the future.

10. All documents for the previous five years related to water supply or supplies including the information on the source or sources of water, permits, usage records, analyses, treatment records, monitoring reports, and submissions to government agencies.

11. All documents for the previous three years related to the handling and treatment of sanitary industrial wastewater (including stormwater), past and present, onsite or offsite; including but no limited to monitoring records, treatment studies, analyses, evaluations of off-site impacts, and submissions to government agencies.

12. All records for the previous five years related to the calculation, monitoring, analysis, modeling, off-site impact, treatment and control of air emissions, past and present.

13. All documents including surveys and audits performed by insurers and consultants pertaining to fire safety.

14. All documents related to complaints from neighbors regarding noise, odor, lights vibration or any other environmental matter.

EXHIBIT E -- FORM OF GRANT DEED

RECORDING REQUESTED BY:)
AND WHEN RECORDED MAIL TO:)
)
)
)

Tax Parcel No. _______________ Above Space for Recorder's Use

The undersigned, Grantor, declares:
Documentary transfer tax is $______,
(__) Computed on full value of property conveyed, or
(__) Computed on full value less value of liens and encumbrances remaining at time of sale.
(__) Unincorporated area.

GRANT DEED

FOR VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, Science Park Center LLC, a California limited liability company, hereby grants to Pfizer Inc., a Delaware corporation, the following described real property ("Property") situated in the City of San Diego, County of San Diego, State of California.

See Exhibit "A" attached hereto and incorporated herein by this reference.

This conveyance is made and accepted and the Property is hereby granted and conveyed subject to all matters of record.

IN WITNESS WHEREOF, the Grantor has caused its name to be affixed hereto and this instrument to be executed by those thereunto duly authorized.

Dated: ___________ GRANTOR: SCIENCE PARK CENTER LLC,
a California limited liability company

By: Neurocrine Biosciences, Inc.,
a Delaware corporation
Its: Manager

By:: __________________________________
Paul W. Hawran, Executive Vice President
and Chief Financial Officer

EXHIBIT F - BILL OF SALE

BILL OF SALE

THIS BILL OF SALE ("BILL OF SALE") is made as of this ___ day of November, 2003, by SCIENCE PARK CENTER LLC, a California limited liability company, as "SELLER" in favor of PFIZER INC., an Delaware corporation, as "BUYER".

Pursuant to that certain Purchase and Sale Agreement and Escrow Instructions executed by Seller and Buyer dated April 30, 2003 (the "AGREEMENT"). Seller is concurrently selling and Buyer is concurrently buying that certain real property and the improvements thereon owned by Seller and located in San Diego, California, as more particularly described on EXHIBIT "1" attached hereto (collectively, the "PROPERTY").

For good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Seller does hereby absolutely and unconditionally give, grant, bargain, transfer, sell, set over, convey and deliver to Buyer all of its right, title and interest in, to and under the following personal property (the "PERSONAL PROPERTY"):

1. All of Seller's transferable rights in contracts (but not including any insurance contracts), agreements, warranties, guarantees, permits and authorizations to the extent applicable to the operation, maintenance or repair of the Property, and all transferable approvals issued by governmental authorities respecting the Property and interests appurtenant thereto. For purposes of this Bill of Sale, "transferable" shall mean that such Personal Property can be conveyed or transferred without cost to Seller (or at a cost to Seller which Buyer is willing to pay) and without any continuing liability of Seller for such Personal Property after such transfer;

2. All of Seller's fixtures, equipment and other personal property to the extent used in connection with the operation of Property (as opposed to the business operations of any tenant of the Property), including without limitation deposits, service contracts, "as built" drawings, reports and studies, relating to the Property, subject to no liens, restrictions, and encumbrances of record except for those approved in writing by Buyer or disapproved and subsequently waived by Buyer in accordance with Section 5.3 of the Agreement. Notwithstanding the foregoing, none of the Personal Property shall include any permits, rights, approvals or intellectual or other intangible property relating to the business operations of any occupant of the Real Property or any proprietary information associated with such business operations;

3. All keys and combinations to all doors, cabinets, safes, enclosures and other locking items or areas of the Property in Seller's possession;

4. All awards or payments made or to be made for any taking by condemnation, eminent domain or otherwise (including, without limitation, by agreement in lieu thereof) for all or any part of any of the Property, the aforesaid Personal Property and in and to all proceeds paid or payable in connection with any damage, loss or destruction to all or any part of the Property;

5. All easements, covenants or other title appurtenances benefiting or burdening the Property, and all encroachment, sidewalk, indemnification, right-of-way and other similar agreements appurtenant to or otherwise affecting the use and enjoyment of the Property; and

6. All rights under real estate tax and similar assessments including rights of appeal thereunder, if any, for 2003 and subsequent tax years.

Seller hereby covenants that Seller will, at any time and from time to time upon written request therefor, execute and deliver to Buyer such documents as Buyer may reasonably request in order to fully assign and transfer to and vest in Buyer and protect Buyer's right, title and interest in and to the Personal Property to be transferred and assigned hereby, or to enable Buyer to realize upon or otherwise enjoy such rights and property.

Seller hereby represents and warrants to Buyer that: (i) the Personal Property has been paid for and is not subject to any liens, encumbrances, security interests or claims of any kind; (ii) all taxes of any nature whatsoever on the Personal Property accruing prior to Closing have been paid by Seller; and (iii) the consideration paid to Seller herewith is the full and complete consideration for the Personal Property.

BUYER ACKNOWLEDGES THAT BUYER IS ACQUIRING THE PERSONAL PROPERTY "AS IS AND WHERE IS, WITH ALL FAULTS, IF ANY," IN THE CONDITION THEY ARE IN AS OF THE EFFECTIVE DATE, AND NO WARRANTIES, EXPRESS OR IMPLIED, HAVE BEEN MADE BY SELLER REGARDING THEIR PHYSICAL CONDITION, CAPACITY, QUALITY, VALUE, WORKMANSHIP, OPERATING CAPABILITY OR PERFORMANCE, OR THEIR COMPLIANCE WITH APPLICABLE LAWS, OR THEIR FITNESS OR SUITABILITY FOR BUYER'S PURPOSES. NO WARRANTIES, EXPRESS OR IMPLIED, CONTAINED IN THE UNIFORM COMMERCIAL CODE OR OTHERWISE (INCLUDING, WITHOUT LIMITATION, THE IMPLIED WARRANTY OF MERCHANTABILITY AND THE IMPLIED WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE) SHALL APPLY TO THE SALE OF THE PERSONAL PROPERTY, AND BUYER HEREBY DISCLAIMS AND NEGATES THE RIGHT TO ANY SUCH WARRANTIES

All applicable sales, use, transfer and documentary taxes arising out of the transfer of the Assets (but excluding sales taxes applicable to Seller's period of ownership and income taxes of Seller arising out of the sale) shall be paid by Buyer.

This Bill of Sale is binding upon the heirs, devisees, administrators, executors, legal representatives, successors and assigns of Seller.

This Bill of Sale will be governed by, interpreted under, and construed and enforceable in accordance with the laws of the State of California.

IN WITNESS WHEREOF, Seller has executed and delivered this Bill of Sale as of the date first above written.

SELLER:

SCIENCE PARK CENTER LLC,
a California limited liability company

By: Neurocrine Biosciences, Inc.,
a Delaware corporation
Its: Manager

By:: ___________________________________
Paul W. Hawran, Executive Vice President and
Chief Financial Officer

EXHIBIT "1"

LEGAL DESCRIPTION

LOT 30 OF TORREY PINES SCIENCE CENTER, UNIT NO. 2, IN THE CITY OF SAN DIEGO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP THEREOF NO. 12845, FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, JULY 23, 1991.

AND

A NONEXCLUSIVE EASEMENT FOR DRIVEWAY FOR VEHICULAR AND PEDESTRIAN INGRESS AND EGRESS OVER A PORTION OF LOT 29 OF TORREY PINES SCIENCE CENTER, UNIT NO. 2, IN THE CITY OF SAN DIEGO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP THEREOF NO. 12845 RECORDED ON JULY 23, 1991 ON FILE IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWESTERLY CORNER OF LOT 29, ALSO BEING A POINT ON A NON-TANGENT 799.00 FOOT RADIUS CURVE CONCAVE SOUTHEASTERLY, A RADIAL FROM SAID POINT BEARS SOUTH 63(degree)05'28" EAST; THENCE ALONG THE ARC OF SAID CURVE NORTHERLY 22.65 FEET THROUGH A CENTRAL ANGLE OF 01(degree)37'28"; THENCE LEAVING SAID CURVE SOUTH 63(degree)05'28" EAST 31.60 FEET TO THE BEGINNING OF A 3.00 FOOT RADIUS CURVE CONCAVE NORTHWESTERLY; THENCE ALONG THE ARC OF SAID CURVE NORTHEASTERLY 3.98 FEET THROUGH A CENTRAL ANGLE OF 75(degree)55'35" TO THE BEGINNING OF A 42.00 FOOT RADIUS REVERSE CURVE CONCAVE SOUTHERLY; THENCE ALONG THE ARC OF SAID CURVE EASTERLY 73.29 FEET THROUGH A CENTRAL ANGLE OF 99(degree)59'10"; THENCE TANGENT FROM SAID CURVE SOUTH 39(degree)01'53" EAST 77.80 FEET, TO THE SOUTHERLY LOT LINE OF SAID LOT; THENCE ALONG SAID LOT LINE NORTH 70(degree)30'59" WEST 165.12 FEET TO THE POINT OF BEGINNING.

EXHIBIT G - FIRPTA AFFIDAVIT

TRANSFEROR'S CERTIFICATION
OF NON-FOREIGN STATUS

To inform PFIZER INC., a Delaware corporation (the "TRANSFEREE") that withholding of tax under Section 1445 of the Internal Revenue Code of 1986, as amended ("CODE") will not be required upon the transfer by SCIENCE PARK CENTER LLC, a California limited liability company ("TRANSFEROR"), of real property to the Transferee, the undersigned hereby certifies the following on behalf of the Transferor:

l. The Transferor is not a foreign corporation, foreign partnership, foreign trust, foreign estate or foreign person (as those terms are defined in the Code and the Income Tax Regulations promulgated thereunder); and

2. The Transferor's U.S. employer or tax (social security) identification number is 33-0745791.

The Transferor understands that this Certification may be disclosed to the Internal Revenue Service by the Transferee and that any false statement contained herein could be punished by fine, imprisonment, or both.

Under penalty of perjury I declare that I have examined this Certification and to the best of my knowledge and belief it is true, correct and complete, and I further declare that I have authority to sign this document on behalf of the Transferor.

"TRANSFEROR"

SCIENCE PARK CENTER LLC,
a California limited liability company

By: Neurocrine Biosciences, Inc.,
a Delaware corporation
Its: Manager

By:: ____
Paul W. Hawran, Executive Vice President
and Chief Financial Officer

EXHIBIT 10.8

FOURTH AMENDMENT TO OPERATING AGREEMENT

FOR

SCIENCE PARK CENTER LLC
A CALIFORNIA LIMITED LIABILITY COMPANY

THAT CERTAIN OPERATING AGREEMENT ("Operating Agreement") for SCIENCE PARK CENTER LLC, a California limited liability company (the "Company"), made July 31, 1997, by and between NEUROCRINE BIOSCIENCES, INC., a Delaware corporation ("Neurocrine"), and NEXUS PROPERTIES, INC., a California corporation ("Nexus"), which was previously amended by a First Amendment effective July 31, 1997, a Second Amendment effective August 1, 1998, and a Third Amendment effective November 1, 1999, is hereby amended by this Fourth Amendment (this "Amendment") effective as of April 1, 2003, as set forth herein.

Unless otherwise defined in this Amendment, terms with an initial capital letter shall have the meanings given them in the Operating Agreement as previously amended.

1. ASSIGNMENT OF MEMBERSHIP INTERESTS. In consideration of the payments received from the Company pursuant to Paragraph 2 below, Nexus hereby assigns to Neurocrine 50% of Nexus' Percentage Interests in the Company (or 49.5% of the Percentage Interests of the Company), including the Membership Interests and all other right, title and interest associated therewith (excepting therefrom any payments due Nexus under Sections 7.1(iii) and (iv) of the Operating Agreement as described in Paragraphs 2 and 3 below), and Neurocrine hereby accepts such assignment in consideration for its payments made pursuant to Paragraph 2 below, as a result of which Neurocrine shall own 50.5% of the Percentage Interests of the Company (including the Membership Interests and all other right, title and interest associated therewith) and Nexus shall own 49.5% of the Percentage Interests of the Company (including the Membership Interests and all other right, title and interest associated therewith). Also, inconsideration of the payments received by Nexus from the Company pursuant to Paragraph 2 below, after the sale, exchange or transfer of the Project, and before the transfer of the remaining Membership Interests of Nexus contemplated by Paragraph 7 below, with the exception of the payments and distributions paid and payable to Nexus pursuant to Paragraphs 3 and 4 hereof, all Distributable Cash and any other proceeds of the Company, shall accrue 100% to Neurocrine.

