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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of the earliest event reported): December 19, 2002

NEUROCRINE BIOSCIENCES, INC.

(Exact name of registrant as specified in its charter)

DELAWARE	**0-28150**	**33-0525145**
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification Number)

10555 Science Center Drive, San Diego, CA	**92121**
(Address of principal executive offices)	(Zip Code)

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

N/A
(Former name or former address, if changed since last report.)

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This Current Report on Form 8-K is filed by Neurocrine Biosciences, Inc., a Delaware corporation (the "Company"), in connection with the matters described herein.

ITEM 5. OTHER EVENTS

On December 19, 2002, the Company announced that it has entered into agreements relating to a collaboration with Pfizer, Inc for the worldwide development and commercialization of indiplon, the Company's phase III compound. Effectiveness of the agreements is subject to clearance under the Hart-Scott-Rodino Antitrust Improvements Act. A joint press release announcing the collaboration is attached to this report as Exhibit 99.1 and incorporated herein by reference.

The joint press release contains forward-looking statements that involve a number of risks and uncertainties. Among the factors that could cause actual results to differ materially from those indicated in the forward looking statements are risks and uncertainties associated with the Company's indiplon development program and business and finances, including, but not limited to, the risk that indiplon will not successfully proceed through Phase III clinical trials or that in later stage clinical trials it will not show that it is effective in treating humans; determinations by regulatory and governmental authorities; uncertainties relating to patent protection and intellectual property rights of third parties; the impact of competitive products and technological changes; the availability of capital and cost of capital; and other material risks. A more complete description of these and other risks can be found in the Company's Form 10-K for December 31, 2001 and the quarterly report filed on Form 10-Q for the quarter ended September 30, 2002. The Company undertakes no obligation to update forward looking statements such as those contained in the joint press release after the date hereof.

Copies of the Collaboration Agreement, License Agreement and Secured Loan Agreement dated as of December 18, 2002 between the Company and Pfizer, Inc. are attached hereto as Exhibits 10.1, 10.2 and 10.3, respectively. The description of the collaboration contained in the joint press release and incorporated herein by reference is qualified in its entirety by reference to the text of such exhibits.

ITEM 7. EXHIBITS

(c) EXHIBITS. The following exhibits are filed herewith:

Exhibit Number	Description of Exhibit
10.1*	Collaboration Agreement dated as of December 18, 2002 between Pfizer, Inc. and Neurocrine Biosciences, Inc.
10.2*	License Agreement dated as of December 18, 2002 between Pfizer, Inc. and Neurocrine Biosciences, Inc.
10.3*	Secured Loan Agreement dated as of December 18, 2002 between Pfizer, Inc. and Neurocrine Biosciences, Inc.
99.1	Press Release dated December 19, 2002

* The Company has requested confidential treatment with respect to portions of this exhibit.

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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: December 19, 2002

/s/ Paul W. Hawran

Paul W. Hawran
Executive Vice President
and Chief Financial Officer

EXHIBIT 10.1

CERTAIN MATERIAL (INDICATED BY AN ASTERISK) HAS BEEN OMITTED FROM THIS DOCUMENT PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT. THE OMITTED MATERIAL HAS BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.

COLLABORATION AGREEMENT

THIS COLLABORATION AGREEMENT dated as of December 18, 2002, between Pfizer Inc. ("Pfizer") a corporation organized under the laws of the State of Delaware of 235 East 42nd Street, New York, New York 10017-5755, and Neurocrine Biosciences, Inc. ("Neurocrine") a corporation organized under the laws of the State of Delaware, 10555 Science Center Drive, San Diego, California 92121-1102.

WHEREAS, the parties have executed a License Agreement dated as of the date hereof (the "License Agreement") with respect to Neurocrine's compound generically known as indiplon; and

WHEREAS, the parties would like to set forth the terms and conditions pursuant to which the parties will collaborate in connection with the commercialization of Products in the Territory (as both terms are defined below), and with respect to certain other matters as described herein.

NOW, THEREFORE, the parties agree as follows:

ARTICLE 1

DEFINITIONS

Any capitalized terms used herein which are not expressly defined in this Agreement shall have the meaning set forth in the License Agreement. For purposes of this Agreement, the following definitions shall also be applicable:

1.1 "Act" means both the Federal Food, Drug and Cosmetic Act, as amended, and the regulations promulgated under the foregoing.

1.2 "Affiliate" means any entity directly or indirectly controlled by, controlling, able to control, or under common control with, a party to this Agreement, but only for so long as such control shall continue. For purposes of this definition, "control" (including, with correlative meanings, "controlled by", "controlling" and "under common control with")

means possession, direct or indirect, of (a) the power to direct or cause direction of the management and policies of an entity (whether through ownership of securities or partnership or other ownership interests, by contract or otherwise), or (b) at least fifty percent (50%) of the voting securities (whether directly or pursuant to any option, warrant or other similar arrangement) or other comparable equity interests. For the avoidance of doubt, neither of the parties to this Agreement shall be deemed to be an "Affiliate" of the other solely as a result of their entering into this Agreement.

1.3 "Approval" means receipt of a final Approval Letter from FDA authorizing marketing and sale of Products.

1.4 "Bankruptcy Code" means 11 USC Sections 101-1330, as amended.

1.5 "Baseline Threshold" is defined in Section 8.2(b).

1.6 "beneficial ownership" (and other correlative terms) means beneficial ownership as defined in Rule 13d-3 under the United States Securities and Exchange Act of 1934, as amended; it being understood and agreed that "beneficial ownership" shall also include any securities: which any person or any of such person's Affiliates has the right to acquire (whether such right is exercisable immediately or only after the passage of time in no event to exceed six months from any applicable date) pursuant to any agreement, arrangement or understanding, or upon the exercise of conversion rights, exchange rights, rights, warrants or options, or otherwise.

1.7 "Business Day" means a day that is not a Saturday, Sunday or a day on which banking institutions in New York, New York or San Diego, California are authorized by Law to remain closed.

1.8 "Change in Control" or "Acquisition" means an event where:

(a) any person or group of persons (as the term "group" is interpreted pursuant to Rule 13d-5 of under the Securities Exchange Act of 1934, as amended) acquires beneficial ownership of capital stock of Neurocrine entitling the holder(s) thereof

to more than fifty percent (50%) of the voting power of the then outstanding capital stock of Neurocrine with respect to the election of directors of Neurocrine pursuant to a tender offer for Neurocrine securities, or

(b) Neurocrine enters into a merger, consolidation, reorganization or similar transaction with another person (a "Business Combination Person"), whether or not Neurocrine is the survivor in such transaction and thereafter any of Neurocrine, the Business Combination Person or any other resulting person that is the surviving entity, as applicable, thereafter is (i) no longer generally engaged in drug discovery and development or (ii) in Pfizer's reasonable opinion, no longer able to perform its obligations hereunder or (iii) a direct or indirect division or subsidiary of a third party who is [***] (providing this shall not apply to a research and development joint venture between Neurocrine and [***] that does not otherwise fall within subparagraph (c) below) or (v) has at least [***] of any voting class of its capital stock beneficially owned, whether directly or indirectly (including as part of any group of persons), by any [***] or affiliate controlled by, controlling or under the common control of any [***] belongs (a "Group"), where such beneficial ownership by any such [***] or Group, as applicable, represents the largest percentage ownership of such capital stock by any single shareholder or Group of persons at such time; or

(c) Neurocrine or its Affiliate sells or otherwise transfers to any person(s) that is not an Affiliate in one or more related transactions not involving a merger, consolidation, reorganization or similar transaction, properties or assets representing more than fifty percent (50%) (except that with respect to any transfer that is a license, such license must represent of all or substantially all of

*** Certain information on this page has been omitted and filed separately with the Commission. Confidential treatment has been requested with respect to the omitted portions.

Neurocrine's intellectual property assets) of (i) Neurocrine's consolidated total assets as reflected on its most recent Annual Report on Form 10-K or Quarterly Report on Form 10-Q, or (ii) Neurocrine's consolidated operating income for the most recent fiscal year as reflected on its most recent Annual Report on Form 10-K, or (iii) any of the Neurocrine Technical Information or Neurocrine Patent Rights.

For purposes of this definition of "Change in Control" (or "Acquisition"), references to Neurocrine shall be deemed to include all successors in any merger, consolidation, reorganization or similar transaction.

1.9 "CMC" means the chemistry, manufacturing and controls section of the Product NDA.

1.10 "Code" or "Codes" means the Code on Interactions with Healthcare Professionals promulgated by the Pharmaceutical Research and Manufacturers of America (PhRMA), and the American Medical Association Guidelines on Gifts to Physicians, as either of the foregoing may be amended, from time to time.

1.11 "Collaboration" means the collaboration between Neurocrine and Pfizer as set forth in this Agreement and the License Agreement.

1.12 "Combination Product" means any product which contains, in addition to the Product, one or more other therapeutically active ingredients.

1.13 "Commercialize" means directly or indirectly to market, sell, detail, promote or distribute, but in no event shall include an out-license or other divestiture of intellectual property to a person that markets, sells, details or distributes.

1.14 "Commercially Reasonable Efforts" means, those efforts and resources that Pfizer would use were it promoting and detailing its own pharmaceutical products which are of similar market potential as the Products, taking into account product labelling, market potential, past performance, economic return, the regulatory environment and competitive market conditions in the therapeutic area, all as measured by the facts and circumstances at the

time such efforts are due. In evaluating economic return, Pfizer shall not consider the payments under this Agreement and the License Agreement to Neurocrine.

1.15 "Compound" means indiplon (NBI-34060) as more specifically described as Acetamide, N-Methyl-N-[3-[3-(2-thienylcarbonyl)_pyrazol - [1,5-a] pyrimidin-7-yl] phenyl] in any chemical form, including without limitation, salts, solvates, metabolites and prodrugs.

1.16 "Consensus Matter" shall be as defined in Section 3.9(b).

1.17 "Co-Promotion" or "Co-Promote" means the Detailing and Promotion of Products and Zoloft in the United States by Neurocrine and Pfizer as set forth in Article 6A.

1.18 "Co-Promotion Budget" is defined in Section 6A.3.

1.19 "Co-Promotion Term" means the period during which Neurocrine and Pfizer are Co-Promoting Products, Zoloft or other Pfizer Products under the terms and conditions set forth herein.

1.20 "Detail" means a face-to-face contact of either a Neurocrine or Pfizer Sales Representative, as the case may be, with a medical professional with prescribing authority (or, in the case of Sleep Specialists, medical professionals who are certified diplomates of the American Board of Sleep Medicine) during which scientific and/or medical information about the Products or Zoloft (as the case may be) is discussed. A Detail does not include a reminder or sample drop. Details shall be measured by each party's internal recording of such activity; provided that, such measurement shall be on the same basis as the recording party's measurement for its sales representatives detailing of such recording party's other products, consistently applied throughout the term of this Agreement. When used as a verb, the term "Detailing" means to engage in the activity of a Detail.

1.21 "Detail Report" is defined in Section 6A.4.

1.22 "Detail Requirement" means with respect to Neurocrine's Sales Representatives, [***].

1.23 "Development Costs" means the costs set forth in each relevant Development Plan; provided, however, for the avoidance of doubt, Development Costs shall in no event include any Out-of-Pocket Costs incurred or accrued by Neurocrine in the conduct of the Registration Program prior to the year 2003 or any internal costs of Neurocrine.

1.24 "Development Plan" means collectively, the Registration Plan and the Supplemental Plan.

1.25 "Development Program" means collectively, the Registration Program and Supplemental Program.

1.26 "Effective Date" means the first date upon which the applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended ("HSR Act") shall have expired or been terminated with respect to the License Agreement and this Agreement, as applicable, which in any event may only be a date no later than the 90th day following the date of this Agreement.

1.27 "FDA" means the United States Food and Drug Administration and any successor agency thereto.

1.28 "First Approval" means, with respect to IR Product or MR Product, the first Approval.

1.29 "Final Detail Requirement" is defined in Section 6A.4(b).

1.30 "GAAP" means US generally accepted accounting principles in effect from time to time.

1.31 [***].

*** Certain information on this page has been omitted and filed separately with the Commission. Confidential treatment has been requested with respect to the omitted portions.

1.32 "GMP" means the Good Manufacturing Practices regulations and guidance promulgated by the FDA under the Act as of the time of manufacture of the applicable Products.

1.33 "Governmental Authority" means any court, agency, department or other instrumentality of any foreign, federal, state, county, city or other political subdivision.

1.34 "Initial Five Year Period" is defined in Section 2.3.