2. IMMEDIATE LUMP SUM PAYMENT TO NEXUS. Neurocrine shall pay to the Company, in consideration for receipt of 50% of Nexus' Membership Interest in the Company, 50% of the payments and distributions payable to Nexus for all of its Membership Interest pursuant to Section 9.5 of the Operating Agreement, and the Company shall distribute to Nexus concurrently with the execution and delivery of this Amendment, as if the Premises had been sold or exchanged and in lieu of any other payments under Section 7.1 of the Operating Agreement, in cash, the sum of the following:

(i) $174,038 (one-half of the Preferred Return accrued as of August 31, 2002 pursuant to Section 7.1(iii) of the Operating Agreement); plus

(ii) $63,812 ($301 multiplied by the number of days elapsed between September 1, 2002 and March 31, 2003) (Preferred Return accrued from September 1, 2002 pursuant to Section 7.1(iii) of the Operating Agreement); plus

(iii) $375,000 (one-half of the payment pursuant to Section 7.1(iv) of the Operating Agreement); less

(iv) $200,000 (one-half of the distributions to Nexus under Section 7.2(iii) deducted pursuant to Section 7.1(iii) of the Operating Agreement).

3. SUBSEQUENT LUMP SUM PAYMENT TO NEXUS. On or before March 31, 2006, Neurocrine shall pay to the Company, in consideration for receipt of the remaining Membership Interest of Nexus in the Company (after assignment of the Nexus Membership Interest set forth in Paragraph 1 above), the remaining 50% of the payments and distributions payable to Nexus for all of its Membership Interest pursuant to Section 9.5 of the Operating

Agreement, and the Company shall concurrently distribute to Nexus (or to any Member or Economic Interest Owner succeeding to the Membership Interest of Nexus), as if the Premises had been sold or exchanged and in lieu of any other payments under Section 7.1 of the Operating Agreement, in cash, the sum of the following:

(i) $174,038 (one-half of the Preferred Return accrued as of August 31, 2002 pursuant to Section 7.1(iii) of the Operating Agreement); plus

(ii) $150 multiplied by the number of days elapsed between March 31, 2003 and August 31, 2003 prior to the date of payment; plus $166 multiplied by the number of days elapsed between September 1, 2003 and August 31, 2004 prior to the date of payment; plus $182 multiplied by the number of days elapsed between September 1, 2004 and August 31, 2005 prior to the date of payment; plus $200 multiplied by the number of days elapsed between September 1, 2005 and the date of payment (one-half of the Preferred Return accruing after March 31, 2003 pursuant to Section 7.1(iii) of the Operating Agreement); plus

(iii) $375,000 (one-half of the payment pursuant to Section 7.1(iv) of the Operating Agreement); less

(iv) $200,000 (one-half of the distributions to Nexus under Section 7.2(iii) deducted pursuant to Section 7.1(iii) of the Operating Agreement).

4. PERIODIC PAYMENTS TO NEXUS. In addition to the payments described in Paragraphs 2 and 3 above, and in lieu of and in satisfaction of the payments to be paid to Nexus under Section 8.3 of the Operating Agreement, the Company shall pay to Nexus (or to any Member or Economic Interest Owner succeeding to the Membership Interest of Nexus) on the first day of each and every calendar month, until such time as the entirety of the payments are made to Nexus pursuant to Paragraphs 2 and 3, the amount of $4,575 per month for the months of April through September 2003, the amount of $5,033 per month for the months of October 2003 through September 2004, the amount of $5,536 per month for the months of October 2004 through September 2005, and the amount of $6,090 per month for the months of October 2005 and each and every month thereafter (pursuant to Section 8.3 of the Operating Agreement). At the election of Nexus, the entirety of the sums payable to Nexus pursuant to Paragraph 3 above and this Paragraph 4 shall become immediately due and payable upon the default by the Company with respect to any payment required under this Paragraph 4 or any other provision of this Amendment, if such default remains uncured by the Company for a period of more than five (5) business days after the Manager's receipt of written notice that any such payment was not received by Nexus when due.

5. GUARANTEE OF PAYMENTS. Neurocrine shall concurrently with execution of this Amendment execute and deliver to Nexus a guarantee of the payments by the Company pursuant to Paragraphs 3 and 4 above in the form attached hereto as Exhibit "A".

6. RESIGNATION AS MANAGER. Nexus hereby resigns as a Manager of the Company, as a result of which Neurocrine is now the sole Manager of the Company.

7. TRANSFER OF REMAINING NEXUS INTERESTS. Notwithstanding the provisions of Section 9.5 of the Operating Agreement, concurrently with Neurocrine's payments to the Company, and the Company's concurrent distribution to Nexus of the entirety of the amounts paid by Neurocrine to the Company pursuant to Paragraphs 2, 3 and 4 above (which payments shall be in full satisfaction of the distributions, payments and other monetary obligations of Neurocrine set forth in Section 9.5), Nexus shall transfer to Neurocrine all of its Percentage Interests in the Company, including the Membership Interests associated therewith and all other right, title and interest in the Company, in two equal increments on each of the dates when such distributions are received by Nexus. In furtherance of such transfer, at the request of Neurocrine, Nexus agrees to execute any and all documents reasonably required to effectuate or memorialize such transfer.

8. VOTING RIGHTS. Section 4.7 of the Operating Agreement is amended to read:

No Member other than Neurocrine shall have voting, approval or other consent rights. In all matters in which a vote, approval or consent of the Members is required, the vote, consent or approval of Neurocrine shall be sufficient to authorize or approve such act. Notwithstanding the foregoing, until such time as Nexus has

been paid all sums due pursuant to Paragraphs 3 and 4 of this Agreement, and the remaining Membership Interests of Nexus have been transferred to Neurocrine pursuant to Paragraph 7 above, without the consent or Nexus neither Neurocrine nor any other Member or Manager shall have authority to:

(a) Amend, alter, modify, change or repeal any provision of this Amendment, any provision of Sections 6.1 and 6.2 as they appear in the Third Amendment of the Operating Agreement, or any other provision of the Operating Agreement which would serve to deny, reduce or diminish in any way the benefits given to Nexus by this Amendment;

(b) Do any act in contravention of the Operating Agreement;

(c) Knowingly perform any act that would subject Nexus, as a Member or otherwise, to liability in any jurisdiction;

(d) Dissolve or liquidate the Company;

(e) Sell or lease, or otherwise dispose of all or substantially all of the assets of the Company except as part of an exchange pursuant to Section 1031 of the Internal Revenue Code;

(f) File a voluntary petition or otherwise initiate proceedings to have the Company adjudicated bankrupt or insolvent, or consent to the institution of bankruptcy or insolvency proceedings against the Company, or file a petition seeking or consenting to reorganization or relief of the Company as debtor under any applicable federal or state law relating to bankruptcy, insolvency, or other relief for debtors with respect to the Company, or seek or consent to the appointment of any trustee, receiver, conservator, assignee, sequestrator, custodian, liquidator (or other similar official) of the Company or of all or any substantial part of the properties and assets of the Company, or make any general assignment for the benefit of creditors of the Company, or admit in writing the inability of the Company to pay its debts generally as they become due or declare or effect a moratorium on the Company debt or take any action in furtherance of any such action;

9. FEDERAL INCOME TAX TREATMENT. The parties hereto acknowledge and agree that the contributions and distributions made pursuant to Paragraphs 2 and 3 above shall be treated as a sale of a partnership interest pursuant to Section 707(a)(2) of the Internal Revenue Code.

10. MISCELLANEOUS AMENDMENTS.

(a) In order to implement the intent of the parties with regard to the distributions made pursuant to Paragraphs 2 and 3 above, Section 1..53 of the Operating Agreement is hereby amended to read as follows:

> SECTION 1.53. "Unreturned Capital Contributions" shall mean the $600,000 initial Capital Contribution of Nexus, as reduced by that portion of the payments made pursuant to Section 7.1(iv) which are deemed by the parties, without warranty, to be a nontaxable return of capital.

In order to clarify the effect of the distribution to be made pursuant to Paragraph 2(iii) on the amended definition, the parties hereby agree that upon Nexus' receipt of the payment made by Neurocrine pursuant to Paragraph 2(iii) of this Amendment, the Unreturned Capital Contribution shall be an amount equal to $300,000 (based upon such amount being agreed by the parties, without warranty by either of them, to be a nontaxable return of capital).

(b) In order to implement the intent of the parties with regard to the distributions made pursuant to Paragraphs 2 and 3 above, Section 6.2.1(iii) of the Operating Agreement is hereby amended to read as follows:

> SECTION 6.2.1(III). Third, 100% to Nexus in an amount necessary to reduce its Capital Account balance to an amount equal to its remaining Unreturned Capital Contribution (as such Unreturned Capital Contribution may be reduced from time to time in accordance with the definition thereof).

As set forth above, the Unreturned Capital Contribution following the distribution to be made pursuant to Paragraph 2(iii) shall be an amount equal to $300,000 (based upon such amount being agreed to by the parties, without warranty by either of them, as a nontaxable return of capital).

(b) Section 9.5 is amended to add the following at the end of said section:

> "Neurocrine may purchase less than the entire Membership Interest of Nexus, provided that the amount payable by Neurocrine for any portion of Nexus' Membership Interest shall equal the Unreturned Capital Contribution and the purchase price payable pursuant to the first sentence of this Section 9.5 multiplied by the percentage of the Membership Interest of Nexus being acquired by Neurocrine; and upon any such sale of a portion of the Membership Interest of Nexus, the amounts subsequently payable or otherwise distributed to Nexus under Sections 6.2, 7.1, 7.2 and 8.3 of the Operating Agreement shall be reduced by a percentage equal to the percentage share of Nexus' Membership Interest acquired by Neurocrine."

Pursuant to this Amendment, following payment of the amount set forth in Paragraph 2(iii) above, Neurocrine shall receive 50% of the Membership Interest of Nexus and the amounts subsequently payable or otherwise distributed to Nexus under Sections 6.2, 7.1, 7.2 and 8.3 of the Operating Agreement shall be reduced by 50%. By way of example, the remainder of the cumulative amount payable to Nexus under Section 7.1(iv) shall be $375,000.

11. INDEMNITY AGREEMENT. The Company and Neurocrine hereby agree to indemnity, defend and hold harmless Nexus from any and all claims, losses, damages and liability now existing or arising in the future on account of any and all actions and omission taken by Nexus as a Member or Manager of the Company, including but not limited to any and all claims, losses, damages and liability arising from the Indemnity and Guaranty Agreement given by Nexus to Midland Loan Services, Inc., on or about September 1, 1998, or otherwise on account of the mortgage loan given by such lender to the Company or any other loan to the Company by such lender or any other lender.

In all other respects, the Operating Agreement shall remain in full force and effect as amended by the First, Second and Third Amendments thereto.

IN WITNESS WHEREOF, the Members and Managers of Science Park Center LLC, a California limited liability company, have executed this Fourth Amendment to Operating Agreement effective on the day and year set forth above.

NEUROCRINE BIOSCIENCES, INC.
A Delaware corporation
Member and Manager

By: /s/ Paul W. Hawran
____
Paul A. Hawran
Senior Vice President

NEXUS PROPERTIES, INC.
A California corporation
Member and Manager

By: /s/ Michael J. Reidy
____
Michael J. Reidy
Chief Executive Officer

EXHIBIT "A"

GUARANTY OF OBLIGATIONS

Reference is made to that certain Fourth Amendment (the "Fourth Amendment") to Operating Agreement (as amended by the Fourth Amendment, the "Operating Agreement") for Science Park Center LLC, a California limited liability company (the "Company"), dated effective April 1, 2003, executed by Neurocrine Biosciences, Inc., a Delaware corporation ("Neurocrine"), and Nexus Properties, Inc., a California corporation ("Nexus").

This Guaranty relates to: (i) the payment of all sums due Nexus under the Fourth Amendment, and (ii) the full, prompt and absolute performance and observance by the Company of all of the covenants, conditions, undertakings, agreements, duties and obligations for the benefit of or in favor of Nexus contained in the Operating Agreement to be performed or observed by, or imposed upon, the Company, all of which matters are collectively hereinafter referred to as the "Liabilities."

FOR VALUE RECEIVED and in consideration for, and as an inducement to, Nexus consenting to the Fourth Amendment as requested by Neurocrine, Neurocrine hereby absolutely, unconditionally and irrevocably guarantees to Nexus the full, prompt and absolute payment, performance and observance of all Liabilities.

Neurocrine expressly agrees that the validity of this Guaranty and the obligations of Neurocrine hereunder shall in no way be terminated, abated, affected or impaired by the happening from time to time of any event or condition including, without limitation, any of the following: (i) the assertion or non-assertion by Nexus of any of the rights or remedies reserved to Nexus pursuant to the provisions of the Operating Agreement and all instruments and documents referred to therein, or pursuant to applicable statutes, (ii) the waiver by Nexus of, or the failure of Nexus to enforce, or the lack of diligence of Nexus in connection with the satisfaction of, any of the Liabilities, (iii) the granting of any indulgence or extension of time by Nexus, (iv) the exercise by Nexus of any so-called self-help remedies, or (v) any other act, omission or condition which might in any manner or to any extent vary the risk to Neurocrine or might otherwise operate as a discharge or release of Neurocrine, all of which may be given or done without notice to, or consent of, Neurocrine. The foregoing shall not effect the discharge of Neurocrine or the modification of Neurocrine's obligations hereunder except to the same extent that the Company's obligations under the Fourth Amendment are partially or fully discharged by the Company's payment or performance of the Company's obligations under the Fourth Amendment, or are modified with Nexus's consent; provided, however, that Neurocrine's obligations hereunder shall not be discharged, released or impaired by reason of the release or discharge of the Company, or the rejection or disaffirmance of the Operating Agreement or the Fourth Amendment, in any bankruptcy or insolvency proceeding, or by any disability or lack of authority of the Company or its officers or directors.