1.35 [***].

1.36 "IR Product" means the immediate release formulation of the Compound, characteristics as set forth in Exhibit A of the License Agreement or any formulation with equivalent release characteristics.

1.37 "Launch" means the shipping of commercial quantities of a Product for commercial sale to unaffiliated third parties.

1.38 "Law" or "Laws" means all laws, statutes, rules, Codes, regulations, orders, decrees, judgments and/or ordinances of any Governmental Authority.

1.39 "Marketing Plan" is defined in Section 6A.3(c).

1.40 "Medical and Marketing Expenses" means all Out-of-Pocket Costs, paid or accrued by a party pursuant to the Marketing Plan and directly related to the Co-Promotion of the Products in the US Territory, including those in connection with:

(a) [***];

*** Certain information on this page has been omitted and filed separately with the Commission. Confidential treatment has been requested with respect to the omitted portions.

(b) [***];

(c) [***];

(d) [***]

(e) [***].

[***]:

(1) [***]

(2) [***].

All other Out-of-Pocket Costs incurred in the Co-Promotion of the Products in the US Territory, but not specifically identified above, but which have been approved by the MC or provided for in the Marketing Plan, shall be accounted for and deemed Medical and Marketing Expenses for all purposes of this Agreement.

1.41 "MR Product" means the modified release formulation of the Compound as set forth in Exhibit A of the License Agreement or any formulation with equivalent kinetic profile.

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1.42 "Net Sales" means (a) gross sales of Pfizer, its Affiliates and sublicensees of Product to unaffiliated third parties in the applicable country, less (i) bad debts related to the Product and (ii) sales returns and allowances, including, without limitation, trade, quantity and cash discounts and any other adjustments, including, but not limited to, those granted on account of price adjustments, billing errors; rejected goods, damaged or defective goods, recalls, returns, rebates, chargeback rebates, fees, reimbursements or similar payments granted or given to wholesalers or other distributors, buying groups, health care insurance carriers or other institutions, adjustments arising from consumer discount programs, [***], customs or excise duties, sales tax, consumption tax, and other taxes (except income taxes) or duties relating to sales, and any payment in respect of sales to any governmental or regulatory authority in respect of any government-subsidized program; and (b) in the case of Combination Products, (aa) If Pfizer and/or its Affiliates separately sells in such country during such Year when it sells such Combination Product both (x) one or more Products as a single chemical entity and (y) other products containing active ingredient(s) as a single entity that are also contained in such Combination Product, the Net Sales attributable to such Combination Product during such Year shall be calculated [***]; (bb) if Pfizer and/or its Affiliates separately sells, in such country during such Year when it sells such Combination Product, one or more Products as a single chemical entity but do not separately sell, in such country, other products containing active ingredient(s) that are also contained in such Combination Product, the Net Sales attributable to such Combination Product during such Year shall be calculated by [***];

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(cc) if Pfizer and/or its Affiliates do not separately sell each Products contained in the Combination Product, the Net Sales attributable to such Combination Product shall be calculated [***].

With respect to the determination of Net Sales of Combination Products above and in considering the financial feasibility of Launching a Combination Product, if one or both of the parties determines that the formula in (aa), (bb) or (cc), as the case may be, will result in commercialization of the Combination Product not being economically feasible or equitable, the parties will meet and discuss in good faith adjustments or alterations to the applicable formulas above to address the concerns of such party(ies).

1.43 "Neurocrine Field Force" is defined in Section 6A.1(a).

1.44 "Neurocrine Sales Force" is defined in Section 6A.1(a).

1.45 "NDA" means a New Drug Application filed with the FDA with respect to each Product.

1.46 "Not-Approvable Letter" means a letter or other official communication from FDA providing notice that an application filed with FDA may not be approved, as defined in FDA regulations set forth in 21 C.F.R. 314.120.

1.47 "Out-of-Pocket Costs" means costs and expenses paid or accrued to third parties, other than Affiliates or employees, by either party after the Effective Date.

1.48 "Pfizer Field Force" means a Pfizer field force comprised of full time Sales Representatives in the US Territory who are trained to Detail Products to psychiatrists and/or to Sleep Specialists.

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1.49 "Pfizer Quarter" means each of the periods ending on each of the four (4) thirteen (13) week periods as used by Pfizer as reported in its quarterly and annual filings with the Securities and Exchange Commission, the first commencing on January 1 of any year.

1.50 "Position" as used in this Agreement denotes the priority position in which a Neurocrine Sales Representative Details the products in accordance with their established field force practices; "First Position" means that the relevant product is Detailed with the highest priority in accordance with their established field force practices; and "Second Position" means that the relevant product is Detailed with the second highest priority in accordance with their established field force practices.

1.51 "Product" means all pharmaceutical formulations and dosage forms which contain the Compound either alone or in combination with other therapeutically active ingredients.

1.52 "Product Studies" mean clinical, preclinical, safety, epidemiological studies and modeling, pharmacoeconomic studies, in each case including any ancillary or incidental development, investigation or research scheme pertaining thereto, that are designed: (a) to support regulatory authority or other Governmental Authority approval for marketing of Products; or (b) to support publications, promotional and educational activities, future labeling changes or new indications of the Compounds or the Products.

1.53 "Promote" means those activities other than Detailing undertaken by a party to encourage sales of Products including but not limited to, journal advertising, direct mail programs, direct-to-consumer advertising, convention exhibits and other forms of advertising and promotion.

1.54 "Registration Plan" means the annual plan with respect to the US Territory created by the DC for those pre-clinical and clinical studies to be conducted as part of the Registration Program.

1.55 "Registration Program" means the development program with respect to the US Territory conducted by Neurocrine as set forth on Schedule 5.3(a), as may be amended by the DC in accordance with Section 5.2.

1.56 "ROW Territory" means all countries in the world outside the US Territory.

1.57 "Sales Representative" means an individual who engages in Detailing and other promotional efforts in the field with respect to the Products and who has been trained and is employed by either party, and in the case of Neurocrine, includes a member of the Neurocrine Field Force.

1.58 "Sleep Specialist" means a sleep medicine specialist who is a certified diplomate of the American Board of Sleep Medicine.

1.59 "Specifications" means the specifications for the manufacture and packaging of the Products.

1.60 "Supplemental Plan" means the annual plan with respect to the US Territory created by the DC and the MC for those preclinical and clinical studies to be conducted as part of the Supplemental Program.

1.61 "Supplemental Program" means the development program with respect to the US Territory conducted by Pfizer described in Section 5.3(b), as may be amended by the DC and the MC from time to time.

1.62 "Territory" means the US Territory and the ROW Territory.

1.63 "Trademarks" means any trademark associated with the Products in the Territory, which may be selected by the MC in the US Territory and by Pfizer in the ROW Territory.

1.64 "US Territory" means the United States of America, including its territories, possessions and Puerto Rico.

1.65 "Year" means each calendar year during the term of this Agreement.

1.66 "Zoloft" means the compound generically known as sertraline and which is promoted or sold under the trademark Zoloft(R) as a single entity.

1.67 "Zoloft Net Sales" means (1)(a) gross sales of Pfizer, its Affiliates and sublicensees of Zoloft to unaffiliated third parties in the US Territory less, (b) returns and allowances, including, without limitation, trade, quantity and cash discounts and any other adjustments, including, but not limited to, those granted on account of price adjustments, billing errors, rejected goods, damaged or defective goods, recalls, returns, rebates, chargeback rebates, fees, reimbursements or similar payments granted or given to wholesalers or other distributors, buying groups, health care insurance carriers or other institutions, adjustments arising from consumer discount programs, customs or excise duties, sales tax, consumption tax, and other taxes (except income taxes) or duties relating to sales, and any payment in respect of sales to any governmental or regulatory authority in respect of any government-subsidized program, multiplied by (2) [***].

1.68 "Zoloft Patent Expiration Date" means June 30, 2006, or such later date that U.S. Patent No. 4,536,518 may expire.

1.69 "Zoloft Trademark" means the trademark Zoloft(R) and/or any other trademark associated with Zoloft in the US Territory owned or otherwise held by Pfizer or one of its Affiliates.

Whenever in this Agreement the term "includes" or "including" is used, unless expressly limited such terms shall be without limitation to the enumerated or listed items.

ARTICLE 2

GRANT OF CO-PROMOTION RIGHTS

2.1 Grant of Rights. Subject to the terms of this Agreement, Pfizer grants to Neurocrine:

(a) the exclusive right to Promote and Detail (but not to sell) the Product together with Pfizer in the US Territory to psychiatrists and Sleep Specialists, as well as to such other specialists as the parties may mutually agree; and

*** Certain information on this page has been omitted and filed separately with the Commission. Confidential treatment has been requested with respect to the omitted portions.

(b) the non-exclusive right to Promote and Detail (but not to sell) Zoloft to psychiatrists in the US Territory, such right commencing on the date (in no event earlier than the filing with FDA of the NDA for the MR Product pursuant to Section 4.3) on which members of the Neurocrine Field Force (as defined below) successfully complete initial training in accordance with Schedule 2.5 attached hereto until the Zoloft Patent Expiration Date.

2.2 Compliance With Law and Codes.

(a) General. Both Pfizer and Neurocrine will Promote and Detail the Products and Zoloft in the US Territory in accordance with applicable Law, the terms of this Agreement and, with respect to the Product, the then-current Marketing Plan (except upon an event described in Section 3.5(c)). Neither party shall be required to undertake any action or inaction (including without limitation any Launch of any Product), or to incur expenditures in connection with any such action or inaction under this Agreement that it believes, in good faith, may violate any Law.

(b) Medical Education. Pfizer will in all material respects conform the practices and procedures for educating the medical community in the United States by Pfizer or Neurocrine representatives pursuant to the Marketing Plan to the Accreditation Council for Continuing Medical Education Standards for Commercial Support of Continuing Medical Education and any applicable FDA regulations, as the same may be amended from time to time (except with respect to grants for independent educational events which are not accredited, but for which the grantee certifies in writing to Pfizer or Neurocrine as to such grantee's independence).

2.3 Detailing Obligations. The Neurocrine Field Force shall Detail Products commencing on Launch of the first Product up to and including the end of the fifth full year (365 day period) from Launch of the first MR Product (such period, the "Initial Five Year Period"), in either the First Position or Second Position. After the Initial Five Year Period, [***].

*** Certain information on this page has been omitted and filed separately with the Commission. Confidential treatment has been requested with respect to the omitted portions.

2.4 Other Pfizer Products. Upon the Zoloft Patent Expiration Date, Pfizer and Neurocrine may discuss from time to time additional Pfizer products for the Neurocrine Field Force to co-promote and detail within the US Territory, provided that neither party shall be required to undertake any obligations with respect to such products unless mutually agreed.

2.5 Training.

(a) Pfizer shall, at its sole expense, provide initial sales and product training for Zoloft, and "launch track" training for the Product, for the initial two hundred (200) members of Neurocrine Sales Force as set forth in Schedule 2.5 and in accordance with Pfizer's existing training programs at such time. Pfizer shall not be obligated to provide any training for any additional Neurocrine personnel other than Neurocrine Field Force trainers. Pfizer shall provide ongoing training relating to the Product and Zoloft for trainers who at such time train the Neurocrine Field Force. Pfizer's training of the Neurocrine Sales Force will be conducted in accordance with applicable Law. The Neurocrine Sales Force will attend, at Neurocrine's expense, the United States national Product Launch meeting and periodic Product sales meetings along with the Pfizer sales force and Launch meetings in the ROW Territory. Except as provided above, the implementation of all ongoing training programs for the Neurocrine Sales Force will be the responsibility of Neurocrine, at its sole expense.

(b) Pfizer shall provide to Neurocrine mutually agreed upon quantities of training materials appropriate and adequate to train the Neurocrine Field Force for the Co-Promotion of the Products and Zoloft and consistent with the quantities of such materials used by Pfizer for the Pfizer Field Force. Pfizer shall at substantially

the same time it begins use of such materials, provide to Neurocrine such agreed upon quantities of all Pfizer training materials, without charge to Neurocrine, relating to Products or Zoloft that are used by the Pfizer Field Force.

(c) Neurocrine shall at its own expense, comply with any training plan contained in the applicable Marketing Plan for post "launch track" Neurocrine Field Force training and any Zoloft training plan applicable to the Pfizer sales force Detailing Zoloft.