Neurocrine (in its capacity as Neurocrine and not as a member of the Company) hereby waives: (i) all notice of default in the payment of, or non-performance of, any of the Liabilities; (ii) all protest, demands, notices or presentments of every kind and description now or hereafter provided by any statute or rule of law; and (iii) notice of any acceptance of this Guaranty. Neurocrine hereby waives any and all suretyship defenses or defenses in the nature thereof (including California Civil Code Sections 2819-2825) without in any manner limiting any other provisions of this Guaranty.

Neurocrine further grants to Nexus full power, in Nexus's unfettered discretion and without notice to or consent of Neurocrine, and without any termination, abatement or offset or impairment of the validity of this Guaranty and obligations of Neurocrine hereunder, to deal in any manner with the any collateral from time to time held by Nexus upon default by the Company under the Operating Agreement.

The liability of Neurocrine hereunder shall in no way be terminated, abated, affected or impaired by: (i) the release or discharge of the Company in any creditors' receivership, bankruptcy or other proceedings; (ii) the impairment, limitation, modification or termination of: (a) the Company's liability in bankruptcy, or (b) any remedy for the enforcement of the Company's liability under the Operating Agreement or any instruments or documents referred to therein resulting from the operation of any present or future provision of the United States Bankruptcy Code or other statute or from any decision in any court; (iii) the rejection or disaffirmance of the Operating Agreement or the Fourth Amendment or any instruments or documents referred to therein in any such proceedings; (iv) any disability or other such defense of the Company; or (v) the cessation, from any cause whatsoever (other than by reason of payment or performance) of the Liabilities of the Company under the Operating Agreement or any instruments or documents referred to therein.

Nexus may proceed jointly or severally against the Company, Neurocrine, and any surety or other party who may be liable. In addition, Neurocrine agrees that Neurocrine's liability under this Guaranty shall be primary, and that with respect to any right of action which shall accrue to Nexus relating to any of the Liabilities, Nexus may at its sole option proceed directly against Neurocrine without having proceeded against the Company or any surety or other party who may be liable. Neurocrine hereby waives any and all legal requirements that Nexus shall institute any action or proceedings at law or in equity against the Company, or anyone else, or exhaust its remedies against the Company, or anyone else, in respect of the Operating Agreement or in respect of any other security held by Nexus, as a condition precedent to bringing an action against Neurocrine upon this Guaranty. All remedies afforded to Nexus by reason of this Guaranty are separate and cumulative remedies and it is agreed that no one of such remedies, whether exercised by Nexus or not, shall be deemed to be an exclusion of any of the other remedies available to Nexus and shall not limit or prejudice any other legal or equitable remedy which Nexus may have. If the Company shall fail to satisfy any of the Liabilities when due or performable, Neurocrine shall immediately pay to Nexus all sums due it by reason of the Company's default in satisfying the Liabilities.

Each default on any of the Liabilities shall give rise to a separate cause of action and separate actions may be brought hereunder as each cause of action arises or, at Nexus's option, any or all causes of action which arise prior to or after any action is commenced hereunder may be included in such action.

Neurocrine further represents to Nexus, as an inducement to executing the Fourth Amendment, that this Guaranty and all action contemplated to be taken by Neurocrine hereunder has been duly authorized, and that this Guaranty and such action and undertaking are valid and binding upon Neurocrine in accordance with their terms.

No encumbrance, assignment or other transfer by Nexus of all or any part of its remaining Membership Interests in the Company shall operate to extinguish or diminish the liability of Neurocrine under this Guaranty, whether or not Neurocrine has consented to or received notice of such encumbrance, assignment or other transfer.

All references to the Company, Neurocrine and Nexus shall be deemed to include references to the successors and assigns of each of them, and the provisions of this Guaranty shall be binding upon and inure to the benefit of their respective successors and assigns.

Any dispute arising from or related to this Guaranty, including any action to enforce the provisions of this Guaranty, shall be resolved by binding arbitration under the Commercial Rules of the American Arbitration Association. Venue for any arbitration or court action shall be in the County of San Diego. This Agreement shall be

construed in accordance with California law, and any arbitrator appointed hereunder shall be required to apply such law.

If any term or provision of this Guaranty or the application thereof to any person or circumstances shall, to any extent, be invalid or unenforceable, the remainder of this Guaranty, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each term and provision of this Guaranty shall be valid and enforceable to the fullest extent permitted by law.

The waiver of any provision of this Guaranty by Nexus shall constitute a waiver of that provision on that occasion only, and shall not constitute a waiver of any other term of this Guaranty, nor a waiver of that provision with respect to any other occasion.

Except as otherwise provided herein, or by operation of law, this Guaranty shall not be modified, amended, released or discharged except by a writing executed by Nexus.

Neurocrine understands that Nexus's election to pursue a particular remedy against the Company (or Nexus's election not to pursue a remedy or to waive rights as against the Company) could destroy or impair, by operation of California law, rights which Neurocrine might otherwise have (including without limitation rights of subrogation, reimbursement and contribution) as against the Company.

IN WITNESS WHEREOF, the undersigned has duly executed and delivered this instrument effective March 31, 2003, at San Diego County, California.

NEUROCRINE BIOSCIENCES, INC.
A Delaware corporation

By: ______________________________
Paul A. Hawran
Senior Vice President

EXHIBIT 10.9

AMENDED AND RESTATED
NEUROCRINE BIOSCIENCES, INC. NONQUALIFIED DEFERRED COMPENSATION PLAN

AUGUST 5, 2003

TABLE OF CONTENTS

		Page
PURPOSE		1
ARTICLE 1. DEFINITIONS		1
1.1	"Account Balance"	1
1.2	"Accounts"	1
1.3	"Administrator"	1
1.4	"Annual Bonus"	1
1.5	"Annual Company Contribution Amount"	2
1.6	"Annual Company Matching Amount"	2
1.7	"Annual Deferral Amount"	2
1.8	"Annual Installment Method"	2
1.9	"Base Annual Salary"	2
1.10	"Beneficiary"	2
1.11	"Beneficiary Designation Form"	2
1.12	"Board"	2
1.13	"Cause"	2
1.14	"Change in Control"	3
1.15	"Change in Control Benefit"	3
1.16	"Claimant"	3
1.17	"Code"	4
1.18	"Committee"	4
1.19	"Company"	4
1.20	"Company Contribution Account"	4
1.21	"Company Matching Account"	4
1.22	"Company Stock Measurement Fund"	4
1.23	"Deduction Limitation"	4
1.24	"Deferral Account"	4
1.25	"Director"	4
1.26	"Director Fees"	4
1.27	"Disability"	5
1.28	"Disability Benefit"	5
1.29	"Election Form"	5
1.30	"Employee"	5
1.31	"Employer(s)"	5
1.32	"ERISA"	5
1.33	"Exchange Act"	5
1.34	"Excise Tax Limitation"	5
1.35	"First Plan Year"	5
1.36	"Fixed Date Payout"	6
1.37	"Fixed Date Payout Account Balance"	6
1.38	"Measurement Fund"	6
1.39	"Non-Employee Director"	6
1.40	"Participant"	6

1.41 "Plan".. 6
1.42 "Plan Year".. 6
1.43 "Pre-Retirement Survivor Benefit".. 6
1.44 "Retirement", "Retire(s)" or "Retired".. 6
1.45 "Retirement Benefit".. 6
1.46 "Rule 16b-3".. 6
1.47 "Securities Act".. 6
1.48 "Stock".. 7
1.49 "Termination Benefit".. 7
1.50 "Termination of Employment".. 7
1.51 "Trust".. 7
1.52 "Unforeseeable Financial Emergency".. 7
1.53 "Years of Service".. 7

ARTICLE 2. SELECTION, ENROLLMENT, ELIGIBILITY.. 7

2.1 Selection by Administrator.. 7
2.2 Enrollment Requirements.. 7
2.3 Eligibility; Commencement of Participation.. 7
2.4 Termination of Participation and/or Deferrals.. 8

ARTICLE 3. DEFERRAL COMMITMENTS/COMPANY CONTRIBUTIONS/CREDITING/TAXES.. 8

3.1 Election to Defer; Effect of Election Form.. 8
3.2 Minimum Deferrals.. 8
3.3 Maximum Deferral.. 9
3.4 Accounts; Crediting of Deferrals.. 9
3.5 Vesting.. 9
3.6 Earnings Credits or Losses.. 10
3.7 Distributions.. 11

ARTICLE 4. DISTRIBUTIONS.. 11

4.1 Fixed Date Payout.. 11
4.2 Retirement Benefit.. 12
4.3 Pre-Retirement Survivor Benefit.. 12
4.4 Termination Benefit.. 12
4.5 Disability Benefit.. 13
4.6 Change in Control Benefit.. 13

ARTICLE 5. UNFORESEEABLE FINANCIAL EMERGENCIES; WITHDRAWAL ELECTION.. 14

5.1 Withdrawal Payout/Suspensions for Unforeseeable Financial Emergencies.. 14
5.2 Withdrawal Election.. 14

ARTICLE 6. BENEFICIARY DESIGNATION.. 14

6.1 Beneficiary.. 14
6.2 Beneficiary Designation; Change.. 14
6.3 No Beneficiary Designation.. 14

6.4 Doubt as to Beneficiary 15
6.5 Discharge of Obligations 15

ARTICLE 7. LEAVE OF ABSENCE 15

7.1 Paid Leave of Absence 15
7.2 Unpaid Leave of Absence; Disability Leave 15

ARTICLE 8. TERMINATION, AMENDMENT OR MODIFICATION 15

8.1 Termination 15
8.2 Amendment 15
8.3 Effect of Payment 16

ARTICLE 9. ADMINISTRATION 16

9.1 Administrator Duties 16
9.2 Binding Effect of Decisions 16
9.3 Committee 17
9.4 Indemnification 17
9.5 Employer Information 17

ARTICLE 10. CLAIMS PROCEDURES 17

10.1 Presentation of Claim 17
10.2 Notification of Decision 17
10.3 Review of a Denied Claim 18
10.4 Decision on Review 18
10.5 Designation 18
10.6 Arbitration 18

ARTICLE 11. TRUST 19

11.1 Establishment of the Trust 19
11.2 Interrelationship of the Plan and the Trust 19
11.3 Investment of Trust Assets 19
11.4 Distributions From the Trust 19

ARTICLE 12. PROVISIONS RELATING TO SECURITIES LAWS 19

12.1 Designation of Participants 19
12.2 Action by Committee 19
12.3 Compliance with Section 16 20

ARTICLE 13. MISCELLANEOUS 20

13.1 Status of Plan 20
13.2 Unsecured General Creditor 20
13.3 Employer's Liability 20
13.4 Nonassignability 20
13.5 Tax Withholding 20
13.6 Coordination with Other Benefits 21
13.7 Compliance 21
13.8 Not a Contract of Employment 21

13.9 Furnishing Information 21
13.10 Governing Law 21
13.11 Notice 21
13.12 Successors 22
13.13 Spouse's Interest 22
13.14 Validity 22
13.15 Incompetent 22
13.16 Court Order 22
13.17 Distribution in the Event of Taxation 22
13.18 Insurance 23

AMENDED AND RESTATED

NEUROCRINE BIOSCIENCES, INC. NONQUALIFIED DEFERRED COMPENSATION PLAN

EFFECTIVE AUGUST 5, 2003

PURPOSE

Neurocrine Biosciences, Inc., a Delaware corporation (the "Company"), established, effective December 1, 1996, the Neurocrine Biosciences, Inc. Nonqualified Deferred Compensation Plan, which plan was amended and restated effective February 22, 2000 (the "Plan"), for the benefit of a select group of management and highly compensated Employees and Directors who contribute materially to the continued growth, development and future business success of the Company and its subsidiaries, if any, that sponsor this Plan. This Plan shall be unfunded for tax purposes and for purposes of Title I of ERISA.

The Company hereby amends and restates the Plan effective August 5, 2003, as set forth herein.

This Plan shall consist of two plans, one for the benefit of a select group of management and highly compensated Employees of the Employers as described in Sections 201(2), 301(a)(3) and 401(a)(1) of ERISA, and one for the benefit of Non-Employee members of the boards of directors of any Employer. To the extent required by law, the terms of this Plan applicable to Directors shall also constitute a separate written plan document with its terms set forth in the applicable portions of this Plan.

ARTICLE 1.
DEFINITIONS

As used within this document, the following words and phrases have the meanings described in this Article 1 unless a different meaning is required by the context. Some of the words and phrases used in the Plan are not defined in this Article 1, but for convenience, are defined as they are introduced into the text. Words in the masculine gender shall be deemed to include the feminine gender. Any headings used are included for ease of reference only and are not to be construed so as to alter any of the terms of the Plan.