2.6 Promotional Materials. The Neurocrine Field Force and Pfizer Field Force will only utilize promotional, advertising, communication and educational materials (including all written, graphic, electronic, audio and video pieces and including journal advertisements, direct mail, direct to consumer advertising, internet postings, broadcast advertisements and sales aids (pens, cups, note pads and the like)) relating to the Products (collectively "Promotional Materials") and only conduct promotional activities for the Products which, in each case, have been approved in the Marketing Plan or otherwise by the MC (except following an event described in Section 3.5(c)). All Promotional Materials will be subject to regulatory review and approval by the MC (except following an event described in Section 3.5(c)). At substantially the same time any Product Promotional Materials and any Product related communication is sent in hard copy, electronically or by voicemail by Pfizer to the Pfizer Field Force, Pfizer will provide to Neurocrine with copies of all such materials (or notify Neurocrine as to such other communication, as applicable) for the Neurocrine Sales Force (which shall be equivalent to quantities of such materials provided to the Pfizer Field Force). Promotional Materials shall be allotted to Neurocrine according to Neurocrine's Detail Requirement for the applicable year. All promotional activities conducted by the Neurocrine Field Force and Pfizer Field Force shall be consistent with the Promotional Materials so approved and the then-current Marketing Plan. Pfizer shall own all rights to all Promotional Materials, including all copyrights thereto. Unless and until Promotional Materials are approved by the MC for publication or other general dissemination, each party shall maintain them in confidence pursuant to the terms of Article 11. All Promotional Materials will bear the

corporate names and logos/trademarks of Neurocrine and Pfizer in substantially equal prominence and frequency.

2.7 Samples. Following Launch of the first Product and in support of Neurocrine's Detailing and Promotional activities hereunder, Pfizer shall provide Neurocrine with Product samples as required in the applicable Marketing Plan, and Zoloft samples consistent with the allocation to the Pfizer Field Force. Samples will be allocated fairly between the Neurocrine Field Force and Pfizer sales force in accordance with the number of Details the respective field forces are required to undertake as set forth in the Marketing Plan. Pfizer shall ship such samples to a central location designated by Neurocrine. Neurocrine and Pfizer shall use samples strictly in accordance with the then-current Marketing Plan and shall store and distribute samples in full compliance, and otherwise fully comply, with all applicable Laws, including the requirements of the Prescription Drug Marketing Act of 1987, as amended (the "PDMA"). Pfizer and Neurocrine each will maintain those records required by the PDMA and all other Laws with respect to the samples allocated to each of them. Neurocrine and Pfizer shall be responsible for the filing of any necessary reports to FDA in connection with the PDMA with respect to the samples allocated to each of them. All costs and expenses associated with the manufacture, shipment and distribution (to Neurocrine's central location), warehousing and storage (until shipment to Neurocrine's central location), of Products samples shall be borne by Pfizer. Each party will destroy any samples not distributed by its Sales Representatives at its sole expense.

2.8 Responsibility for Medical and Marketing Expenses and Development Costs. Pfizer shall be responsible for all Medical and Marketing Expenses for the Products.

2.9 [Intentionally left blank].

2.10 Medical Inquiries. The MC and RC will provide the parties with information and materials relevant or appropriate to allow the parties' medical and sales professionals, as appropriate, to respond to those medical questions or inquiries from the medical and paramedical professions and consumers relating to any FDA approved use of the

Products. Each of the parties will only use these materials, which shall be consistent with the relevant FDA-approved Product labeling, when answering such questions and inquiries so as to ensure that medical and sales professionals from both parties are responding to such questions or inquiries in the same manner. The MC and RC will provide the parties with information, materials and instructions to allow medical professionals from both parties to respond to medical questions or inquiries concerning matters not consistent with FDA approved Product labelling in accordance with applicable Pfizer procedures for responding to unsolicited medical inquiry requests on off-label use.

2.11 Meetings and Symposia and Marketing Activities. Neurocrine will have a role in implementing the marketing activities as set forth in the Marketing Plan. It is generally agreed that Product presentations, exhibits and booths at meetings and symposia will be a joint Pfizer and Neurocrine activity under the Marketing Plan and the cost thereof will be Medical and Marketing Expenses. To the extent not included within the Marketing Plan, Neurocrine at its sole expense shall have the right to make Product presentations and have its own exhibits and booths that feature the Products; provided that any such presentations, exhibits and booths are consistent with the Marketing Plan.

2.12 Commercially Reasonable Efforts. The parties covenant and agree to use, in the case of Pfizer, Commercially Reasonable Efforts, and in the case of Neurocrine, its commercially reasonable efforts, with respect to carrying out each of their respective decisions under Articles 2, 3, 4 (except as otherwise specified in Section 4.3(b)), 5, 6A and 6B, and their respective obligations under this Agreement.

ARTICLE 3

MANAGEMENT OF ALLIANCE

3.1 Committees. In order to fulfill the objectives of this Agreement, the parties agree to establish a Steering Committee, a Joint Operating Committee ("JOC"), a Marketing Committee described in Article 6A ("MC"), a Development Committee described in Article 5 ("DC"), a Regulatory Committee described in Article 4 ("RC"), and a Product

Supply Committee described in Article 6B ("PSC"), (collectively, the "Committees") and such other committees and subcommittees as may be established by mutual consent of Neurocrine and Pfizer. The members of each Committee and subcommittee, as designated by each party, shall be functionally aligned with each other, and each Committee shall have two co-chairpersons, one designated by each of Neurocrine and Pfizer.

3.2 Meetings. The co-chairpersons of the Steering Committee, the JOC, the MC, the DC, the RC, the PSC, or any other committee or subcommittee, shall call meetings quarterly (except the Steering Committee which shall meet at least three times annually), or as otherwise mutually agreed. Meetings may be held in person, by telephone, or by video conference call, and the location of each meeting shall alternate between sites selected by each co-chairperson, unless otherwise agreed. The decisions of each committee or subcommittee shall be by a vote of the co-chairpersons, each co-chairperson having one vote, and all decisions shall be by unanimous consent of the co-chairpersons, except as provided in Section 3.12. Additional participants may be invited by any representative to attend meetings when and where appropriate. The parties shall cause their respective representatives on the committees and subcommittees to use diligent efforts, acting in good faith, to resolve all matters presented to them as expeditiously as possible. In addition to the foregoing, either party may call a special meeting of the Steering Committee two (2) times per year, on fifteen (15) days notice to the other party. Meetings will alternate between the offices of the parties, unless otherwise agreed. Each party shall be responsible for expenses incurred by its employees and its members of the Steering Committee incurred in attending or otherwise participating in Steering Committee meetings.

3.3 Development Committee.

(a) The DC shall consist of research and development, new product development, regulatory and marketing/medical managers and such other relevant personnel involved in development of products (as needed) from each of Neurocrine and Pfizer, each of which shall confirm to the other its designees and which shall be

responsible for oversight of the Development Program in the US Territory. The specific responsibilities of the DC are set forth in Section 5.2.

(b) Upon a material breach or material default of Neurocrine, the DC shall be disbanded and Pfizer shall have sole decision making authority and responsibility with respect to development of the Products, subject to Section 3.12.

(c) If the DC is unable to reach a decision on any issue within ten (10) Business Days after presentation, the issue shall be referred for resolution to the JOC.

3.4 Regulatory Committee.

(a) The RC shall consist of regulatory, research and development, safety and marketing medical managers and such other relevant personnel (as needed) from each of Neurocrine and Pfizer, each of which shall confirm to the other its designees and which shall be responsible for the regulatory compliance of the Development Program in the US Territory. The specific responsibilities of the RC are set forth in Section 4.2.

(b) If the RC is unable to reach a decision on any issue within ten (10) Business Days after presentation, the issue shall be referred for resolution to the JOC.

(c) Upon a material breach or material default of Neurocrine, the RC shall be disbanded and Pfizer shall have sole decision making authority and responsibility with respect to regulatory matters related the Products, subject to Section 3.12.

3.5 Marketing Committee.

(a) The MC shall consist of regulatory, and sales and marketing medical managers and such other relevant personnel (as needed) from each of Neurocrine and Pfizer, each of which shall confirm to the other its designees and which shall be

responsible for marketing activities with respect to the Product in the US Territory. The specific responsibilities of the MC are set forth in Section 6A.3(b).

(b) Upon a material breach or material default of Neurocrine, the MC shall be disbanded and Pfizer shall have sole decision making authority and responsibility with respect to marketing the Products, subject to Section 3.12.

(c) Upon a reduction of Neurocrine's Co-Promotion activities pursuant to Section 6A.6(b), the MC shall be disbanded and Pfizer, subject to Steering Committee oversight with respect to marketing activities as would otherwise be provided in Section 3.12(b), shall have sole decision making authority and responsibility with respect to marketing the Product.

(d) If the MC is unable to reach a decision on any issue within ten (10) Business Days after presentation, the issue shall be referred for resolution to the JOC.

3.6 Product Supply Committee.

(a) The PSC shall consist of regulatory, clinical development, QA/QC, and pharmaceutical development and such other relevant personnel (as needed) from each of Neurocrine and Pfizer, each of which shall confirm to the other its designees and which shall be responsible for Product manufacturing and supply matters. The specific responsibilities of the PSC are set forth in Section 6B.1.

(b) Upon a material breach or material default of Neurocrine, the PSC shall be disbanded and Pfizer shall have sole decision making authority and responsibility with respect to marketing the Products, subject to Section 3.12.

(c) Upon Launch of both the IR Product and the MR Product, the PSC will be disbanded and Pfizer, subject to Steering Committee oversight with respect to marketing activities as would otherwise be provided in Section 3.12(b), will have sole decision making authority and responsibility for decisions related to manufacturing.

(d) If the PSC is unable to reach a decision on any issue within ten (10) Business Days after presentation, the issue shall be referred for resolution to the JOC.

3.7 Joint Operating Committee.

(a) The JOC will consist of the co-chairpersons of the each of the DC, the RC, the MC, and the PSC. The JOC shall be responsible for the following:

(i) Oversight of the development and commercialization of Products hereunder in the US Territory;

(ii) Review and approval of the annual Registration Plans, Supplemental Plans, Manufacturing Plans, Regulatory Plans and Marketing Plans, and a review of quarterly updates from each of the Committees;

(iii) Review and discussion of the Critical Package (as defined in Section 4.3(b)) and making all Go Decisions with respect to an NDA Filing;

(iv) Resolution of disputes that cannot be resolved by the DC, the RC, the MC and the PSC; and

(v) Raising disputes that cannot be resolved by the JOC to the Steering Committee.

(b) Prior to each meeting of the JOC, the parties will distribute to each other written copies of all materials intended to be submitted at the JOC meeting plus, to the extent not set forth in the JOC materials, a written report from the Committees summarizing any other material data and information arising out of the development and marketing of Products. In the event that after receipt of any such report, either party shall request additional data or information, the party to whom such request is made shall promptly provide to the other party such data or information.

(c) Either party may call a special meeting of the JOC two (2) times per year, on fifteen (15) Business Days notice to the other party. Meetings will alternate between the offices of the parties, unless otherwise agreed. Each party shall be responsible for expenses incurred by its employees and its members of the JOC incurred in attending or otherwise participating in JOC meetings.

(d) Upon a material breach or material default of Neurocrine, the JOC shall be disbanded and Pfizer shall have sole decision making authority and responsibility with respect to manufacturing activities of the Products, subject to Section 3.12.

(e) If the JOC is unable to reach a decision on any issue within ten (10) Business Days after presentation, the issue shall be referred for resolution to the Steering Committee.

3.8 Steering Committee. The Steering Committee shall consist of an equal number of representatives from both Neurocrine and Pfizer with decision-making authority within their respective organizations. Neurocrine and Pfizer shall confirm to the other its designees. The Steering Committee shall address all of the significant and strategic issues within the purview of the various Committees, and shall be responsible for resolving any issues referred by the JOC. The Steering Committee will be presented with updates on the activities and achievements of the Committees and otherwise as provided below. Except as otherwise provided in Section 3.12, all decisions of the Steering Committee will be by unanimous vote of the co-chairpersons. Prior to each meeting of the Steering Committee, the parties will distribute to each other written copies of all materials intended to be submitted at the Steering Committee meeting plus, to the extent not set forth in the Steering Committee materials, a written report from the JOC summarizing any other material data and information arising out of the development and marketing of Products. In the event that after receipt of any such report, either party shall request additional data or information, the party to whom such request is made shall promptly provide to the other party such data or information. If the Steering Committee

is unable to resolve any issue within thirty (30) days after presentation, the issue shall be referred for resolution pursuant to Section 3.9.

3.9 Final Decision Making Authority. If for any reason the Steering Committee cannot resolve any matter properly referred to it, the matter shall be referred to a senior pharmaceutical executive of Neurocrine and a senior pharmaceutical executive of Pfizer for resolution. Neither of such senior pharmaceutical executives shall at the time of determination be a member of any Committee or subcommittee, and at such time shall be senior to Committee or subcommittee members appointed by such party. If such senior pharmaceutical executives after discussing the matter in good faith and attempting to find a mutually satisfactory resolution to the issue, fail to come to consensus, the final decision-making authority shall be allocated as follows:

(a) The senior pharmaceutical executive of Neurocrine will have the final decision-making authority for decisions regarding:

(i) [***];

(ii) [***];

(iii) [***]

(iv) [***].

*** Certain information on this page has been omitted and filed separately with the Commission. Confidential treatment has been requested with respect to the omitted portions.

provided, however, that Neurocrine's final decision-making authority with respect to the above-mentioned items shall terminate, and Pfizer shall thereafter assume final decision-making authority, with respect to each of the IR Product and the MR Product on the earlier of [***].

(b) The following matters will be matters with respect to which consensus decision making by the parties will be required ("Consensus Matters"). Consensus Matters must be by unanimous decision of the parties and neither party will have final decision making authority with respect to these matters. The following matters are Consensus Matters:

(i) [***];

(ii) [***]

(iii) [***];

(iv) [***].

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(c) The senior pharmaceutical representative of Pfizer shall have the final decision-making authority with respect to the following:

(i) [***];

(ii) [***];

(iii) [***];

(iv) [***]

(v) [***].

(d) If a committee or subcommittee has made a decision with respect to a matter without referral to the senior pharmaceutical executives as provided in this Section 3.9, a party cannot be deemed to have breached Section 2.12 of this Agreement with respect to such decision.

3.10 Decision-Making Authority. Notwithstanding anything to the contrary, none of the Committees or subcommittees contemplated by this Article 3, no senior executive of Neurocrine nor any senior pharmaceutical executive of Pfizer shall have authority to determine any of the matters for which (a) one or more of the parties is allocated decision-making authority elsewhere in this Agreement, (b) the Agreement provides is explicitly a Consensus Matter or for the mutual or joint agreement of the parties or (c) is in violation of any express provision of this Agreement or the License Agreement.

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3.11 Alliance Managers. In addition to the Committees set forth above, Neurocrine and Pfizer each acknowledge and agree that it would be beneficial to the Collaboration for each to have a senior representative with a general understanding of the clinical, regulatory, manufacturing and commercial issues relating to Products to act as an alliance manager ("Alliance Manager"), and will appoint such a person to the extent each party in its sole discretion determines it is practical. It is envisioned that the Alliance Managers will serve as a single point of contact within each party with responsibility for facilitating communication and collaboration between the parties. The Alliance Managers may attend Committee meetings as appropriate and will be provided access to decision making representatives of both parties. Once appointed, each co-chairperson of each Committee will report any Committee issues, potential or pending disagreements and critical Committee decisions to its Alliance Manager. The Alliance Managers will work together to resolve such issues or potential disputes, and to enable the Committees to reach unanimous decisions with the intent of averting the escalation of such issues or potential disputes.

3.12 Committee Structure upon Neurocrine Material Default or Material Breach. Upon a material default or material breach of Neurocrine following the election of Pfizer under Section 13.3(c)(i) or (ii):

(a) Each of the MC (if not previously disbanded in accordance with Section 3.5), the PSC (if not previously disbanded in accordance with Section 3.6), the DC, the RC and the JOC will be disbanded, and each provision in this Agreement that refers to a decision, oversight or consultation with of any of the foregoing Committees, or requiring compliance or consistency with a Development Plan, Regulatory Plan, a Marketing Plan or a Manufacturing Plan, shall be deemed inoperative;

(b) The Steering Committee will remain in place. Pfizer will report to the Steering Committee prior to each scheduled meeting on the items set forth in Schedule 3.12 and the Steering Committee will make any decisions with respect to such matters reported requiring any decisions; provided, however, that if the co-

chairpersons of the Steering Committee are unable to reach a decision on any issue within ten (10) Business Days after presentation, the Pfizer co-chairperson shall make the final decision;

(c) Pfizer shall make all decisions regarding the matters in Section 3.9(a) and (b);

(d) Article 4, Article 5 and Article 6B shall be deemed amended such that Pfizer shall have sole responsibility and authority with respect to the matters described herein as being the responsibility of and/or under the authority of Neurocrine; and

(e) All other obligations of Pfizer under this Agreement, except as otherwise provided herein, shall survive until termination of this Agreement.

ARTICLE 4

CLINICAL AND REGULATORY MATTERS

4.1 Clinical and Regulatory Matters in the U.S. Territory Prior to First Approval of Products. This Section 4.1 shall apply to clinical and regulatory matters prior to termination of Neurocrine's final decision-making authority pursuant to Section 3.9(a); and Neurocrine's activities hereunder will be under the guidance of the RC, whose activities are further described in Section 4.2 (and the JOC with respect to the matters in Section 4.3).

(a) Subject to the provisions of this Article 4, Neurocrine will retain all responsibilities as the sponsor of the Product IND until Approval, including, but not limited to, correspondence, reports and filings with FDA, responsibility for all clinical trials and data generated therefrom. Neurocrine will maintain the integrated database of all Product clinical trial data. All regulatory filings within the US Territory relating to the Products prior to First Approval of the IR Product and the MR Product shall be the property of Neurocrine and held in Neurocrine's or its Affiliate's name.

(b) Neurocrine will establish the timeline for and will prepare and file the NDA for IR Product and MR Product with the FDA (subject to Section 4.3).

(c) Notwithstanding anything in this Agreement to the contrary, in the event there is an Advisory Committee meeting with respect to the Product NDA, all preparations, strategies and actions with respect thereto will be a Consensus Matter.

(d) Notwithstanding anything in this Agreement to the contrary, all negotiations with FDA regarding Product labelling, including all pre-filing meetings and other meetings, teleconferences or other interactions with FDA concerning Product labelling, and all decisions regarding the proposed and final labelling included in the NDA filings will be a Consensus Matter.

(e) Notwithstanding anything in this Agreement to the contrary, the organization and strategies for responses to FDA inquiries with respect to the Registration Program and first NDA filing for IR Product and MR Product will be a Consensus Matter.

(f) Following NDA approval by the FDA, Pfizer will be responsible for communicating with the FDA regarding all NDA post-Approval requirements, activities and issues.

(g) Pfizer will be the sponsor of all filings with Governmental Authorities outside the US Territory; and within the US Territory with respect to the IR Product and the MR Product after First Approval of the IR Product and MR Product, respectively, and/or after Neurocrine's decision making shall have terminated in accordance with Section 3.9(a).

4.2 Regulatory Committee. The RC will operate within the framework of the governance structure set forth in Article 3. The responsibilities of the RC include, but are not limited to, the following:

(a) Overseeing the implementation of the plan for the registration and regulatory strategy (the "Regulatory Plan") for first NDA filing for IR Product and MR Product- in the US Territory as set forth on Schedule 4.2(a);

(b) Overseeing, monitoring and coordinating all regulatory (FDA) aspects of the (i) Registration Program and (ii) the Supplemental Program, including with respect to each, all regulatory actions, communications and filings (including matters pertaining to Product labelling) and submissions, including filings and submissions of supplements and amendments to FDA with respect to the Products;

(c) Facilitating the exchange of all US regulatory information and data between the parties;

(d) Establishing the schedule and implementation strategy for all FDA filings based on the Registration Program;

(e) Establishing the schedule and implementation strategy for all FDA filings based on the Supplemental Program;

(f) Providing updates on its activities and achievements to the JOC.

4.3 NDA Filing Decision.

(a) Neurocrine will make available to the JOC, and the JOC will track the completion of, each Registration Program clinical trial and will review all safety and efficacy data therefrom promptly following such data becoming available. The JOC will make all data available to representatives of Pfizer and Neurocrine senior management. Within thirty (30) days following such data availability from each Registration Program clinical trial, Pfizer and Neurocrine through their representatives on the JOC, will each report to the other any issues arising from the study that may require additional work. If any additional work is required as a result of such data, the JOC as a Consensus Matter will identify mutually agreed

upon changes to the Registration Program to support the NDA filing, and such changes will be implemented by Neurocrine at Pfizer's cost.

(b) [***].

(c) Neurocrine shall not file an NDA with respect to any Product unless the parties have made a Go Decision in 4.3(b) above. Following any Go Decision, Neurocrine will have responsibility for preparing the complete and final NDA filing for the IR Product and/or MR Product as set forth in this Section 4.3(c) (the "NDA Package"). [***].

*** Certain information on this page has been omitted and filed separately with the Commission. Confidential treatment has been requested with respect to the omitted portions.

(d) [***].

(e) Subject to Section 4.3(d), Pfizer shall have the obligation to Launch such Product within ninety (90) days of such Approval; provided, however, that Pfizer's obligation to Launch within such time period will be delayed to the extent its failure to Launch is related to [***].

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(f) In the event either party shall make a No Go Recommendation, the party making such recommendation will outline with specificity the basis for such recommendation and what data such party in good faith believes will be required to be added to the Registration Program to support an acceptable NDA filing. The Parties will mutually agree as a Consensus Matter on a clinical plan describing the supportive clinical program ("the Supportive Clinical Program") that will be required to support a Go Decision by the parties, Neurocrine will conduct and Pfizer will bear the costs of the Supportive Clinical Program under the same terms and conditions agreed for conduct of the Registration Program, and the Supportive Clinical Program will be deemed to be part of the Registration Program as set forth herein. Following completion of the Supportive Clinical Program, the procedure set forth in Section 4.3(b) above shall be repeated, unless Pfizer elects to terminate this Agreement in accordance with Section 13.3(a).

4.4 Additional FDA Requirements and Responses to FDA Inquiries Prior to First Approval. Prior to First Approval, as soon as practicable but in any event within four (4) Business Days of receipt by Neurocrine, Neurocrine will provide notice to Pfizer of any additional FDA requirements which FDA may impose with respect to the First Approval (including without limitation, additional clinical studies), and of all FDA inquiries requiring a response. This includes written, oral, electronic or any other requests received from FDA. Pfizer and Neurocrine shall mutually agree as a Consensus Matter upon any response to FDA. Promptly after receipt of any inquiry or the knowledge of a requirement, as the case may be, Neurocrine will provide Pfizer with copies of all

correspondence from FDA. If such correspondence is an inquiry, the RC will discuss the FDA inquiry and outline the strategy for response. Neurocrine will draft the response to all inquiries promptly (the amount of time to generate the response will depend on the nature of the inquiry) and provide a draft to Pfizer. Pfizer will have ten (10) days in which to review and comment on the Neurocrine draft response. Neurocrine will review the Pfizer comments. If Neurocrine agrees with the Pfizer comments, Neurocrine will incorporate the comments and submit the response to the FDA. Neurocrine will contact the RC within three (3) days in the event Neurocrine disagrees with any Pfizer comment. If the members of the RC cannot agree on the matter it will be submitted to the JOC as a Consensus Matter. Immediately after filing any response with the FDA, and after producing contact reports with FDA, Neurocrine will provide copies of the same to Pfizer.

4.5 Labelling. Product labelling will bear Neurocrine's and Pfizer's trade dress and logo in substantially equal prominence and frequency, except as required by law. The parties will mutually agree upon any subsequent decisions prior to the First Approval with respect to the Product labelling for the first IR Product and the first MR Product as a Consensus Matter. Upon First Approval of each of the IR Product and MR Product, respectively, Pfizer shall have the sole responsibility for revising Product labelling for the approved Products, as needed, in consultation with the RC, as required by Law and shall notify Neurocrine in writing of the approval of any such labelling changes by FDA or any other Governmental Authority.

4.6 FDA Meetings. Neurocrine shall provide Pfizer with notice of all meetings, conferences, and discussions (including without limitation, Advisory Committee meetings or any other meeting of experts convened by regulatory authorities concerning any topic relevant to the Products) scheduled with FDA concerning any pending NDA or other regulatory matters relating to the Products within forty-eight (48) hours after the scheduling of such meeting, conference, or discussion. Pfizer shall be entitled to have an equal number of representatives present at all such meetings. Neurocrine and Pfizer, through the RC, shall use all reasonable efforts to agree in advance on the scheduling of such meetings and on

the objectives to be accomplished at such meetings, conferences, and discussions and the agenda for the meetings, conferences, and discussions with FDA and other Governmental Authorities, and with respect to Advisory Committee Meetings, such items will agreed by the parties as a Consensus Matter as set forth in Section 4.1(c).