1.1 "Account Balance" shall mean, with respect to a Participant, a credit on the records of the Employer equal to the sum of (i) the Deferral Account balance, (ii) the Company Contribution Account balance, and (iii) the Company Matching Account balance. The Account Balance, and each other specified account balance, shall be a bookkeeping entry only and shall be utilized solely as a device for the measurement and determination of the amounts to be paid to a Participant, or his or her designated Beneficiary, pursuant to this Plan.

1.2 "Accounts" of a Participant shall mean, as the context indicates, either or all of his or her Deferral Account, Company Contribution Account and Company Matching Account.

1.3 "Administrator" shall mean the Committee appointed pursuant to Article 9 to administer the Plan, or such other person or persons to whom the Committee has delegated its duties pursuant to Article 9.

1.4 "Annual Bonus" shall mean any cash compensation, in addition to Base Annual Salary, relating to services performed during any calendar year, whether or not paid in such calendar year or included on the Federal Income Tax Form W-2 for such calendar year, payable to a Participant as an Employee under any Employer's annual bonus and cash incentive plans, excluding stock options and restricted stock.

1.5 "Annual Company Contribution Amount" shall mean, for any one Plan Year, the amount determined in accordance with Section 3.4(b).

1.6 "Annual Company Matching Amount" for any one Plan Year shall be the amount determined in accordance with Section 3.4(c).

1.7 "Annual Deferral Amount" shall mean that portion of a Participant's Base Annual Salary, Annual Bonus and Director Fees that a Participant elects to defer, and is deferred, in accordance with Article 3, for any one Plan Year. In the event of a Participant's Retirement, Termination of Employment as a result of his or her Disability or death or a Termination of Employment prior to the end of a Plan Year, such year's Annual Deferral Amount shall be the actual amount withheld prior to such event.

1.8 "Annual Installment Method" shall be an annual installment payment over the number of years selected by the Participant in accordance with this Plan, which shall in no event exceed fifteen (15) years, calculated as follows: The Account Balance of the Participant (or the Fixed Date Payout Account Balance, in the event of a Fixed Date Payout) shall be calculated as of the close of business three (3) business days prior to the last business day of the year or the date of the Fixed Date Payout. The annual installment shall be calculated by multiplying this balance by a fraction, the numerator of which is one, and the denominator of which is the remaining number of annual payments due the Participant. By way of example, if the Participant elects a ten (10) year Annual Installment Method, the first payment shall be 1/10 of the Account Balance (or the Fixed Date Payout Account Balance, in the event of a Fixed Date Payout), calculated as described in this definition. The following year, the payment shall be 1/9 of the Account Balance (or the Fixed Date Payout Account Balance, in the event of a Fixed Date Payout), calculated as described in this definition. Each annual installment shall be paid within sixty (60) days following the each anniversary of the day the distributions are scheduled to commence.

1.9 "Base Annual Salary" shall mean the annual cash compensation relating to services performed during any calendar year, whether or not paid in such calendar year or included on the Federal Income Tax Form W-2 for such calendar year, excluding bonuses, commissions, overtime, fringe benefits, stock options, relocation expenses, incentive payments, non-monetary awards, Director Fees and other fees, automobile and other allowances paid to a Participant for employment services rendered (whether or not such allowances are included in the Employee's gross income). Base Annual Salary shall be calculated before reduction for compensation voluntarily deferred or contributed by the Participant pursuant to all qualified or non-qualified plans of any Employer and shall be calculated to include amounts not otherwise included in the Participant's gross income under Code Sections 125, 132(f), 402(e)(3), 402(h), or 403(b) pursuant to plans established by any Employer; provided, however, that all such amounts will be included in compensation only to the extent that, had there been no such plan, the amount would have been payable in cash to the Employee.

1.10 "Beneficiary" shall mean one or more persons, trusts, estates or other entities, designated in accordance with Article 6, that are entitled to receive benefits under this Plan upon the death of a Participant.

1.11 "Beneficiary Designation Form" shall mean the form established from time to time by the Administrator that a Participant completes, signs and returns to the Administrator to designate one or more Beneficiaries.

1.12 "Board" shall mean the board of directors of the Company.

1.13 "Cause" shall mean, with respect to a Participant, the occurrence of any of the following (in each case determined by the Participant's Employer (or the Employer's Board of Directors, if the Participant is the Employer's Chief Executive Officer)):

(a) any intentional action or intentional failure to act by a Participant which was performed in bad faith and to the material detriment of the Participant's Employer;

(b) Participant's intentional refusal or intentional failure to act in accordance with any lawful and proper direction or order of the Chief Executive Officer (or the Employer's Board of Directors, if the Participant is the Employer's Chief Executive Officer);

(c) Participant's willful and habitual neglect of the duties of employment; or

(d) Participant's conviction of a felony crime involving moral turpitude;

provided, that in the event any of the foregoing events is capable of being cured, the Employer (or the Employer's Board of Directors, if the Participant is the Employer's Chief Executive Officer) shall provide written notice to Participant describing the nature of such event and Participant shall thereafter have ten (10) business days to cure such event.

1.14 A "Change in Control" shall be deemed to occur if any of the following events shall occur:

(a) the Company is merged or consolidated or reorganized into or with another corporation or other legal person, and as a result of such merger, consolidation or reorganization less than fifty percent (50%) of the combined voting power of the then-outstanding securities of such surviving corporation or person immediately after such transaction are held in the aggregate by the holders of voting securities of the Company immediately prior to such transaction;

(b) the Company sells all or substantially all of its assets or any other corporation or other legal person and thereafter less than fifty percent (50%) of the combined voting securities of the acquiring or consolidated entity are held in the aggregate by the holders of voting securities of the Company immediately prior to such sale;

(c) there is a report filed on Schedule 13D or Schedule 14D-1 (or any successor schedule, form or report), each as promulgated pursuant to the Exchange Act, disclosing that any "person" (as such term is used in Sections 13(d)(3) and 14(d)(2) of the Exchange Act) has become the "beneficial owner" (as defined in Rule 13d-3 or any successor rule or regulation promulgated under the Exchange Act), directly or indirectly, of securities of the Company representing fifty percent (50%) or more of the combined voting power of the then-outstanding voting securities of the Company;

(d) the Company shall file a report or proxy statement with the Securities and Exchange Commission pursuant to the Exchange Act disclosing in response to Item 1 of Form 8-X thereunder or Item 5(f) of Schedule 14A thereunder (or any successor schedule, form or report or item therein) that the change in control of the Company has or may have occurred or will or may occur in the future pursuant to any then-existing contract or transaction; or

(e) during any period of two (2) consecutive years, individuals who at the beginning of any such period constitute the Directors of the Company cease for any reason to constitute at least a majority thereof unless the election to the nomination for election by the Company's shareholders of each Director of the Company first elected during such period was approved by a vote of at least two-thirds (2/3) of the Directors of the Company then still in office who were Directors of the Company at the beginning of such period.

1.15 "Change in Control Benefit" shall mean the benefit set forth in Section 4.6.

1.16 "Claimant" shall have the meaning set forth in Section 10.1.

1.17 "Code" shall mean the Internal Revenue Code of 1986, as it may be amended from time to time. Reference to a section of the Code shall include that section and any comparable section or sections of any future legislation that amends, supplements or supercedes such section.

1.18 "Committee" shall mean the Compensation Committee of the Board or another committee or subcommittee of the Board appointed to administer the Plan pursuant to Article 9.

1.19 "Company" shall mean Neurocrine Biosciences, Inc, a Delaware corporation, and any successor to all or substantially all of the Company's assets or business.

1.20 "Company Contribution Account" shall mean (i) the sum of all of a Participant's Annual Company Contribution Amounts, plus (ii) the hypothetical deemed investment earnings and losses credited or charged in accordance with all the applicable provisions of this Plan that relate to the Participant's Company Contribution Account, less (iii) all distributions made to the Participant or his or her Beneficiary pursuant to this Plan that relate to the Participant's Company Contribution Account.

1.21 "Company Matching Account" shall mean (i) the sum of all of a Participant's Annual Company Matching Amounts, plus (ii) the hypothetical deemed investment earnings and losses credited or charged in accordance with all the applicable provisions of this Plan that relate to the Participant's Company Matching Account, less (iii) all distributions made to the Participant or his or her Beneficiary pursuant to this Plan that relate to the Participant's Company Matching Account.

1.22 "Company Stock Measurement Fund" shall mean the Measurement Fund which shall be deemed invested in the Company's Stock. Participants will have no rights as stockholders of the Company with respect to allocations made to their Accounts which are deemed invested in the Company Stock Measurement Fund.

1.23 "Deduction Limitation" shall mean the following described limitation on a benefit that may otherwise be distributable pursuant to the provisions of this Plan. Except as otherwise provided, this limitation shall be applied to all distributions that are "subject to the Deduction Limitation" under this Plan. If an Employer determines in good faith that there is a reasonable likelihood that any compensation paid to a Participant for a taxable year of the Employer would not be deductible by the Employer solely by reason of the limitation under Code Section 162(m), then to the extent deemed necessary by the Employer to ensure that the entire amount of any distribution to the Participant pursuant to this Plan is deductible, the Employer may defer all or any portion of a distribution under this Plan. Any amounts deferred pursuant to this limitation shall continue to be credited/debited with additional amounts in accordance with Section 3.6 below. The amounts so deferred and amounts credited thereon shall be distributed to the Participant or his or her Beneficiary (in the event of the Participant's death) at the earliest possible date, as determined by the Employer in good faith, on which the deductibility of compensation paid or payable to the Participant for the taxable year of the Employer during which the distribution is made will not be limited by Section 162(m), or if earlier, the date that is twenty-four (24) months following the date on which the distribution was first distributable to the Participant pursuant to the provisions of this Plan.

1.24 "Deferral Account" shall mean (i) the sum of all of a Participant's Annual Deferral Amounts, plus (ii) the hypothetical deemed investment earnings and losses credited or charged in accordance with all the applicable provisions of this Plan that relate to the Participant's Deferral Account, less (iii) all distributions made to the Participant or his or her Beneficiary pursuant to this Plan that relate to his or her Deferral Account.

1.25 "Director" shall mean any member of the board of directors of any Employer.

1.26 "Director Fees" shall mean the annual fees paid by any Employer, including retainer fees and meetings fees, as compensation for serving on the board of directors.

1.27 "Disability" shall mean a mental or physical disability as determined by the Administrator in accordance with standards and procedures similar to those under the Company's broad-based regular long-term disability plan, if any. At any time that the Company does not maintain such a long-term disability plan, "Disability" shall mean the inability of a Participant, as determined by the Administrator, substantially to perform such Participant's regular duties and responsibilities due to a medically determinable physical or mental illness which has lasted, or can reasonably be expected to last, for a period of six (6) consecutive months, but only to the extent that such definition does not violate the Americans with Disabilities Act.

1.28 "Disability Benefit" shall mean the benefit set forth in Section 4.5.

1.29 "Election Form" shall mean the form established from time to time by the Administrator that a Participant completes, signs and returns to the Administrator to make an election under the Plan.

1.30 "Employee" shall mean a person who is an employee of any Employer.

1.31 "Employer(s)" shall mean the Company and/or any of its subsidiaries (now in existence or hereafter formed or acquired) that have been selected by the Board to participate in the Plan and have adopted the Plan as a sponsor.

1.32 "ERISA" shall mean the Employee Retirement Income Security Act of 1974, as it may be amended from time to time. Reference to a section of ERISA shall include that section and any comparable section or sections of any future legislation that amends, supplements or supercedes such section.

1.33 "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended. Reference to a section of the Exchange Act shall include that section and any comparable section or sections of any future legislation that amends, supplements or supercedes such section.

1.34 "Excise Tax Limitation" shall mean the following described limitation on a benefit that may otherwise be distributable pursuant to the provisions of this Plan. Except as otherwise provided, this limitation shall be applied to all distributions that are "subject to the Excise Tax Limitation" under this Plan. If an Employer determines in good faith that there is a reasonable likelihood that any distribution to be paid to a Participant pursuant to this Plan would not be deductible by the Employer solely because all or a portion of the distribution would constitute an "excess parachute payment" within the meaning of Code Section 280G, as determined consistent with the proposed regulations issued by the Internal Revenue Service under Code Section 280G, then to the extent deemed necessary by the Employer to ensure that the entire amount of any distribution to the Participant pursuant to this Plan is deductible, the Employer may defer all or any portion of a distribution under this Plan. Any amounts deferred pursuant to this limitation shall continue to be credited/debited with additional amounts in accordance with Section 3.6 below. The amounts so deferred and amounts credited thereon shall be distributed to the Participant or his or her Beneficiary (in the event of the Participant's death) at the earliest possible date, as determined by the Employer in good faith, on which the deductibility of compensation paid or payable to the Participant for the taxable year of the Employer during which the distribution is made will not be limited or, if earlier, the date that is twenty-four (24) months following the date on which the distribution was first distributable to the Participant pursuant to the provisions of this Plan.

1.35 "First Plan Year" shall mean the period beginning August 5, 2003 and ending December 31, 2003.

1.36 "Fixed Date Payout" shall mean the payout set forth in Section 4.1.