4.7 Data. To the extent not provided in Section 4.3 above, each party shall provide to the other party, through the RC, on a timely basis copies of all material pre-clinical and clinical data compiled in support of an NDA or other regulatory filings with respect to the Products.

4.8 Assignment of NDA. Subject to Section 3.4 and this Article 4, Neurocrine will submit an NDA to FDA for the first IR Product and the first MR Product under its name. Upon the First Approval for each of the IR Product and the MR Product, Neurocrine will promptly transfer the NDA and IND for such Product to Pfizer in accordance with all applicable FDA regulations, and thereafter, Pfizer will have full ownership, control of and responsibility for such NDA, the IND and for all subsequent FDA and other regulatory filings in the US Territory. Such transfer of ownership shall be commenced promptly following receipt of the respective Approval. Each of the parties shall take all reasonable steps to ensure an orderly transfer of each NDA following Approval.

4.9 ROW Regulatory Matters. After the Effective Date, Pfizer will assume sole ownership, control of and responsibility for all regulatory filings in the ROW Territory.

4.10 Clinical and Regulatory Matters after First Approval of Products. Following the First Approval of each of the IR Product and the MR Product:

(a) Subject to the oversight of the RC, Pfizer shall have exclusive responsibility and final authority for all matters relating to the nature and content of any NDA or supplemental NDAs submitted to the FDA for such Product.

(b) The IND, NDA and any other regulatory approval within the US Territory relating to Products shall be deemed the property of Pfizer and held in Pfizer's or its Affiliate's name.

(c) Pfizer shall have the sole responsibility for communicating with FDA about the Products, subject to the oversight of the RC.

(d) Pfizer, through the RC, will have final authority with regard to labelling discussions with FDA with respect to Products; and

(e) Pfizer, through the RC, shall provide Neurocrine with copies of all filings and submissions to and correspondence with Governmental Authorities relating to Products within ten (10) days of receipt, filing or submission by Pfizer.

4.11 Adverse Drug Experience Reports and Product Complaints Prior to First Approval.

(a) Neurocrine, as IND holder, shall be responsible for the surveillance, receipt, evaluation and reporting of product complaints and reports of Adverse Drug Experiences (as defined in 21 CFR 314.80 or 312.23) until the First Approval for IR Product and MR Product. During such period preceding such First Approval, Neurocrine shall promptly investigate product complaints and reports of Adverse Drug Experiences associated with use of the Product. Prior to the First Approval of IR Product and MR Product, Neurocrine shall submit reports of all Adverse Drug Experiences associated with the use of the unapproved Products and other required safety information to the FDA and other Governmental Authorities, in accordance with applicable Law. Neurocrine shall provide a copy of each such report to Pfizer contemporaneously with its submission of the report to FDA or other Governmental Authorities.

(b) Registration Program. Neurocrine will notify Pfizer of all Serious Adverse Drug Experiences (as defined in 21 CFR 314.80 or 312.32) occurring in any Product study conducted, sponsored or monitored by Neurocrine as part of the

Registration Program within two (2) Business Days of the time such Serious Adverse Drug Experience becomes known to Neurocrine; and of all other Adverse Drug Experiences occurring in any Product study conducted, sponsored or monitored by Neurocrine within seven (7) days of the time such Adverse Drug Experience Report becomes known to the Neurocrine. All follow-up investigations concerning Adverse Drug Experiences and Serious Adverse Drug Experiences occurring in any Product study conducted, sponsored or monitored by Neurocrine as part of the Registration Program shall be conducted by Neurocrine and the results of such follow-up investigations will be delivered to Pfizer within two (2) Business Days of the time such follow-up information is obtained by Neurocrine.

(c) Supplemental Program. In the event Pfizer shall conduct, sponsor or monitor any Product clinical trials pursuant to the Supplemental Plan prior to assignment of the Product IND to Pfizer, Pfizer will notify Neurocrine, ACY and DOV, of all Serious Adverse Drug Experiences arising out of any such clinical trial within two (2) Business Days of the time such Serious Adverse Drug Experience becomes known to Pfizer; and of all Adverse Drug Experience arising out of any such clinical trial within five (5) days of the time such Adverse Drug Experience Report becomes known to Pfizer. Following assignment of the IND and NDA to Pfizer, Pfizer will notify Neurocrine, ACY and DOV of all Serious Adverse Drug Experiences within two (2) Business Days of the time such experiences becomes known to Pfizer, and of all other Adverse Drug Experience within five (5) days of the time such experiences becomes known to Pfizer. All follow-up investigations concerning Adverse Drug Experiences and Serious Adverse Drug Experiences occurring in any study conducted, sponsored or monitored by Pfizer shall be conducted by Pfizer and the results of such follow-up investigations will be delivered to Neurocrine within seven (7) days of the time such follow-up information is obtained by Pfizer.

4.12 Adverse Events and Product Complaints After First Approval.

(a) After First Approvals, Pfizer shall be responsible for the surveillance, receipt, evaluation, and reporting of product complaints and reports of Adverse Drug Experiences, worldwide, associated with the Products. To enable Pfizer to meet its reporting obligations to FDA, Neurocrine shall provide Pfizer, upon First FDA Approval, with all adverse event information in a mutually agreed-upon format.

(b) Upon and following the First Approval of each of the IR Product and MR Product, all Product complaints and reports of Adverse Drug Experiences associated with the use of the Products, shall be directed by Neurocrine, its Affiliates, employees, and agents, to Pfizer. Such complaints and reports shall be provided to Pfizer within two (2) Business Days of their receipt by Neurocrine, its affiliate, employee, or agent, provided that any complaints received by the Neurocrine Field Force will be reported in accordance with such procedures used by the Pfizer Field Force. Neurocrine shall also provide Pfizer with notice of other material safety information about one or both Products that Neurocrine may become aware of.

(c) Pfizer shall submit reports of all Adverse Drug Experiences associated with the use of the approved Product(s) and other required safety information (including periodic safety update reports (PSUR's) and Annual Safety Reports) to the FDA and other Governmental Authorities, in accordance with applicable legal requirements. Pfizer shall submit a copy of each such report to Neurocrine, contemporaneously with its submission of the report to FDA or other Governmental Authorities.

(d) For purposes of this Agreement, it is contemplated that following the First Approval for either the IR or MR Product, all Adverse Drug Experiences associated with the use of any Product will be filed by Pfizer as part of the NDA for the approved Product. Further, it is contemplated that Neurocrine's reports of Adverse Drug Experiences associated with the use of unapproved Product will

reference the safety information filed by Pfizer as part of the NDA for the approved Product. Neurocrine shall submit a copy of each such report to Pfizer, contemporaneously with its submission of the report to FDA or other Governmental Authorities.

(e) The parties will develop additional written procedures for the surveillance, receipt, evaluation, and reporting of Product complaints and Adverse Drug Experiences, in accordance with these provisions and subject to the oversight of the RC.

4.13 Construction of Terms related to Separate Filings. The provisions of this Article may be alternatively construed to reflect the fact that the INDs and NDAs may be maintained or filed with respect to the IR Product and MR Product either separately or together, and that as of the date hereof, no such final decisions have been made. Accordingly, the parties agree that to the extent that the language set forth herein does not work as a practical and logistical matter with respect to the filing or maintenance of the INDs or NDAs (as the case may be), the parties will meet in good faith to discuss changes to allocations of responsibilities in order to effectuate the intent of the provisions set forth in this Article 4 or to otherwise comply with applicable Law.

ARTICLE 5

PRODUCT DEVELOPMENT

5.1 Development Program and Budget. Products in the US Territory will be developed pursuant to Development Program. Pfizer shall pay all Development Costs, subject to Section 5.3(a) below. The Development Program will consist of a Registration Program conducted by Neurocrine as described in Section 5.3(a) below, and a Supplemental Program conducted by Pfizer as described in Section 5.3(b) below. Each of the parties respective obligations for the Registration Program and the Supplemental Program will be carried out under the guidance of the DC as described in Section 5.2 below.

5.2 Development Committee. The DC will operate within the framework of the governance structure set forth in Article 3. The responsibilities of the DC include, but are not limited to, the following:

(a) Developing the Supplemental Program in coordination with the MC;

(b) Preparing annual Registration Plans and Supplemental Plans, each of which shall include a budget, for submission to the JOC consistent with the terms of the Registration Program and Supplemental Program, for approval each Year from the Effective Date until the Co-Promotion Term for the Products ends;

(c) Overseeing and monitoring the conduct of the annual Supplemental Plan by Pfizer as specified in Section 5.3(b);

(d) Overseeing and monitoring the conduct of the annual Registration Plan, together with the JOC, by Neurocrine as specified in Section 5.3(a);

(e) Facilitating the exchange of all development information and data relating to all Product Studies;

(f) Review and approval of protocols and selection of clinical study sites for all Registration Program Product Studies other than those listed in Schedule 5.3(a) and for all Supplemental Program Product Studies, and for revising any Investigator's Brochure(s) based on results of the Registration Program and Supplemental Program Product Studies or any additional FDA requirements;

(g) Implementation of Phase IIIb Product Studies; and

(h) Providing updates on its activities and achievements to the JOC.

Neither party shall make any material change to any annual Developmental Plan, or any of the Developmental Program Product Studies, without the prior approval of the DC, and all Development Plans and Development Costs provided therein shall be consistent with the terms of this Agreement.

5.3 Development Programs for the US Territory. Product development activities in the US Territory will consist of the following Development Programs, each of which will be prepared and overseen by the DC, the RC and the MC, as set forth and consistent with the provisions set forth below:

(a) Registration Program. The Phase III development with respect to the US Territory for IR Product and MR Product each will be conducted under the Registration Program. [***]. The Registration Program will consist of the clinical and other activities for the NDA filings as are set forth on Schedule 5.3(a), and will be carried out pursuant to the annual Registration Plan. Neurocrine will have responsibility and authority for conducting and completing the Registration Program, subject to input of the DC, in coordination with the RC, the MC and the JOC. Pfizer shall pay all Development Costs for the Registration Program, except that Neurocrine shall be liable for payment of $15 million in 2003 payable quarterly in equal instalments of $3.75 Million each payable on the last day of March, June, September and December of 2003. [***]. The Registration Program will terminate with respect to each of the IR Product and MR Product upon First Approval of the IR Product and MR Product, respectively.

(b) Supplemental Program. Phase IIIb and IV development and Product Studies in the US Territory will be conducted under the Supplemental Program. [***].

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The Supplemental Program activities will be conducted by Pfizer under the direction of the MC, in coordination with the DC and RC. An initial summary of the Supplemental Program is attached hereto as Schedule 5.3(b), subject to change by the MC (in coordination with RC and the DC) to take into account product positioning, product labelling and marketing strategies, feasibility of study design, or as otherwise required or advisable under applicable Law or in response to acts or requests by Governmental Authorities. The DC will consider in good faith whether Neurocrine, to the extent feasible and appropriate, shall undertake responsibility for execution of certain studies conducted under the Supplemental Program.

5.4 ROW Program. Pfizer will have the sole authority with respect to development and registration for IR Product and MR Product outside the US Territory ("ROW Program").

ARTICLE 6 A

FIELD FORCE, LAUNCH, CO-PROMOTION AND DETAILING

6A.1 Neurocrine Sales Force.

(a) (i) Neurocrine shall have a sales force of two hundred (200) full time employees in the US Territory comprised of Sales Representatives who will specialize in Detailing to psychiatrists and to Sleep Specialists ("Neurocrine Field Force") and such sales professionals as Neurocrine

shall hire in its sole discretion (collectively, the Neurocrine Field Force and other sales professionals, the "Neurocrine Sales Force").

(ii) Except as specifically provided herein, Neurocrine shall have exclusive control over the Neurocrine Sales Force. Nothing in this Agreement shall be construed to conclude that any agents or employees of Neurocrine are agents or employees of Pfizer or subject to Pfizer's direction and control. Neurocrine shall have sole authority over the terms and conditions of its agents' and employees' employment, and shall select, engage, and discharge its agents and employees.

(iii) Neurocrine will be solely responsible for compensating its agents and employees whom it assigns to perform services under this Agreement, including paying salaries and expenses; providing benefits; deducting federal, state and local payroll taxes, FICA contributions, FUI, SUI and any similar taxes; and paying Workers' Compensation premiums, unemployment insurance contributions and any other payments required by federal, state or local law to be made on behalf of employees.