1.37 "Fixed Date Payout Account Balance" shall mean, with respect to a Participant, a credit on the records of the Employer equal to the sum of (i) the amount deferred by the Participant and/or Employer contributions made on his or her behalf and with respect to which a Fixed Date Payout was elected, plus (ii) amounts credited or debited in the manner provided in Section 3.6 on such amount. The Fixed Date Payout Account Balance shall be a bookkeeping entry only and shall be utilized solely as a device for the measurement and determination of the amounts to be paid to a Participant, or his or her designated Beneficiary, pursuant to this Plan.

1.38 "Measurement Fund" shall mean the investment fund or funds selected by the Administrator from time to time.

1.39 "Non-Employee Director" shall mean a Director who is not an Employee of the Company.

1.40 "Participant" shall mean any Employee or Director (i) who is selected to participate in the Plan, (ii) who elects to participate in the Plan, (iii) who signs an Election Form and a Beneficiary Designation Form, (iv) whose signed Election Form and Beneficiary Designation Form are accepted by the Administrator, and (v) who commences participation in the Plan. A spouse or former spouse of a Participant shall not be treated as a Participant in the Plan or have an account balance under the Plan, even if he or she has an interest in the Participant's benefits under the Plan as a result of applicable law or property settlements resulting from legal separation or divorce.

1.41 "Plan" shall mean the Amended and Restated Neurocrine Biosciences, Inc. Nonqualified Deferred Compensation Plan, which shall be evidenced by this instrument, as amended from time to time.

1.42 "Plan Year" shall, except for the First Plan Year, mean a period beginning on January 1 of each calendar year and continuing through December 31 of such calendar year.

1.43 "Pre-Retirement Survivor Benefit" shall mean the benefit set forth in Section 4.3.

1.44 "Retirement", "Retire(s)" or "Retired" shall mean, with respect to an Employee, severance from employment from all Employers, and with respect to a Director who is not an Employee, severance of his or her directorships with all Employers, for any reason other than a leave of absence, death or Disability on or after the earlier of the attainment of (a) age sixty-five (65) or (b) age fifty-five with a minimum of five (5) Years of Service. If a Participant is both an Employee and a Director, Retirement shall not occur until he or she Retires as both an Employee and a Director; provided, however, that such a Participant may elect, at least one (1) year prior to Retirement and in accordance with the policies and procedures established by the Administrator, to Retire for purposes of this Plan at the time he or she Retires as an Employee, which Retirement shall be deemed to be a Retirement as an Employee.

1.45 "Retirement Benefit" shall mean the benefit set forth in Section 4.2.

1.46 "Rule 16b-3" shall mean that certain Rule 16b-3 under the Exchange Act, as such Rule may be amended from time to time.

1.47 "Securities Act" shall mean the Securities Act of 1933, as amended.

1.48 "Stock" shall mean Neurocrine Biosciences, Inc. common stock.

1.49 "Termination Benefit" shall mean the benefit set forth in Section 4.4.

1.50 "Termination of Employment" shall mean the severing of employment with all Employers, or service as a Director of all Employers, voluntarily or involuntarily, for any reason other than Retirement, Disability, death or an authorized leave of absence. If a Participant is both an Employee and a Director, a Termination of Employment shall occur only upon the termination of the last position held; provided, however, that such a Participant may elect, at least one (1) year before Termination of Employment and in accordance with the policies and procedures established by the Administrator, to be treated for purposes of this Plan as having experienced a Termination of Employment at the time he or she ceases employment with an Employer as an Employee.

1.51 "Trust" shall mean one or more trusts established pursuant to that certain Trust Agreement, dated as of August 5, 2003, between the Company and the trustee named therein, as amended from time to time.

1.52 "Unforeseeable Financial Emergency" shall mean an unanticipated emergency that is caused by an event beyond the control of the Participant that would result in severe financial hardship to the Participant not covered by insurance, liquidation of other assets (to the extent the liquidation itself will not cause severe financial hardship or cessation of deferrals under this Plan, resulting from (i) a sudden and unexpected illness or accident of the Participant or a dependent (as defined in Section 152(a) of the Code) of the Participant, (ii) a loss of the Participant's property due to casualty, or (iii) such other extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant, all as determined in the sole discretion of the Administrator.

1.53 "Years of Service" shall mean each twelve (12) month period during which a Participant is employed by an Employer, whether or not continuous, and including periods commencing prior to the effective date of this Plan; provided, however, that in the case of a Participant whose employment with an Employer has been interrupted by a period of twelve (12) consecutive months or more (a "Break in Service"), his or her Years of Service prior to such Break in Service shall be disregarded for any purpose under the Plan.

ARTICLE 2.
SELECTION, ENROLLMENT, ELIGIBILITY

2.1 Selection by Administrator. Participation in the Plan shall be limited to a select group of management and highly compensated Employees and Non-Employee Directors of the Employers, as determined by the Administrator in its sole discretion. Subject to the requirements of Article 12, from that group, the Administrator shall select, in its sole discretion, Employees and Non-Employee Directors to participate in the Plan.

2.2 Enrollment Requirements. As a condition to participation, each selected Employee or Non-Employee Director shall complete, execute and return to the Administrator an Election Form and a Beneficiary Designation Form. In addition, the Administrator shall establish from time to time such other enrollment requirements as it determines in its sole discretion are necessary.

2.3 Eligibility; Commencement of Participation. Provided an Employee or Non-Employee Director selected to participate in the Plan has met all enrollment requirements set forth in this Plan and required by the Administrator, including returning all required documents to the Administrator within the

specified time period, that Employee or Non-Employee Director shall commence participation in the Plan on the day on which his or her Election Form first becomes effective or the date on which a contribution is first credited to his or her Company Contribution Account or Company Matching Account, whichever occurs first.

2.4 Termination of Participation and/or Deferrals. If the Administrator determines in good faith that a Participant no longer qualifies as a member of a select group of management or highly compensated Employees, as membership in such group is determined in accordance with Sections 201(2), 301(a)(3) and 401(a)(1) of ERISA, or as a Non-Employee Director, the Administrator shall have the right, in its sole discretion, to (a) terminate any deferral election the Participant has made for the remainder of the Plan Year in which the Participant's membership status changes, (b) prevent the Participant from making future deferral elections and/or (c) immediately distribute the Participant's then Account Balance as a Termination Benefit and terminate the Participant's participation in the Plan.

2.5 Pre-Existing Elections. All Participant elections in effect as of the effective date of the amendment and restatement of the Plan shall remain in full force and effect through the end of the First Plan Year unless a Participant elects to revise such election as permitted by the Administrator.

ARTICLE 3.
DEFERRAL COMMITMENTS/COMPANY CONTRIBUTIONS/CREDITING/TAXES

3.1 Election to Defer; Effect of Election Form. Subject to the terms and conditions set forth herein and such terms and conditions as the Administrator may determine, Participants may elect to defer Base Annual Salary, Annual Bonus and Director Fees by timely completing and delivering to the Administrator an Election Form prior to the beginning of each Plan Year during such period as may be established by the Administrator in its discretion for such elections. After a Plan Year commences, such deferral election shall be irrevocable and shall continue for the entire Plan Year and subsequent years unless otherwise provided in this Plan; provided, however, that a deferral election shall terminate upon the execution and timely submission of a newly completed Election Form during a subsequent election period or Termination of Employment.

(a) Base Annual Salary, Annual Bonus and/or Director Fees. Subject to any terms and conditions imposed by the Administrator, Participants may elect to defer, under the Plan, Base Annual Salary, Annual Bonus and/or Director Fees. For these elections to be valid with respect to deferrals of Base Annual Salary, Annual Bonus and/or Director Fees, the Election Form must be completed and signed by the Participant, timely delivered to the Administrator no later than December 31 of the year immediately preceding the Plan Year for which the deferral election is to be effective and accepted by the Administrator. If no such Election Form is timely delivered for a Plan Year, the Annual Deferral Amount shall be zero for that Plan Year.

(b) Redeferral. A Participant may annually change his or her election to an allowable alternative payout method by submitting a new Election Form to the Administrator during such period as may be established by the Administrator in its discretion for such elections, provided, however, that such change shall not be given any effect unless such new Election Form is submitted to and accepted by the Administrator in its sole discretion at least thirteen (13) months prior to the scheduled payout date of the distribution to be modified. The Election Form most recently accepted by the Administrator shall govern the payout of the Participant's benefits under the Plan.

3.2 Minimum Deferrals.

(a) Annual Minimum. For each Plan Year, the annual aggregate minimum deferral amount for each Participant is $5,000. If an election is made for less than such minimum amount, or if no election is made, the amount deferred shall be zero.

(b) Short Plan Year. Notwithstanding the foregoing, if a Participant first becomes a Participant after the first day of a Plan Year, or in the case of the first Plan Year of the Plan itself, the minimum Base Annual Salary deferral shall be an amount equal to the minimum set forth above, multiplied by a fraction, the numerator of which is the number of complete months remaining in the Plan Year and the denominator of which is twelve (12).

3.3 Maximum Deferral. For each Plan Year, a Participant may elect to defer, as his or her Annual Deferral Amount, up to 100% of his or her Base Annual Salary, Annual Bonus and/or Director Fees. A Participant's Annual Deferral Amount may be automatically reduced if the Administrator determines that such action is necessary to meet federal or state tax withholding obligations.

3.4 Accounts; Crediting of Deferrals. Solely for record keeping purposes, the Administrator shall establish a Deferral Account, a Company Contribution Account and a Company Matching Account for each Participant. A Participant's Accounts shall be credited with the deferrals made by him or her or on his or her behalf by his or her Employer under this Article 3 and shall be credited (or charged, as the case may be) with the hypothetical or deemed investment earnings and losses determined pursuant to Section 3.6, and charged with distributions made to or with respect to him or her.

(a) Annual Deferral Amounts. For each Plan Year, the Base Annual Salary portion of the Annual Deferral Amount shall be withheld and credited to the Participant's Deferral Account at the time of each regularly scheduled Base Annual Salary payroll in either the percentages or dollar amounts specified by the Participant in the Election Form, as adjusted from time to time for increases and decreases in Base Annual Salary. The Annual Bonus and/or Director Fees portion of the Annual Deferral Amount shall be withheld and credited to the Participant's Deferral Account at the time the Annual Bonus or Director Fees are or otherwise would be paid to the Participant, whether or not this occurs during the Plan Year itself.

(b) Annual Company Contribution Amount. For each Plan Year, an Employer, in its sole discretion, may, but is not required to, credit any amount it desires to any Participant's Company Contribution Account under this Plan, which amount shall be for that Participant the Annual Company Contribution Amount for that Plan Year. The amount so credited to a Participant may be smaller or larger than the amount credited to any other Participant, and the amount credited to any Participant for a Plan Year may be zero, even though one or more other Participants receive an Annual Company Contribution Amount for that Plan Year. The Annual Company Contribution Amount, if any, shall be credited to Participants' Company Contribution Accounts on the date declared by the Employer.

(c) Annual Company Matching Amount. For each Plan Year, an Employer, in its sole discretion, may, but is not required to, credit any amount it desires to any Participant's Company Matching Account under this Plan, which amount shall be for that Participant the Annual Company Matching Amount for that Plan Year. The amount so credited to a Participant may be smaller or larger than the amount credited to any other Participant, and the amount credited to any Participant for a Plan Year may be zero, even though one or more other Participants receive an Annual Company Contribution Amount for that Plan Year. The Annual Company Contribution Amount, if any, shall be credited to Participants' Company Matching Accounts on the date declared by the Employer.

3.5 Vesting.

(a) A Participant shall at all times be 100% vested in his or her Deferral Account.

(b) Employer contributions credited to a Participant's Company Contribution Account under Section 3.4(b) of the Plan or to a Participant's Company Matching Account under Section 3.4(c) of the Plan and any hypothetical or deemed investment earnings and losses attributable to these contributions shall become vested or nonforfeitable as determined by the Administrator from time to time. The vesting schedule may vary among Participants.

(c) In addition, a Participant shall be one hundred percent (100%) vested in his or her Company Contribution Account and Company Matching Account, including any deemed investment earnings and losses attributable to these accounts, immediately prior to the effective date of a Change in Control, immediately upon his or her death and immediately upon his or her Termination of Employment as a result of Disability. In the event of a Participant's Termination of Employment, other than by reason of his or her death or Disability, prior to the date on which all Employer contributions in such Participant's Company Contribution Account and Company Matching Account have vested pursuant to this Section 3.5, the unvested portion of such Employer contributions shall be forfeited and no Employer or the Plan shall be liable for the payment of such unvested amounts under the Plan to such Participant. Any amounts credited to a Participant's Company Contribution Account and Company Matching Account by his or her Employer on his or her behalf which are forfeited by such Participant pursuant to the preceding sentence shall cease to be liabilities of the Employer or the Plan and such amounts shall be immediately debited from the Participant's Company Contribution Account and Company Matching Account and credited to such Employer.