(b) Subject to section 6A.1(c), Pfizer will begin paying an Allowance Fee (as defined below) with respect to the Neurocrine Sales Force commencing on the filing of the NDA Package, twenty (20) days after receipt of notice from Neurocrine that it has commenced hiring of the Neurocrine Sales Force, Pfizer will pay the first quarterly installment of the Allowance Fee for the first Allowance Year ("Allowance Year 1") as set forth in Section 6A.1(d) and based on the amounts set forth in Schedule 6A.1(b) (the "Hiring Schedule"). Pfizer shall pay Neurocrine any subsequent quarterly installments on each subsequent ninetieth (90th) day after receipt of such notice.

(c) In the event that the First Approval of MR Product is not received by [***], and Neurocrine is still in the process of hiring members of the Neurocrine Sales Force, Neurocrine shall suspend all further hiring of the Neurocrine Sales

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Force until receipt of such First Approval (such period, the "Suspension Period"). During the Suspension Period, Pfizer shall continue to be responsible for payment of the Allowance Fee with respect to the actual members of the Neurocrine Sales Force hired prior to the commencement of the Suspension Period (the "Proportional Allowance"). Pfizer shall be entitled to a credit against future Allowances for the portion of the Proportional Allowance paid by Pfizer for the Suspension Period that is greater than the portion of Zoloft Net Sales in excess of the Baseline Threshold (as defined below), if any. If during the Suspension Period, Zoloft Net Sales in excess of the Baseline Threshold exceed the Proportional Allowance paid by Pfizer, Neurocrine will be entitled to payment as set out in Section 8.2(b) below. If the First Approval has not been received prior to the time Zoloft is no longer being Co-Promoted, Pfizer will receive a credit against future Allowances on a pro rata basis in respect of periods where neither Zoloft nor the Products are being Co-Promoted.

(d) Pfizer shall, for the duration of this Agreement, compensate Neurocrine for the Neurocrine Sales Force by paying to Neurocrine [***] (an "Allowance") each Allowance Year (as defined below), except that for the Allowance Year(s) in which hiring of the Neurocrine Sales Force commenced, such Allowance will be determined pro rata in accordance with such Hiring Schedule (the amount of the Allowance actually paid annually shall be referred to as an "Allowance Fee"). From the beginning of Allowance Year 1 until end of the Allowance Year in which Launch of the first Product occurs Pfizer will pay the Allowance Fee in quarterly installments. With respect to each Allowance Year after Launch of the first Product, Pfizer will pay the Allowance Fee beginning on each anniversary of Allowance Year 1. For each Allowance Year after Allowance Year 1, the Allowance Fee shall be increased [***]. Each three hundred and sixty-five (365) day period beginning when hiring of the Neurocrine Sales Force has commenced shall be referred to as an "Allowance Year".

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(e) Subject to Section 6A.1(f) below, for each Allowance Year beginning in Allowance Year 1, Pfizer will pay a fee equal to the following percentages of the Allowance Fee:

YEAR	ALLOWANCE FEE (%)
[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]

(f) In respect of the Allowance Fee for each quarterly installment paid prior to an Allowance Year that begins after Launch, Pfizer shall be entitled to a pro-rata credit against the Allowance Fee in the following quarter, to the extent that Neurocrine fails to hire the Neurocrine Sales Force that meets or exceeds the quarterly goals set forth in the Hiring Schedule in Schedule 6A.1(b).

(g) For the term of the Suspension Period, the reduction in Allowance Fee based on Allowance Years as set forth in Section 6A.1(e) will be tolled such that no portion of the Suspension Period will be counted toward Allowance Years as used to determine Neurocrine's Allowance Fee hereunder.

6A.2 Product Sales. Pfizer shall be responsible for the distribution and sales of the Products in the Territory and shall book all sales for the Products. Pfizer shall have sole responsibility and authority in the US Territory for all decisions regarding the pricing of Products, and for all pricing and reimbursement approvals, subject to MC oversight. Pfizer shall have sole responsibility and authority in the ROW Territory for all decisions regarding the pricing of Products, and for all pricing and reimbursement approvals.

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6A.3 Co-Promotion.

a) (i) Marketing Activities. The parties shall Co-Promote the Products in the US Territory during the Co-Promotion Term in accordance with the terms of this Agreement and the applicable Marketing Plan, and in compliance with all Laws. In conducting Co-Promotion activities, Pfizer shall use Commercially Reasonable Efforts and Neurocrine shall use its commercially reasonable efforts to promote the sale of the Products in the US Territory.

(ii) Pfizer will provide the Sales Representatives from each field force with target lists for Details. The district managers of Pfizer and Neurocrine will agree upon call schedules for the Neurocrine Field Force and the Pfizer Field Force, consistent with the Marketing Plan and with Section 6A.3(a)(iii) below.

(iii) It is understood that the Neurocrine Field Force and Pfizer Field Force are intended, to the extent practical, to have overlapping territories and target lists. The Neurocrine Field Force target lists will contain a distribution of medical professionals with prescribing authority with roughly similar prescribing habits as those provided to the Pfizer Field Force. The target lists will contain the names and contact information for medical professionals with prescribing authority (or non-prescribing Sleep Specialists). The Neurocrine Field Force and the Pfizer Field Force will Detail the Products to such medical professionals in accordance with such target list.

(b) Marketing Committee. The Marketing Committee will operate within the framework of the governance structure set forth in Article 3 and will be responsible for promotional activities in the US Territory. The responsibilities of the Marketing Committee include, but are not limited to, the following:

(i) Preparing annually all aspects of the Marketing Plan and Co-Promotion Budget as described in Section 6A.3(c) below for submission to the JOC for approval, except following an event described in Section 3.5(c);

(ii) Monitoring compliance with the Marketing Plan;

(iii) Developing the Supplemental Program, in coordination with the DC;

(iv) Coordinating with the DC with respect to future Product development activities to be undertaken pursuant to the Development Programs;

(v) Coordinating with the RC with regard to regulatory issues;

(vi) Developing positioning and market strategies consistent with the Marketing Plan, including decisions to seek or include any new indication for the Product;

(vii) Developing advertising material and strategies and promotional materials for the Pfizer Sales Representatives and the Neurocrine Field Force for the Product, designing, packaging the Product, and planning and overseeing educational and professional symposia, and speaker and activity programs for the Products in the US Territory;

(viii) Developing and implementing, together with the DC, a publications strategy for the Product;

(ix) Allocating responsibilities for making Product presentations and creating Product exhibits and booths at significant medical meetings and promotional events;

(x) Scheduling periodic joint meetings for the Pfizer Field Force and Neurocrine Sales Force;

(xi) Overseeing and implementing Phase IV Product Studies;

(xii) Reviewing and adjusting the target lists previously provided pursuant to Section 6A.12 prior to Launch; and

(xiii) Providing updates on the MC's activities and achievements to the JOC.

For the sake of clarity, it is understood and agreed that the MC will not address the promotion or Detailing of Zoloft or any other Pfizer products.

(c) Marketing Plan and Budget. The MC shall develop a Marketing Plan (a "Marketing Plan") and a marketing budget (a "Co-Promotion Budget") for each Year during the Co-Promotion Term consistent with the terms of this Agreement, except following an event described in Section 3.5(c). The Co-Promotion Budget will include all Out-of-Pocket Costs of each party arising out of the conduct of the Marketing Plan and all such costs will be borne by Pfizer. Neurocrine shall not engage in any Co-Promotion activities except as provided in the Marketing Plan and/or approved by the MC. The Marketing Plan and the Co-Promotion Budget will describe the plan for commercialization of the Products in the US Territory, including: (a) general strategies for the Detailing and marketing of the Products and allocation of responsibilities for marketing activities; (b) each party's training, Detail Requirement and sampling activities, if any; (c) market and sales forecasts; (d) pricing and discounting analysis; (e) advertising, public relations, disease management programs and other promotional programs, including professional symposia and speaker and activity programs to be used in the Co-Promotion of the Products; (f) Phase III(b) and IV Product Studies and (g) budgeted Medical and Marketing Expenses for each of the foregoing. The Marketing Plan shall not address sales force incentives or compensation, and, each party shall have sole authority and responsibility for designing and executing any such program for its sales force. The Marketing Plan and the Co-Promotion Budget may be updated throughout the Year as deemed appropriate by the MC.

6A.4 Reports.

(a) Each party shall also provide the other party and the MC with a report as soon as practicable but in no event later than forty-five (45) days following the end of each calendar month during the Co-Promotion Term setting forth, in such detail and form as the parties shall agree, the number of Product Details made and the amount of samples distributed by such party's respective Sales Representatives in the US Territory during such month (the "Detailing Report"), provided, however, that the Detailing Report for the twelfth (12th) such calendar month in each Year shall be cumulative and reflect the number of Product Details made and samples distributed by such party's respective Sales Representatives in the US Territory during such Year. Neurocrine covenants that it shall develop an internal system for the purpose of reporting the number of Details of its Sales Representatives, and that it shall have such system fully implemented by the time it begins Detailing the Products.

(b) In addition, no earlier than forty-five (45) days and no later than sixty (60) days of the end of each Year during which Neurocrine is Detailing the Products in either a First Position or Second Position, Neurocrine may request from Pfizer and Pfizer shall provide within thirty (30) days, the average number of Product Details (excluding any Combination Products) per Sales Representative in the Pfizer Field Force who Detailed Products (excluding any Combination Products) to psychiatrists and Sleep Specialists during such Year. For purposes of Section 6A.7 below, the actual Neurocrine Detail Requirement during such Year (the "Final Detail Requirement") shall equal the lesser of (i) [***], multiplied by [***], and (ii) [***].

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(c) As the Year of Launch and the last Year during the Initial Five Year Period (each of the first and last Years, a "Partial Year") may not be full years, for purposes of calculating the Final Detail Requirement during the relevant period in each Partial Year (a "Detail Priority Period"), (i) Neurocrine shall also report in its cumulative Year - end report referred to in Section 6A.4(a) the number of Details performed during the such Detail Priority Period, and such number (as may be verified pursuant to Section 9.2) will be used in such Partial Year for purposes of calculating the number of reported Details in Section 6A.7(a), (ii) Pfizer shall report to Neurocrine upon its request in Section 6A.4(b) [***] number of Details in Section 6A.4(b)(i), (iii) the number in Section 6A.4(b)(i) above shall equal [***], and (iv) the number in Section 6A.4(b)(ii) above shall equal [***].

6A.5 Detailing. Neurocrine shall be responsible for performing its Detail Requirements with respect to the Products. During the Initial [***] Year Period, the Neurocrine Field Force will perform at least [***] of the Final Detail Requirement to be performed in respect of the Products, in a [***].

6A.6 Detail Priority.

(a) In the event a product other than Zoloft, a Pfizer Product and the Products is being Detailed by the Neurocrine Sales Force with [***], the Allowance Fee will be reduced by [***].

(b) In the event that neither Zoloft, a Pfizer Product nor a Product is being Detailed by the Neurocrine Field Force with [***], the Allowance Fee will be reduced to [***]. In addition, the Allowance Fee will be reduced to [***] in the event the Neurocrine Field Force markets a Competitive Product under Section 14.2(b)(ii). At the end of [***],

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Neurocrine may reduce its Detail commitment with respect to Products to a level that is below [***] on notice to take effect to Pfizer at least (i) [***] prior to reduction if the reduction is to take effect when the Allowance is [***], and (ii) [***] prior to such reduction if the reduction is to take effect when the Allowance is [***] or less.

6A.7 Detail Shortfalls.

(a) In the event that Neurocrine fails to perform during the [***] at least [***] of its Final Detail Requirement with respect to the Products in a [***] (in the event of such failure, Neurocrine will be a "Shortfall Party") in any Year as reported pursuant to Section 6A.4 and verified pursuant to Section 9.2, Neurocrine shall pay to Pfizer as liquidated damages, an amount equal to (i) [***] (the "Detail Cost"), multiplied by (ii) [***]; provided, however, that the Detail Shortfall Payment Amount shall not exceed the Detail Cost, multiplied by [***]. To the extent Neurocrine's Details are [***] of the Final Detail Requirement during the [***], in addition to the Detail Shortfall Payment Amount, Neurocrine's Commission Payment with respect to such Detail shortfall shall be reduced pursuant to Section 8.2(a)(ii).

(b) Pfizer shall give notice to Neurocrine that (i) Neurocrine is a Shortfall Party; or (ii) Pfizer wishes to verify Details pursuant to Section 9.2, in each case within one hundred and twenty (120) days of receipt of the last cumulative annual Detailing Report set forth in Section 6A.4(a) delivered after the end of each respective Year. Neurocrine shall pay the Detail Shortfall Payment Amount within thirty (30) days of notice and verification that it is a Shortfall Party, or within thirty (30)

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days of the report by an independent accountant pursuant to Section 6A.9, as applicable.