3.6 Earnings Credits or Losses. In accordance with, and subject to, the rules and procedures that are established from time to time by the Administrator, in its sole discretion, amounts shall be credited or debited to a Participant's Account Balance in accordance with the following rules:

(a) Election of Measurement Funds. A Participant, in connection with his or her initial deferral election in accordance with Section 3.1 above, shall elect, on the Election Form, one or more Measurement Fund(s) (as described in Section 3.6(c) below) to be used to determine the additional amounts to be credited (or charged, as the case may be) to his or her Account Balance, unless changed in accordance with the next sentence. The Participant may (but is not required to) elect, by submitting an Election Form to the Administrator that is accepted by the Administrator, to add or delete one or more Measurement Fund(s) to be used to determine the additional amounts to be credited (or charged, as the case may be) to his or her Account Balance, or to change the portion of his or her Account Balance allocated to each previously or newly elected Measurement Fund. If an election is made in accordance with the previous sentence, it shall become effective as soon as administratively practicable and shall continue thereafter until changed in accordance with the previous sentence. Changes may be made to allocations at any time during the Plan Year.

(b) Proportionate Allocation. In making any election described in Section 3.6(a) above, the Participant shall specify on the Election Form, in increments of whole percentage points (1%), the percentage of his or her Account Balance to be allocated to a Measurement Fund (as if the Participant was making an investment in that Measurement Fund with that portion of his or her Account Balance).

(c) Measurement Funds. The Administrator shall from time to time select types of Measurement Funds and specific Measurement Funds for deemed investment designation by Participants for the purpose of crediting or charging hypothetical or deemed investment earnings and losses to his or her Account Balance, including, without limitation, a Company Stock Measurement Fund. As necessary, the Administrator may, in its sole discretion, discontinue, substitute or add a Measurement Fund. The Administrator shall notify the Participants of the types of Measurement Funds and the specific Measurement Funds selected from time to time.

(d) Crediting or Debiting Method. The performance of each elected Measurement Fund (either positive or negative) will be determined by the Administrator, in its sole discretion, based on the performance of the Measurement Funds themselves. A Participant's Account Balance shall be credited or debited as frequently as is administratively feasible, but no less often than monthly, based on the performance of each Measurement Fund selected by the Participant, as determined by the Administrator in its sole discretion.

(e) No Actual Investment. Notwithstanding any other provision of this Plan that may be interpreted to the contrary, the Measurement Funds are to be used for measurement purposes only, and a Participant's election of any such Measurement Fund, the allocation to his or her Account Balance thereto, the calculation of additional amounts and the crediting or debiting of such amounts to a Participant's Account Balance shall not be considered or construed in any manner as an actual investment of his or her Account Balance in any such Measurement Fund. In the event that the Company or the Trustee (as that term is defined in the Trust), in its own discretion, decides to invest funds in any or all of the Measurement Funds, no Participant shall have any rights in or to such investments themselves. Without limiting the foregoing, a Participant's Account Balance shall at all times be a bookkeeping entry only and shall not represent any investment made on his or her behalf by the Employer or the Trust; the Participant shall at all times remain an unsecured creditor of the Employers. Any liability of an Employer to any Participant, former Participant, or Beneficiary with respect to a right to payment shall be based solely upon contractual obligations created by the Plan. The Company, the Board, the Administrator, any Employer and any individual or entity shall not be deemed to be a trustee of any amounts to be paid under the Plan. Nothing contained in the Plan, and no action taken pursuant to its provisions, shall create or be construed to create a trust of any kind, or a fiduciary relationship, between the Company and an Employer and a Participant, former Participant, Beneficiary or any other individual or entity. Neither the Company nor any Employer in any way guarantees any Participant's Account Balance against loss or depreciation, whether caused by poor investment performance, insolvency of a deemed investment or by any other event or occurrence. In no event shall any Employee, officer, Director or stockholder of the Company or any Employer be liable to any individual or entity on account of any claim arising by reason of the Plan provisions or any instrument or instruments implementing its provisions, or for the failure of any Participant, Beneficiary or other individual or entity to be entitled to any particular tax consequences with respect to the Plan or any credit or payment hereunder.

(f) Company Contribution Accounts. Notwithstanding any other provision of this Plan to the contrary, Company Contribution Amounts may only be allocated to the Measurement Funds designated by the Administrator from time to time, in its sole discretion.

3.7 Distributions. Any distribution with respect to a Participant's Account Balance shall be charged to the appropriate account as of the date such payment is made by the Employer or the trustee of the Trust which may be established for the Plan.

ARTICLE 4.
DISTRIBUTIONS

4.1 Fixed Date Payout.

(a) Election of Fixed Date Payout. In connection with each Election Form, a Participant may irrevocably elect to receive a future "Fixed Date Payout" from the Plan of his or her vested Fixed Date Payout Account Balance. Subject to the Deduction Limitation and the other terms and conditions of this Plan, each Fixed Date Payout elected shall be paid out no earlier than five (5) years from January 1st of the Plan Year following the Plan Year in which the Annual Deferral Amount is actually deferred or the Employer contribution is actually credited to the Participant's account, but in no event later than the date on which the Participant reaches age

seventy (70) (the "Earliest Fixed Date Payout Date"). By way of example, if a five (5) year Fixed Date Payout is elected for Annual Deferral Amounts that are deferred in the Plan Year commencing January 1, 2003, the five (5) year Fixed Date Payout would become payable no earlier than January 1, 2009. A Participant shall elect on each Election Form on which a Fixed Date Payout is elected to receive the Fixed Date Payout Account Balance applicable to such election in a lump sum or pursuant to an Annual Installment Method over a period of up to fifteen (15) years. If a Participant does not elect to have his or her Fixed Date Payout Account Balance paid in accordance with the Annual Installment Method, then such benefit shall be payable in a lump sum. The lump sum payment shall be made no later than sixty (60) days after the last day of any Plan Year designated by the Participant that is after the Earliest Fixed Date Payout Date. Any payment made shall be subject to the Deduction Limitation.

(b) Redeferrals. A Participant may modify the date on which any such Fixed Date Payout is to be paid or revoke a previous election with respect thereto by submitting a new Election Form; provided that any such modification or revocation shall not be given any effect unless such new Election Form is submitted to and accepted by the Administrator in its sole discretion at least thirteen (13) months prior to the scheduled payout date of the distribution to be modified or revoked and any new payout date designated in such form is at least two (2) years following the scheduled payout date of the distribution to be deferred.

(c) Other Benefits Take Precedence Over Fixed Date Should an event occur that triggers a benefit under Section 4.2, 4.3, 4.4, 4.5 or 4.6, any Fixed Date Payout Account Balance that is subject to a Fixed Date Payout election under Section 4.1 shall not be paid in accordance with Section 4.1 but shall be paid in accordance with the other applicable Section.

4.2 Retirement Benefit.

(a) Retirement Benefit. A Participant who Retires shall receive, as a Retirement Benefit, his or her Account Balance. A Participant, in connection with his or her commencement of participation in the Plan, shall elect on an Election Form to receive the Retirement Benefit in a lump sum or pursuant to an Annual Installment Method over a period of up to fifteen (15) years. If a Participant does not make any election with respect to the payment of the Retirement Benefit, then such benefit shall be payable in a lump sum. The lump sum payment shall be made, or installment payments shall commence, no later than sixty (60) days after the date the Participant Retires. Any payment made shall be subject to the Deduction Limitation.

(b) Death Prior to Completion of Retirement Benefit. If a Participant dies after Retirement but before the Retirement Benefit is paid in full, the Participant's unpaid Retirement Benefit payments shall continue and shall be paid to the Participant's Beneficiary in a lump sum that is equal to the Participant's unpaid remaining vested Account Balance as of the date of the Participant's death. Any lump sum payment shall be made no later than sixty (60) days after the date of the Participant's death. Any payment made shall be subject to the Deduction Limitation.

4.3 Pre-Retirement Survivor Benefit. If a Participant dies before he or she receives complete payment of benefits pursuant to this Article IV, such Participant's Beneficiary shall receive a Pre-Retirement Survivor Benefit equal to the Participant's vested Account Balance as of the date of the Participant's death (after giving effect to any accelerated vesting as a result of the Participant's death pursuant to Section 3.5). The Pre-Retirement Survivor Benefit shall be paid to the Participant's Beneficiary in a lump sum. Any lump sum payment shall be made no later than sixty (60) days after the date of the Participant's death. Any payment made shall be subject to the Deduction Limitation.

4.4 Termination Benefit.

(a) Termination Other Than For Cause. If a Participant experiences a Termination of Employment for any reason other than as a result of a termination by the Company for Cause prior to his or her becoming entitled to receive benefits by reason of any other sections of this Article IV, such Participant shall receive a Termination Benefit, which shall be equal to the Participant's vested Account Balance as of the date on which he or she experiences a Termination of Employment. A Participant, in connection with his or her commencement of participation in the Plan, shall elect on an Election Form to receive the Termination Benefit pursuant to this Section 4.4(a) in a lump sum or pursuant to an Annual Installment Method over a period of up to fifteen (15) years. If a Participant does not make any election with respect to the payment of the Termination Benefit pursuant to this Section 4.4(a), then such benefit shall be payable in a lump sum. The lump sum payment shall be made, or installment payments shall commence, no later than sixty (60) days after the date of the Participant experiences a Termination of Employment. Any payment made shall be subject to the Deduction Limitation.

(b) Termination For Cause. If a Participant experiences a Termination of Employment as a result of a termination by the Company for Cause prior to his or her becoming entitled to receive benefits by reason of any other sections of this Article IV, such Participant shall receive a Termination Benefit, which shall be equal to the Participant's vested Account Balance as of the date on which he or she experiences a Termination of Employment. The Termination Benefit pursuant to this Section 4.4(b) shall be paid in a lump sum. The lump sum payment shall be made no later than sixty (60) days after the date of the Participant's Termination of Employment. Any payment made shall be subject to the Deduction Limitation.

4.5 Disability Benefit. In the event of the Participant's Termination of Employment as a result of his or her Disability, as determined by the Administrator, the Participant shall receive a Disability Benefit, which shall be equal to the Participant's vested Account Balance as of the date on which he or she experiences a Termination of Employment (after giving effect to any accelerated vesting as a result of the Participant's Disability pursuant to Section 3.5). A Participant, in connection with his or her commencement of participation in the Plan, shall elect on an Election Form to receive the Disability Benefit in a lump sum or pursuant to an Annual Installment Method over a period of up to fifteen (15) years; provided, however, that notwithstanding a Participant's election, the Administrator may decide, in its sole discretion, the manner in which such Disability Benefit shall be paid. If a Participant does not make any election with respect to the payment of the Disability Benefit, then the Participant shall be deemed to have elected to have the Disability Benefit paid in a lump sum. The lump sum payment shall be made, or installment payments shall commence, no later than sixty (60) days after the date the Participant Retires. Any payment made shall be subject to the Deduction Limitation.

4.6 Change in Control Benefit.

(a) Change in Control Benefit. The Committee may, in its sole discretion, determine that a Participant shall receive a Change in Control Benefit, which shall be equal to the Participant's vested Account Balance in the event of a Change in Control (after giving effect to any accelerated vesting as a result of the Participant's Disability pursuant to Section 3.5). A Participant's Change in Control Benefit shall be paid in a lump sum. The lump sum payment shall be made immediately prior to the Change in Control. Any payment made shall be subject to the Deduction Limitation and the Excise Tax Limitation.

(b) Change in Control Benefit to Take Precedence Over Other Benefits. Should the Committee decide to pay a Change in Control Benefit, any Annual Deferral Amount, plus amounts credited or debited thereon, that is subject to an existing payout under Section 4.1, 4.2, 4.3, 4.4 or 4.5 shall not be paid in accordance with such Article but shall be paid in accordance with this Section 4.6.

ARTICLE 5.
UNFORESEEABLE FINANCIAL EMERGENCIES; WITHDRAWAL ELECTION

5.1 Withdrawal Payout/Suspensions for Unforeseeable Financial Emergencies. If a Participant experiences an Unforeseeable Financial Emergency, the Participant may petition the Administrator to (i) suspend any deferrals required to be made by a Participant and/or (ii) receive a partial or full payout from the Plan. The payout shall not exceed the lesser of the Participant's vested Account Balance, calculated as if such Participant were receiving a Termination Benefit, or the amount reasonably needed to satisfy the Unforeseeable Financial Emergency. If, subject to the sole discretion of the Administrator, the petition for a suspension and/or payout is approved, suspension shall take effect upon the date of approval and any payout shall be made within sixty (60) days of the date of approval. The payment of any amount under this Section 5.1 shall be subject to the Deduction Limitation. Once the payout is paid, the Participant shall not be eligible to participate in the Plan for the remainder of the Plan Year during which the payout is paid and the subsequent Plan Year.

5.2 Withdrawal Election. A Participant (or, after a Participant's death, his or her Beneficiary) may elect, at any time, to withdraw all or a portion of his or her vested Account Balance, calculated as if there had occurred a Termination of Employment as of the day of the election, less a withdrawal penalty equal to ten percent (10%) of such amount (the net amount shall be referred to as the "Withdrawal Amount"). This election can be made at any time. The Participant (or his or her Beneficiary) shall make this election by giving the Administrator advance written notice of the election in a form determined from time to time by the Administrator. The Participant (or his or her Beneficiary) shall be paid the Withdrawal Amount within sixty (60) days of his or her election. Once the Withdrawal Amount is paid, the Participant's participation in the Plan shall terminate and the Participant shall not be eligible to participate in the Plan for the remainder of the Plan Year during which the Withdrawal Amount is paid and the subsequent Plan Year. The payment of this Withdrawal Amount shall be subject to the Deduction Limitation.

ARTICLE 6.
BENEFICIARY DESIGNATION

6.1 Beneficiary. Each Participant shall have the right, at any time, to designate his or her Beneficiary(ies) (both primary as well as contingent) to receive any benefits payable under the Plan to a beneficiary upon the death of a Participant. The Beneficiary designated under this Plan may be the same as or different from the Beneficiary designation under any other plan of an Employer in which the Participant participates.

6.2 Beneficiary Designation; Change. A Participant shall designate his or her Beneficiary by completing and signing the Beneficiary Designation Form, and returning it to the Administrator or its designated agent. A Participant shall have the right to change a Beneficiary by completing, signing and otherwise complying with the terms of the Beneficiary Designation Form and the Administrator's rules and procedures, as in effect from time to time. Upon the acceptance by the Administrator of a new Beneficiary Designation Form, all Beneficiary designations previously filed shall be canceled. The Administrator shall be entitled to rely on the last Beneficiary Designation Form filed by the Participant and accepted by the Administrator prior to his or her death.

6.3 No Beneficiary Designation. If a Participant fails to designate a Beneficiary as provided in Sections 6.1 and 6.2 above or, if all designated Beneficiaries predecease the Participant or die prior to complete distribution of the Participant's benefits, then the Participant's designated Beneficiary shall be deemed to be his or her surviving spouse. If the Participant has no surviving spouse, the benefits remaining under the Plan to be paid to a Beneficiary shall be payable to the executor or personal representative of the Participant's estate.

6.4 Doubt as to Beneficiary. If the Administrator has any doubt as to the proper Beneficiary to receive payments pursuant to this Plan, the Administrator shall have the right, exercisable in its discretion, to cause the Participant's Employer to withhold such payments until this matter is resolved to the Administrator's satisfaction.

6.5 Discharge of Obligations. The payment of benefits under the Plan to a Beneficiary shall fully and completely discharge all Employers and the Administrator from all further obligations under this Plan with respect to the Participant, and that Participant's Election Form shall terminate upon such full payment of benefits.

ARTICLE 7.
LEAVE OF ABSENCE

7.1 Paid Leave of Absence. If a Participant is authorized by the Participant's Employer for any reason to take a paid leave of absence from the employment of the Employer, the Participant shall continue to be considered employed by the Employer and the Annual Deferral Amount shall continue to be withheld during such paid leave of absence in accordance with Section 3.4.

7.2 Unpaid Leave of Absence; Disability Leave. If a Participant is authorized by the Participant's Employer for any reason to take an unpaid leave of absence from the employment of the Employer, or if a Participant is on leave of absence as a result of his or her disability, the Participant shall continue to be considered employed by the Employer and the Participant shall be excused from making deferrals until the earlier of the date the leave of absence expires or the Participant returns to a paid employment status. Upon such expiration or return, deferrals shall resume for the remaining portion of the Plan Year in which the expiration or return occurs, based on the deferral election, if any, made for that Plan Year. If no election was made for that Plan Year, no deferral shall be withheld.

ARTICLE 8.
TERMINATION, AMENDMENT OR MODIFICATION

8.1 Termination. Although each Employer anticipates that it will continue the Plan for an indefinite period of time, there is no guarantee that any Employer will continue the Plan or will not terminate the Plan at any time in the future. Accordingly, each Employer reserves the right to discontinue its sponsorship of the Plan and/or to terminate the Plan at any time with respect to any or all of its participating Employees and Non-Employee Directors, by action of its board of directors or similar governing body. Upon the termination of the Plan with respect to any Employer, the participation of the affected Participants who are employed by that Employer, or in the service of that Employer as Directors, shall terminate and their Account Balances, determined as if they had experienced a Termination of Employment on the date of Plan termination or, if Plan termination occurs after the date upon which a Participant was eligible to Retire, then with respect to that Participant as if he or she had Retired on the date of Plan termination, shall be paid to the Participants in a lump sum within sixty (60) days following the plan termination. The termination of the Plan shall not adversely affect any Participant or Beneficiary who has become entitled to the payment of any benefits under the Plan as of the date of termination; provided, however, that the Employer shall have the right to accelerate installment payments without a premium or prepayment penalty by paying the Account Balance in a lump sum or pursuant to an Annual Installment Method using fewer years (provided that the present value of all payments that will have been received by a Participant at any given point of time under the different payment schedule shall equal or exceed the present value of all payments that would have been received at that point in time under the original payment schedule).

8.2 Amendment. An Employer may, at any time, amend or modify the Plan in whole or in part with respect to that Employer by the action of its board of directors or similar governing body; provided, however, that no amendment or modification shall be effective to decrease or restrict the value of a Participant's Account Balance in existence at the time the amendment or modification is made,

calculated as if the Participant had experienced a Termination of Employment as of the effective date of the amendment or modification or, if the amendment or modification occurs after the date upon which the Participant was eligible to Retire, the Participant had Retired as of the effective date of the amendment or modification. The amendment or modification of the Plan shall not affect any Participant or Beneficiary who has become entitled to the payment of benefits under the Plan as of the date of the amendment or modification; provided, however, that the Employer shall have the right to accelerate installment payments by paying the Account Balance in a lump sum or pursuant to an Annual Installment Method using fewer years (provided that the present value of all payments that will have been received by a Participant at any given point of time under the different payment schedule shall equal or exceed the present value of all payments that would have been received at that point in time under the original payment schedule). Notwithstanding any provisions of this Section 8.2 to the contrary, the Committee may amend the Plan at any time, in any manner, if the Committee determines any such amendment is required to ensure that the Plan is characterized as providing deferred compensation for a select group of management or highly compensated employees and as described in ERISA Sections 201(2), 301(a)(3) and 401(a)(1) or to otherwise conform the Plan to the provisions of any applicable law, including ERISA and the Code.

8.3 Effect of Payment. The full payment of the applicable benefit under Article 4 of the Plan shall completely discharge all obligations to a Participant and his or her designated Beneficiaries under this Plan.

ARTICLE 9.
ADMINISTRATION

9.1 Administrator Duties. The Committee appointed pursuant to Section 9.3 shall be the Administrator and shall conduct the general administration of the Plan in accordance with the Plan and shall have all the necessary power and authority to carry out that function. Members of the Administrator may be Participants under this Plan. Any individual serving on the Administrator who is a Participant shall not vote or act on any matter relating solely to himself or herself. Among the Committee's necessary powers and duties are the following:

(a) Except to the extent provided otherwise by Article 12, to delegate all or part of its function as Administrator to others and to revoke any such delegation.

(b) To determine questions of eligibility of Participants and their entitlement to benefits, subject to the provisions of Articles 10 and 12.

(c) To select and engage attorneys, accountants, actuaries, trustees, appraisers, brokers, consultants, administrators, physicians or other persons to render service or advice with regard to any responsibility the Administrator has under the Plan, or otherwise, to designate such persons to carry out fiduciary responsibilities (other than trustee responsibilities) under the Plan, and (with the Committee, the Employers and their officers, directors, trustees and Employees) to rely upon the advice, opinions or valuations of any such persons, to the extent permitted by law, being fully protected in acting or relying thereon in good faith.

(d) To interpret the Plan for purpose of the administration and application of the Plan, in a manner not inconsistent with the Plan or applicable law and to amend or revoke any such interpretation.

(e) To conduct claims procedures as provided in Article 10.

9.2 Binding Effect of Decisions. The decision or action of the Administrator with respect to any question arising out of or in connection with the administration, interpretation and application of the

Plan and the rules and regulations promulgated hereunder shall be final and conclusive and binding upon all persons having any interest in the Plan.

9.3 Committee. The Committee shall consist solely of two or more Non-Employee Directors appointed by and holding office at the pleasure of the Board, each of whom is both a "non-employee director" as defined by Rule 16b-3 and an "outside director" for purposes of Section 162(m) of the Code. Appointment of Committee members shall be effective upon acceptance of appointment. Committee members may resign at any time by delivering written notice to the Board. Vacancies in the Committee may be filled by the Board.

9.4 Indemnification. All Employers shall indemnify and hold harmless any of their officers, Directors, Committee members or Employees who are involved in the administration of the Plan against any and all claims, losses, damages, expenses or liabilities arising out of the good faith performance of their administrative functions.

9.5 Employer Information. To enable the Administrator to perform its functions, each Employer shall supply full and timely information to the Administrator on all matters relating to the compensation of its Participants, the date and circumstances of the Retirement, Disability, death or Termination of Employment of its Participants, and such other pertinent information as the Administrator may reasonably require.

ARTICLE 10.
CLAIMS PROCEDURES

10.1 Presentation of Claim. Any Participant or Beneficiary of a deceased Participant (such Participant or Beneficiary being referred to below as a "Claimant") may deliver to the Administrator a written claim for a determination with respect to the amounts distributable to such Claimant from the Plan. The claim must state with particularity the determination desired by the Claimant.

10.2 Notification of Decision. The Administrator shall consider a Claimant's claim within a reasonable time, and shall notify the Claimant in writing:

(a) that the Claimant's requested determination has been made, and that the claim has been allowed in full; or

(b) that the Administrator has reached a conclusion contrary, in whole or in part, to the Claimant's requested determination, and such notice must set forth in a manner calculated to be understood by the Claimant:

(i) the specific reason(s) for the denial of the claim, or any part of it;

(ii) specific reference(s) to pertinent provisions of the Plan upon which such denial was based;

(iii) a description of any additional material or information necessary for the Claimant to perfect the claim, and an explanation of why such material or information is necessary; and

(iv) an explanation of the claim review procedure set forth in Section 10.3 below, including a statement of the Claimant's right to bring a civil action under Section 502(a) of ERISA following an adverse decision on review.

The notice of denial shall be given within a reasonable time period but no later than ninety (90) days after the claim is filed, unless special circumstances require an extension of time for processing the claim. If such extension is required, written notice shall be furnished to the Claimant within ninety (90) days of the date the claim was filed stating the special circumstances requiring an extension of time and the date by which a decision on the claim can be expected, which shall be no more than one hundred eighty (180) days from the date the claim was filed.

10.3 Review of a Denied Claim. Within sixty (60) days after receiving a notice from the Administrator that a claim has been denied, in whole or in part, a Claimant (or the Claimant's duly authorized representative) may file with the Administrator a written request for a review of the denial of the claim. Thereafter, but not later than thirty (30) days after the review procedure began, the Claimant (or the Claimant's duly authorized representative):

(a) may review and/or copy, free of charge, pertinent documents, records and other information relevant to the Claimant's claim;

(b) may submit issues, written comments or other documents, records and information relating to the claim; and/or

(c) may request a hearing, which the Administrator, in its sole discretion, may grant.

10.4 Decision on Review. The Administrator shall render its decision on review promptly, and not later than sixty (60) days after the filing of a written request for review of the denial, unless a hearing is held or other special circumstances require additional time, in which case the Administrator's decision must be rendered within one hundred twenty (120) days after such date. Such decision must be written in a manner calculated to be understood by the Claimant, and it must contain:

(a) specific reasons for the decision;

(b) specific reference(s) to the pertinent Plan provisions upon which the decision was based;

(c) a statement that the Claimant is entitled to receive upon request and free of charge reasonable access to and copies of all documents, records and other information relevant to the Claimant's claim for benefits;

(d) a statement of the Claimant's right to bring a civil action under Section 502(a) of ERISA following an adverse decision on review; and

(e) such other matters as the Administrator deems relevant.

10.5 Designation. The Administrator may designate any other person of its choosing to make any determination otherwise required under this Article.

10.6 Arbitration.

(a) A Claimant whose appeal has been denied under Section 10.4 shall have the right to submit said claim to final and binding arbitration before a single arbitrator in San Diego, California, pursuant to the rules of the American Arbitration Association. Any such requests for arbitration must be filed by written demand to the American Arbitration Association within sixty (60) days after receipt of the decision regarding the appeal. The arbitrator's decision shall be final and binding upon the parties, and may be entered and enforced in any court of competent jurisdiction by either of the parties; provided, however, that the arbitrator shall not have any power to alter, amend, modify or change any of the terms of this Plan nor to grant any remedy

which is either prohibited by the terms of this Plan or not available in a court of law. The arbitrator shall have the power to grant temporary, preliminary and permanent relief, including without limitation, injunctive relief and specific performance.

(b) The Company will pay the direct costs and expenses of the arbitration. The Claimant and the Company are responsible for their respective attorneys' fees incurred in connection with the arbitration; however, to the extent permitted by law, the arbitrator may, in his or her discretion, award reasonable attorneys' fees to the prevailing party.

ARTICLE 11.
TRUST

11.1 Establishment of the Trust. The Company shall establish the Trust. All benefits payable under this Plan to a Participant shall be paid directly by the Employer(s) from the Trust. To the extent that such benefits are not paid from the Trust, the benefits shall be paid from the general assets of the Employer(s). The Trust, if any, shall be an irrevocable grantor trust which conforms to the terms of the model trust as described in IRS Revenue Procedure 92-64, I.R.B. 1992-33. The assets of the Trust are subject to the claims of each Employer's creditors in the event of its insolvency. Except as provided under the Trust agreement, neither the Company nor an Employer shall be obligated to set aside, earmark or escrow any funds or other assets to satisfy its obligations under this Plan, and the Participant and/or his or her designated Beneficiaries shall not have any property interest in any specific assets of the Company or an Employer other than the unsecured right to receive payments from the Employer, as provided in this Plan.