(c) The parties understand and agree that any Detail Shortfall Payment Amount or any reduction in the Commission Payment pursuant to Section 8.2(a)(ii) below shall be paid as liquidated damages and not as a penalty and that such sum represents a genuine pre-estimate of the loss the parties believe would be suffered as a result of such Detail shortfalls. Pfizer' right to receive payment of the Detail Shortfall Payment Amount under Section 6A.7(a) and any reduction in the Commission Payment pursuant to Section 8.2(a)(ii) shall be in lieu of any other compensation or remedy that Pfizer may have for such a shortfall, including for claim of breach of this Agreement on account of such Detail shortfall. In addition, reduction in the Commission Payment pursuant to Section 8.2(a)(ii) shall not survive termination of this Agreement, except in the event that at the time of such termination, Neurocrine's Commission Payment would already have or has already been permanently reduced pursuant to Section 8.2(a)(ii)(B).

6A.8 Cost of Detailing/Sales Promotion. Subject to Section 6A.1, each party shall be solely responsible for its own costs and expenses incurred in providing the personnel necessary to provide the services described in this Article 6A.

6A.9 Audit. The number of Details shall be subject to external audit as provided in Article 9.

6A.10 Medical Claims. Neither party shall make any medical claim for the Products beyond the scope of the relevant regulatory approval(s) then in effect for the Products; provided that, both parties may distribute information concerning the Products or its use, including but not limited to scientific articles, reference publications, and healthcare economic information, to the extent such materials have been approved under a Marketing Plan.

6A.11 Third Party Reports. From time to time during the term hereof the MC shall agree upon the third party reports (such as those from IMS), to the extent permitted by such third party, which the parties wish to receive in connection with the Co-Promotion (and the

determinations to be made under Section 6A.3(b) with respect to the Marketing Plan and Co-Promotion Budgets), and Neurocrine and Pfizer shall have equal access to such reports (to the extent permitted). The expenses of such reports shall be Medical and Marketing Expenses. Pfizer will provide to Neurocrine all Product market data, therapeutic segment data relevant to the Product that it is permitted to share by a third party provider through the MC (including IMS information and market research).

6A.12 Zoloft Co-Promotion.

(a) Upon the successful completion of training of the Neurocrine Sales Force (and as such Sales Representatives are successfully trained on a rolling basis) in accordance with Schedule 2.5, such Sales Representatives shall begin Detailing Zoloft in the US Territory until the earlier of (i) the Zoloft Patent Expiration Date and (ii) termination of this Agreement. Pfizer will provide Neurocrine with target lists for such Details. The target lists will contain the names and contact information for medical professionals with prescribing authority, and Neurocrine will be required to Detail Zoloft only to such professionals, unless Neurocrine obtains consent from Pfizer.

(b) Pfizer will also provide Neurocrine with all promotional materials and samples for Zoloft that it provides to its own Sales Representatives that Details Zoloft to psychiatrists with respect to Zoloft.

(c) Contract Sales Forces. Without the consent of Pfizer, Neurocrine may not use any contract sales force to Co-Promote or Detail Zoloft.

ARTICLE 6B

MANUFACTURING

6B.1 Product Supply Committee.

(a) Manufacturing activities prior to First Approval of IR Product and MR Product will occur under the supervision of the PSC, which shall be responsible for all

Product pharmaceutical manufacturing and supply issues with respect to each of the IR Product and MR Product prior to First Approval of IR Product and First Approval of the MR Product, respectively, including, but not limited to, the following:

(i) Overseeing manufacturing activities under way as of the date of signing, including formulation development, product characterization studies, stability studies, and management of clinical supplies of IR Product and MR Product as set forth in the Manufacturing Plan attached hereto as Schedule 6B.1;

(ii) Overseeing the manufacturing of registration batches of Product;

(iii) Preparation and review of the CMC section of the NDA for each of the IR Product and MR Product;

(iv) Overseeing manufacture of the Products for Launch;

(v) Establishing Specifications for purposes of the IR Product and MR Product NDAs and for Launch of such Products;

(vi) Product manufacturing process validation and any pre-approval inspection of the Product manufacturing subcontractors;

(vii) Commencing and overseeing any new development activities and manufacturing activities other than activities relating to (i) through (vi) above;

(viii) Coordinating with the RC and DC as appropriate;

(ix) amending the Manufacturing Plan on a periodic basis to reflect the foregoing development activities of the parties; and

(x) Providing updates on the PSC's activities and achievements to the JOC.

(b) Through the PSC, Neurocrine shall continue its work related to formulation development, product characterization studies, stability studies, clinical studies and registration batches and other amounts of Products required by the CMC section of the Product NDA and approved as part of the Manufacturing Plan. All Out-of-Pocket Costs (other than Out-Of-Pocket Costs incurred by Neurocrine prior to January 1, 2003) incurred in the performance of the Manufacturing Plan will be borne by Pfizer.

(c) Following First Approval, Pfizer, subject to Steering Committee oversight, shall have final decision-making authority with respect to the manufacture, supply, packaging and distribution of Products, at its sole cost.

(d) Through the PSC prior to First Approval, the establishment of Product specifications, new development and manufacturing activities, including preparation of any materials for Launch, Product manufacturing process validation prior to receipt of NDA approval and any pre-approval inspection of the Product manufacturing subcontractors will be decided as a Consensus Matter. The "lock-down date" for CMC data is [***].

(e) Through the PSC, all decisions with respect to the regulated starting materials and commercial manufacturing locations for the Launch of the Product, will be decided as Consensus Matters, provided that in the event such mutual agreement, would delay filing of an NDA, Neurocrine shall have final decision making authority consistent with the Manufacturing Plan set forth on Schedule 6B.1.

(f) Neurocrine agrees that it will not amend, modify, supplement or terminate any of its agreements with manufacturing subcontractors, or enter into any agreements with manufacturing subcontractors with respect to the Product, without the consent of Pfizer.

6B.2 Assignment of Contracts. Promptly following the "lock-down date", Neurocrine will assign to Pfizer, and Pfizer will accept assignment of, all contracts between Neurocrine

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and the manufacturing subcontractors set forth in the Product NDA. Pfizer may request prior to the "lock-down date" to be joined as a party to any contracts between Neurocrine and the manufacturing subcontractors. Thereafter, Pfizer will be responsible for all performance under those contracts (except to the extent Neurocrine is still a party to such agreements) and will make all decisions (except to the extent such decision is a Neurocrine decision pursuant to Section 3.9(a)) regarding those contracts and any future contracts Pfizer elects.

6B.3 Recalls, Market Withdrawals or Corrections. Each party will promptly notify the other if any batch or lot of Product is alleged or proved to be the subject of a recall, market withdrawal or correction in any country and the parties shall cooperate in the handling and disposition of such event. However, in the event of a disagreement as to any matters relating to such recall, market withdrawal or correction, Pfizer shall have the final authority, which shall be exercised reasonably and in good faith. Pfizer will bear all costs and expenses arising out of any recall, market withdrawal or correction, unless such recall, market withdrawal or correction arises or results directly and primarily from Neurocrine's Detailing and Promotion of the Products, in which case Neurocrine will bear such costs and expenses.

ARTICLE 7

PAYMENT PROVISIONS

7.1 Payment Currency. All amounts due under this Agreement shall be paid to the designated party in United States dollars.

7.2 Payments. All payments under this Agreement shall be made on or before the due date by electronic transfer in immediately available funds to the respective account designated in writing by each party at least five (5) Business Days before the payment is due. Pfizer shall notify Neurocrine's Chief Financial Officer, or such other party as Neurocrine's Chief Financial Officer shall designate in writing, by facsimile transmission as to the date and amount of any payment that Pfizer shall make at least two (2) Business Days prior to such transfer. Neurocrine shall notify Pfizer's treasurer, or such other party as Pfizer's

treasurer shall designate in writing, by facsimile transmission as to the date and amount of any payment that Neurocrine shall make at least two (2) Business Days prior to such transfer. All payments under this Agreement shall bear interest from the date due until paid at a rate equal to the prime rate of Citibank, NA as announced on the date such payment was due plus [***].

ARTICLE 8

ZOLOFT AND PRODUCT CO-PROMOTION PAYMENTS

8.1 Net Sales Report.

(a) Pfizer shall deliver electronically to Neurocrine the monthly and Year-to-date gross sales for the Products and Net Sales of the Products in the US Territory on a calendar monthly basis, within fifteen (15) days following the end of each calendar month following the Launch during the term of this Agreement. In addition, within twenty (20) days following the end of each Pfizer Quarter following the Launch during the term of this Agreement, Pfizer shall deliver to Neurocrine a report setting forth (i) the gross sales and Net Sales (including specific deductions used at arriving at Net Sales) of the Products during said Pfizer Quarter by dosage form and unit size, the amount of Product Commission Payments and the deductions contained in the definition of "Net Sales" the DOV Sublicense, (ii) adjustments (including reimbursements, recoupment of prior deductions, if any, to Net Sales reported for any previous Pfizer Quarter and (iii) any reduction in Commission Payments pursuant to Section 8.2(a)(ii), if any, with respect to any previous Pfizer Quarter. Within thirty (30) days following the end of each Pfizer Quarter, Pfizer shall pay to Neurocrine the amounts set forth in Section 8.2(a) below:

(b) Zoloft Net Sales Report. Within twenty (20) days following the end of each Pfizer Quarter following the commencement of Zoloft Detailing by Neurocrine, Pfizer shall deliver to Neurocrine a report setting forth (i) Zoloft Net Sales during

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said Pfizer Quarter by dosage form and unit size, and the amount of Zoloft Commission Payments (as defined in Schedule 8.2), and (ii) any adjustments (including reimbursements or recoupments of prior deductions), if any, to Zoloft Net Sales reported for the previous Pfizer Quarter. Within thirty (30) days after the end of each Pfizer Quarter, Pfizer shall pay the amounts set forth in Section 8.2(b) below.

8.2 Commission Payment. For each Year during the term of this Agreement, Pfizer shall pay to Neurocrine, on a Pfizer Quarterly basis in accordance with Section 7.2, the amounts set forth in Section 8.2(a) and 8.2(b) (together the "Commission Payments").

(a) In respect of the Products, (i) the Commission Payment will be calculated, except as provided in clause (ii) below, based on a percentage of the Net Sales of the Products in the US Territory in each full Year from Launch during the term of this Agreement, as follows:

Sales Year	Percentage of Net Sales to be a Commission Payment
Year 1-2	[***]
Year 3	[***]
Year 4 to end of Term	[***]

(ii) Notwithstanding clause (i) above, (A) with respect to any Year during the Initial Five Year Period that Neurocrine has performed less than [***] of its Final Detail Requirement, the Commission Payment shall be reduced during such Year as follows:

Sales Year	If the Percentage of Final Detail Requirement is:	Percentage of Net Sales to be a Commission Payment:
[***]	[***]	[***]

*** Certain information on this page has been omitted and filed separately with the Commission. Confidential treatment has been requested with respect to the omitted portions.

	[***]	[***]
	[***]	[***]
	[***]	[***]
	[***]	[***]
[***]	[***]	[***]
	[***]	[***]
	[***]	[***]
	[***]	[***]
	[***]	[***]
[***]	[***]	[***]
	[***]	[***]
	[***]	[***]
	[***]	[***]
	[***]	[***]

provided that the reduction set forth in this clause (ii) shall not apply if during the Initial Five Year Period, this Agreement terminates as a result of Section 13.5 or upon a Change in Control.

and,

(B) If during the Initial Five Year Period, Neurocrine has performed Details equal to less than [***] of its cumulative Final Detail Requirement during the Initial Five Year Period, the Commission Payment for the remainder of the Co-Promotion Term shall be reduced as follows:

If the Percentage of Final Detail Requirement is:	Percentage of Net Sales to be a Commission Payment:
[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]

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(1) Notwithstanding this Clause (B), if Neurocrine fails to perform at least [***] of its cumulative Final Detail Requirement during the Initial Five Year Period, the reduction in this Clause (B) shall not apply if (x) after 6 (six) full years after US Launch, Neurocrine has averaged at least [***] of its cumulative Final Detail Requirement, plus any Details it performs pursuant to the Marketing Plan in the sixth (6th) full year after US Launch.

(2) Any reduction pursuant to this clause (ii) shall be paid as an adjustment to payments pursuant to Section 8.1(a) above.