11.2 Interrelationship of the Plan and the Trust. The provisions of the Plan shall govern the rights of a Participant to receive distributions pursuant to the Plan. The provisions of the Trust shall govern the rights of the Employers, Participants and the creditors of the Employers to the assets transferred to the Trust. Each Employer shall at all times remain liable to carry out its obligations under the Plan.

11.3 Investment of Trust Assets. The Trustee of the Trust shall be authorized, upon written instructions received from the Administrator or investment manager appointed by the Administrator, to invest and reinvest the assets of the Trust in accordance with the applicable Trust Agreement, including the disposition of Stock and reinvestment of the proceeds in one or more investment vehicles designated by the Administrator.

11.4 Distributions From the Trust. Each Employer's obligations under the Plan may be satisfied with Trust assets distributed pursuant to the terms of the Trust, and any such distribution shall reduce the Employer's obligations under this Plan.

ARTICLE 12.
PROVISIONS RELATING TO SECURITIES LAWS

12.1 Designation of Participants. With respect to any Employee or Non-Employee Director who is then subject to Section 16 of the Exchange Act, only the Committee may designate such Employee or Non-Employee Director as a Participant in the Plan.

12.2 Action by Committee. With respect to any Participant who is then subject to Section 16 of the Exchange Act, any function of the Administrator under the Plan relating to such Participant shall be performed solely by the Committee, if and to the extent required to ensure the availability of an exemption under Section 16 of the Exchange Act for any transaction relating to such Participant under the Plan.

12.3 Compliance with Section 16. Notwithstanding any other provision of the Plan or any rule, instruction, election form or other form, the Plan and any such rule, instruction or form shall be subject to any additional conditions or limitations set forth in any applicable exemptive rule under Section 16 of the Exchange Act (including any amendment to Rule 16b-3) that are requirements for the application of such exemptive rule. To the extent permitted by applicable law, such provision, rule, instruction or form shall be deemed amended to the extent necessary to conform to such applicable exemptive rule.

ARTICLE 13.
MISCELLANEOUS

13.1 Status of Plan. The Plan is intended to be a plan that is not qualified within the meaning of Code Section 401(a) and that "is unfunded and is maintained by an employer primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees" within the meaning of ERISA Sections 201(2), 301(a)(3) and 401(a)(1). The Plan shall be administered and interpreted to the extent possible in a manner consistent with that intent.

13.2 Unsecured General Creditor. Participants and their Beneficiaries, heirs, successors and assigns shall have no legal or equitable rights, interests or claims in any property or assets of any Employer. For purposes of the payment of benefits under this Plan, any and all of an Employer's assets shall be, and remain, the general, unpledged unrestricted assets of the Employer. An Employer's obligation under the Plan shall be merely that of an unfunded and unsecured promise to pay money in the future.

13.3 Employer's Liability. An Employer's liability for the payment of benefits shall be defined only by the Plan and the Election Form(s), as entered into between the Employer and a Participant. An Employer shall have no obligation to a Participant under the Plan except as expressly provided in the Plan and his or her Election Form(s).

13.4 Nonassignability. Neither a Participant nor any other person shall have any right to commute, sell, assign, transfer, pledge, anticipate, mortgage or otherwise encumber, transfer, hypothecate, alienate or convey in advance of actual receipt, the amounts, if any, payable hereunder, or any part thereof, which are, and all rights to which are expressly declared to be, unassignable and non-transferable. No part of the amounts payable shall, prior to actual payment, be subject to seizure, attachment, garnishment or sequestration for the payment of any debts, judgments, alimony or separate maintenance owed by a Participant or any other person, be transferable by operation of law in the event of a Participant's or any other person's bankruptcy or insolvency or be transferable to a spouse as a result of a property settlement or otherwise. The benefits which a Participant may accrue under this Plan are not subject to the terms of any Qualified Domestic Relations Order (as that term is defined in Section 414(p) of the Code) with respect to any Participant, and the Administrator, the Board, the Committee, the Company and any Employer shall not be required to comply with the terms of such order in connection with this Plan. Notwithstanding the foregoing, the withholding of taxes from Plan payments, the recovery of Plan overpayments of benefits made to a Participant or Beneficiary, the transfer of Plan benefit rights from the Plan to another plan, or the direct deposit of Plan payments to an account in a financial institution (if not actually a part of an arrangement constituting an assignment or alienation) shall not be construed as an assignment or alienation under this Section 13.4 and shall be permitted under the Plan.

13.5 Tax Withholding.

(a) Annual Deferral Amounts. For each Plan Year in which an Annual Deferral Amount is being withheld from a Participant, the Participant's Employer(s) shall be entitled to require payment by the Participant of any sums required by federal, state or local tax law to be withheld with respect to the deferral, in amounts and in a manner to be determined in the sole discretion of the Employer.

(b) Company Matching Amounts and Company Contribution Amounts. When a Participant becomes vested in a portion of his or her Company Matching Account and/or Company Contribution Account, the Participant's Employer(s) shall be entitled to require payment by the Participant of any sums required by federal, state or local tax law to be withheld with respect to the deferral, in amounts and in a manner to be determined in the sole discretion of the Employer.

(c) Distributions. The Participant's Employer(s), or the trustee of the Trust, shall withhold from any payments made to a Participant under this Plan all federal, state and local income, employment and other taxes required to be withheld by the Employer(s), or the trustee of the Trust, in connection with such payments, in amounts and in a manner to be determined in the sole discretion of the Employer(s) and the trustee of the Trust.

(e) Satisfaction of Tax Obligations. The Administrator, in its sole discretion, may allow a Participant to pay to his or her Employer any amounts required to be withheld by the Employer in connection with the Plan in cash, by deduction of such amounts from other compensation payable to the Participant, or to have such amounts withheld from his or her deferrals, vested Account Balance or distributions.

13.6 Coordination with Other Benefits. The benefits provided for a Participant and Participant's Beneficiary under the Plan are in addition to any other benefits available to such Participant under any other plan or program for employees of the Participant's Employer. The Plan shall supplement and shall not supersede, modify or amend any other such plan or program except as may otherwise be expressly provided.

13.7 Compliance. A Participant shall have no right to receive payment with respect to the Participant's Account Balance until all legal and contractual obligations of the Employers relating to establishment of the Plan and the making of such payments shall have been complied with in full.

13.8 Not a Contract of Employment. The terms and conditions of this Plan shall not be deemed to constitute a contract of employment between any Employer and the Participant. Such employment is hereby acknowledged to be an "at will" employment relationship that can be terminated at any time for any reason, or no reason, with or without cause, and with or without notice, unless expressly provided in a written employment agreement. Nothing in this Plan shall be deemed to give a Participant the right to be retained in the service of any Employer, either as an Employee or a Director, or to interfere with the right of any Employer to discipline or discharge the Participant at any time.

13.9 Furnishing Information. A Participant or his or her Beneficiary will cooperate with the Administrator by furnishing any and all information requested by the Administrator and take such other actions as may be requested in order to facilitate the administration of the Plan and the payments of benefits hereunder, including but not limited to taking such physical examinations as the Administrator may deem necessary.

13.10 Governing Law. Subject to ERISA, the provisions of this Plan shall be construed and interpreted according to the internal laws of the State of California without regard to its conflicts of laws principles.

13.11 Notice. Any notice or filing required or permitted to be given to the Administrator under this Plan shall be sufficient if in writing and hand-delivered, or sent by registered or certified mail, to the address below:

Chief Financial Officer

Neurocrine Biosciences, Inc.
10555 Science Center Drive
San Diego, CA 92121

with a copy to:

Secretary
Neurocrine Biosciences, Inc.
10555 Science Center Drive
San Diego, CA 92121

Such notice shall be deemed given as of the date of delivery or, if delivery is made by mail, as of the date shown on the postmark on the receipt for registration or certification.

Any notice or filing required or permitted to be given to a Participant under this Plan shall be sufficient if in writing and hand-delivered, or sent by mail, to the last known address of the Participant.

13.12 Successors. The provisions of this Plan shall bind and inure to the benefit of the Participant's Employer and its successors and assigns and the Participant and the Participant's designated Beneficiaries.

13.13 Spouse's Interest. The interest in the benefits hereunder of a spouse of a Participant who has predeceased the Participant shall automatically pass to the Participant and shall not be transferable by such spouse in any manner, including but not limited to such spouse's will, nor shall such interest pass under the laws of intestate succession.

13.14 Validity. In case any provision of this Plan shall be illegal or invalid for any reason, said illegality or invalidity shall not affect the remaining parts hereof, but this Plan shall be construed and enforced as if such illegal or invalid provision had never been inserted herein.

13.15 Incompetent. If the Administrator determines in its discretion that a benefit under this Plan is to be paid to a minor, a person declared incompetent or to a person incapable of handling the disposition of that person's property, the Administrator may direct payment of such benefit to the guardian, legal representative or person having the care and custody of such minor, incompetent or incapable person. The Administrator may require proof of minority, incompetence, incapacity or guardianship, as it may deem appropriate prior to distribution of the benefit. Any payment of a benefit shall be a payment for the account of the Participant and the Participant's Beneficiary, as the case may be, and shall be a complete discharge of any liability under the Plan for such payment amount.

13.16 Court Order. The Administrator is authorized to make any payments directed by court order in any action in which the Plan or the Administrator has been named as a party. In addition, if a court determines that a spouse or former spouse of a Participant has an interest in the Participant's benefits under the Plan in connection with a property settlement or otherwise, the Administrator, in its sole discretion, shall have the right, notwithstanding any election made by a Participant, to immediately distribute the spouse's or former spouse's interest in the Participant's benefits under the Plan to that spouse or former spouse.

13.17 Distribution in the Event of Taxation.

(a) In General. If, for any reason, all or any portion of a Participant's benefits under this Plan becomes taxable to the Participant prior to receipt, a Participant may petition the Administrator for a distribution of that portion of his or her benefit that has become taxable. Upon the grant of such a petition, which grant shall not be unreasonably withheld, a Participant's Employer shall distribute to the Participant immediately available funds in an amount equal to the

taxable portion of his or her benefit (which amount shall not exceed a Participant's unpaid Account Balance under the Plan). If the petition is granted, the tax liability distribution shall be made within ninety (90) days of the date when the Participant's petition is granted. Such a distribution shall affect and reduce the benefits to be paid under this Plan.

(b) Trust. If the Trust terminates in accordance with the provisions of the Trust and benefits are distributed from the Trust to a Participant in accordance with such provisions, the Participant's benefits under this Plan shall be reduced to the extent of such distributions.

13.18 Insurance. The Employers, on their own behalf or on behalf of the trustee of the Trust, and, in their sole discretion, may apply for and procure insurance on the life of the Participant, in such amounts and in such forms as the Trust may choose. The Employers or the trustee of the Trust, as the case may be, shall be the sole owner and beneficiary of any such insurance. The Participant shall have no interest whatsoever in any such policy or policies, and at the request of the Employers shall submit to medical examinations and supply such information and execute such documents as may be required by the insurance company or companies to whom the Employers have applied for insurance.

IN WITNESS WHEREOF, the Company has signed this Plan document as of August 5, 2003.

Neurocrine Biosciences, Inc., a Delaware corporation

By: /s/ Paul W. Hawran

Title: Executive Vice President and Chief Financial Officer

Exhibit 21.1

Neurocrine Biosciences Inc. Subsidiaries

NAME OF SUBSIDIARY	STATE OF INCORPORATION
Neurocrine International LLC	Delaware
Science Park Center LLC	California

EXHIBIT 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT
TO SECITON 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Gary A. Lyons, President and Chief Executive Officer of Neurocrine Biosciences, Inc., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Neurocrine Biosciences, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during this period in which this report is being prepared;

   b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of the internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

Dated: August 8, 2003

/s/ Gary A. Lyons

Gary A. Lyons
President and Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT
TO SECITON 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Paul W. Hawran, Executive Vice President and Chief Financial Officer of Neurocrine Biosciences, Inc., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Neurocrine Biosciences, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during this period in which this report is being prepared;

    b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of the internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

Dated: August 8, 2003

/s/ Paul W. Hawran

Paul W. Hawran
Executive Vice President and
Chief Financial Officer

EXHIBIT 32

CERTIFICATIONS OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Neurocrine Biosciences, Inc. (the "Company") on Form 10-Q for the period ended June 30, 2003 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Gary A. Lyons, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. 1350, as adopted pursuant to 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date August 8, 2003

By: /s/ Gary A. Lyons
Name: Gary A. Lyons
Title: President and Chief Executive Officer

In connection with the Quarterly Report of Neurocrine Biosciences, Inc. (the "Company") on Form 10-Q for the period ended June 30, 2003 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Paul W. Hawran, Executive Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. 1350, as adopted pursuant to 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date August 8, 2003

By: /s/ Paul W. Hawran
Name: Paul W. Hawran
Title: Executive Vice President and Chief Financial Officer