(3) If during the Initial Five Year Period, Neurocrine has failed to perform at least [***] of the Final Detail Requirement in any Year but has averaged over the Initial Five Year Period at least [***] of its cumulative Final Detail Requirement, Pfizer shall repay to Neurocrine, as an adjustment, any amounts it had previously been credited as an adjustment as a result of a reduction pursuant to Section 8.2(b)(ii)(A).

(b) [***].

For the avoidance of doubt, Pfizer shall have no obligation to pay the Zoloft Commission Payment to Neurocrine if Zoloft Net Sales in the US Territory fail to reach the Baseline Threshold nor shall Pfizer be permitted to credit, any shortfall against Zoloft Commission Payments payable to Neurocrine with respect to Zoloft Net Sales in the US Territory in future Years.

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8.3 Development Costs and Medical and Marketing Expense Payments. Beginning with the first quarter of 2003, Neurocrine shall, within twenty (20) days following the end of each calendar quarter, prepare and deliver to Pfizer a statement of Development Costs, manufacturing costs and Medical and Marketing Expenses for such calendar quarter, which statement shall set forth the Development Costs and Medical and Marketing Expenses incurred or accrued during the calendar quarter and the amounts due from Pfizer to Neurocrine. Pfizer will pay Neurocrine such amounts owed within thirty (30) days from the end of the applicable Pfizer Quarter.

8.4 Milestone Payments and Co-Promote Fees. Subject to the terms and conditions of this Agreement, Pfizer shall pay to Neurocrine the following:

	EVENT	[***]	[***]
(a)	Signing of this Agreement, subject to Section 3.03 of the License Agreement.	$50,000,000	
(b)	FDA Acceptance [***]	[***]	[***]
(c)	FDA Approval [***]	[***]	[***]

The parties understand and agree that each of the payments referenced in this Section 8.4 shall only be made once, and is subject to the following terms and conditions:

(i) With respect to the events and payments referenced in Section 8.4(b), mutual agreement on [***] in Section 4.3(c) (except to the extent that neither party may object to such filing as provided therein), is a condition to payment of such milestone.

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(ii) With respect to the events and payments referenced in Section 8.4(c) mutual agreement on [***] in Section 4.3(d) [***], is a condition to payment of such milestone.

8.5 All amounts payable by either party pursuant to any section under this Agreement shall be paid without offset against any amounts due such party under those sections, provided that in the event that Pfizer makes any direct payments [***], the amount of any sums due pursuant to Section 8.4(b) and (c) shall be reduced by the amount of any such direct payments by Pfizer.

8.6 In consideration for Pfizer lending or causing one or more of its Affiliates to loan proceeds and make other advances of credit pursuant to the Secured Loan Agreement, dated as of the date hereof, (the "Loan Agreement") by and between Neurocrine and Pfizer, Neurocrine hereby acknowledges and agrees that Pfizer shall, in the event of default (as defined in the Loan Agreement) shall have occurred and is continuing after any applicable cure period, be entitled, in its absolute and sole discretion, to offset, in part or in full, from time to time, any and all amounts due and unpaid by Pfizer under this Agreement against any and all amounts due and unpaid under the Loan Agreement.

ARTICLE 9

ACCOUNTING AND REPORTS

9.1 Books and Records. Each party shall keep comprehensive books and records relating to this Agreement on a full accrual basis of accounting in accordance with GAAP. Such books and records shall document all Detailing Reports and Net Sales, authorized expenses incurred or paid and any other costs incurred (including Medical and Marketing Expenses and Development Costs) or revenues earned relating to this Agreement and include all information subject to audit pursuant to Section 9.2. All such books and records shall be maintained for five (5) Years following the relevant Year or such longer period as is required by Law.

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9.2 Audits. These audit and adjustment provisions apply with respect to all payments due from one party to another pursuant to this Agreement, including amounts payable pursuant to Sections 2.8, 5.3(a), 6A.1(c) and 8.2; the credits described in Sections 6A.1(c) or 6A.1(f); and number of Details performed under Section 6A.5 and, 6A.7. Each party, and DOV and ACY shall have the right to have the applicable books and records of the other party audited by an independent certified public accountant that is nationally recognized as having expertise in the pharmaceutical industry, selected by a party (as to which firm the other party has no reasonable objection), under appropriate confidentiality provisions, for the sole purpose of verifying the accuracy of all financial, accounting and numerical information and calculations under this Agreement. Any such audit shall be conducted no more than once each Year by each of Pfizer or, Neurocrine during the term of this Agreement, and upon at least thirty (30) days' advance notice during normal business hours and in a manner that does not interfere unreasonably with the business of the audited entity. The results of any such audit shall be delivered in writing to each party and shall be final and binding upon the parties, other than in the case of manifest error, with respect to the matters set forth therein. Any underpayment or overbilling determined by such audit shall promptly be paid or refunded by the audited party. If the audited party has underpaid or overbilled an amount due under this Agreement by more than five percent (5%), the audited party shall also reimburse the other party for the cost of such audit (with the cost of the audit to be paid by the auditing party in all other cases), plus interest at the interest rate set forth in Section 7.2, from the date of any such underpayment or overpayment. If the audited party is shown to be a Shortfall Party, the provisions of Section 6A.7 of this Agreement shall control. Except as ACY may require under the ACY License, such accountants shall not reveal to the party seeking verification the details of its review, except insofar as is necessary to describe the underpayment, overbilling or level of Details.

9.3 Sales Force Efforts. For two (2) Years following each Year, each party shall keep records relating to Details made by its Sales Representatives, and Detailing Reports, during such Year, including sampling of the Products. Such records shall be available for

inspection and audit in accordance with Section 9.2 above to determine compliance with the terms hereof.

ARTICLE 10

INTELLECTUAL PROPERTY RIGHTS AND LABELING

10.1 Trademark and Corporate Logos.

(a) Subject to the provisions of this Section 10.1, each party shall retain all right, title and interest in and to its respective corporate name and logo.

(b) The Products. For the term of this Agreement and the License Agreement, Products shall be promoted and sold worldwide solely under the Trademarks and shall use Pfizer's and Neurocrine's trade dress and logo with substantially equal prominence and frequency, to the extent legally permissible in the relevant jurisdiction. For the Co-Promotion Term, Pfizer grants to Neurocrine the non-exclusive right, free of charge, to use the Trademarks and the Pfizer logo in the Territory solely for the purpose of Neurocrine's Co-Promotion of the Products in accordance with the terms of this Agreement. Neurocrine grants to Pfizer the nonexclusive right, right free of charge, to use Neurocrine's logo in the Territory solely for purposes contemplated by this Agreement and the License Agreement. Pfizer shall remain the owner of the Trademarks and the Pfizer logo and the goodwill pertaining thereto, and Pfizer shall be solely responsible for registering and maintaining the Trademarks in the Territory. Neurocrine shall remain the owner of the Neurocrine logo and the goodwill pertaining thereto. Except as contemplated herein, Neurocrine shall have no rights in or to the Pfizer logo or the goodwill pertaining thereto. Except as contemplated herein, Pfizer shall have no rights in or to the Neurocrine logo or the goodwill pertaining thereto. Neurocrine shall utilize the Trademarks only for Promotional Materials or Products-related materials approved by Pfizer or for internal use within Neurocrine, and in each case only for the purposes contemplated herein. Neurocrine agrees that upon termination or expiration of this Agreement it will,

except as set forth in Section 9.05 of the License Agreement, discontinue forthwith all use of the Trademarks.

(c) Zoloft. Zoloft shall be promoted and sold solely under the Zoloft Trademark and shall use Pfizer's trade dress and logo. During such portion of the Co-Promotion Term that Neurocrine is co-promoting Zoloft, Pfizer grants to Neurocrine the non-exclusive right, free of charge, to use the Zoloft Trademark and the Pfizer logo in the US Territory solely for the purpose of Neurocrine's Co-Promotion of Zoloft in accordance with the terms of this Agreement. Pfizer shall remain the owner of the Zoloft Trademark and the Pfizer logo and the goodwill pertaining thereto, and Pfizer shall be solely responsible for registering and maintaining the Zoloft Trademark in the US Territory. Except as contemplated herein, Neurocrine shall have no rights in or to the Zoloft Trademark or to the Pfizer logo or the goodwill pertaining thereto. Neurocrine shall utilize the Zoloft Trademark only for Promotional Materials or Zoloft-related materials approved by Pfizer or for internal use within Neurocrine, and in each case only for the purposes contemplated herein. Neurocrine agrees that upon the earlier of termination of this Agreement or the Zoloft Patent Expiration Date, it will discontinue forthwith all use of the Zoloft Trademark.

(d) Other Pfizer Products. Any other Pfizer products promoted under this Agreement ("Pfizer Products") shall be promoted and sold solely under the applicable trademarks for such Pfizer Product and shall use Pfizer's trade dress and logo. During such portion of the Co-Promotion Term that Neurocrine is co-promoting or detailing such Pfizer Product, Pfizer grants to Neurocrine the non-exclusive right, free of charge, to use the applicable trademarks and the Pfizer logo in the US Territory solely for the purpose of Neurocrine's Co-Promotion of such Pfizer Product in accordance with the terms of this Agreement. Pfizer shall remain the owner of any applicable trademark and the Pfizer logo and the goodwill pertaining thereto, and Pfizer shall be solely responsible for registering and maintaining such trademarks in the US Territory. Except as contemplated herein,

Neurocrine shall have no rights in or to trademark for the Pfizer Products or to the Pfizer logo or the goodwill pertaining thereto. Neurocrine shall utilize the trademarks for the Pfizer Products only for Promotional Materials or related materials approved by Pfizer or for internal use within Neurocrine, and in each case only for the purposes contemplated herein. Neurocrine agrees that upon the earlier of termination of this Agreement or termination of such co-promotion or detailing activities, it will discontinue forthwith all use of such trademarks.

(e) Neurocrine shall inform Pfizer promptly of any infringement of or challenge to the Trademarks, Zoloft Trademarks or Pfizer Product trademarks in the US Territory, in each case whether actual or threatened, which comes to the notice of Neurocrine. Pfizer shall have the exclusive right, at its sole cost and expense, to take action in respect of the registration, defense, infringement and maintenance of the Trademarks, Zoloft Trademarks or Pfizer Product trademarks, and Neurocrine shall provide reasonable assistance and co-operation as Pfizer may reasonably request, at Pfizer's sole cost and expense.

(f) Copyrights and Proprietary Programs. Pfizer shall own all copyrights and trademarks relating to Promotional Materials, and regarding all sales training, patient education and disease management programs related to the Products, as well as any modifications developed in the future which are not specific to the Products.

10.2 Third Party Agreements. Neurocrine covenants and agrees with Pfizer that Neurocrine:

(a) shall not execute or otherwise permit, and shall cause its Affiliates to refrain from executing or otherwise permitting, any amendment, modification or waiver to any of the licenses and agreements listed on Schedule 10.2 ("Third Party Agreements") which would have a material adverse effect on the Co-Promotion of the Products, without the prior written consent of Pfizer,

(b) shall not make any election or exercise any right or option (or omit to take any action which would), and shall cause its Affiliates to refrain from making any election or exercising any right or option (or omitting to take any action which would), terminate or relinquish in whole or in part any Third Party Agreements, if such election or exercise would have a material adverse effect on the Co-Promotion of the Products,

(c) shall comply, and shall cause its Affiliates to comply, with all of its or its Affiliates' obligations under the Third Party Agreements in all material respects,

(d) shall take, and shall cause its Affiliates to take, such reasonable actions as shall be necessary to keep in full force and effect the Third Party Agreements,

(e) shall give prompt notice to Pfizer, together with a review of outstanding issues if Pfizer so requests and subject to any obligations of confidentiality owed by Neurocrine or its Affiliates to the other party to such Third Party Agreements, of any actual or alleged defaults, breaches, violations, proposed amendments or proposed modifications of, or any proposed waivers under, any Third Party Agreement; and

(f) shall give prompt notice to Pfizer, together with a review of outstanding issues if Pfizer so requests and subject to any obligations of confidentiality owed by Neurocrine or its Affiliates to the other party to such Third Party Agreements, of any proposed amendments or proposed modifications of the Third Party Agreements which would conflict with Pfizer's rights hereunder.

ARTICLE 11

CONFIDENTIAL INFORMATION

11.1 Treatment of Confidential Information. Until the earlier of (a) expiration of this Agreement or (b) if this Agreement is terminated prior to expiration, [***] following such termination, each party shall maintain Confidential Information (as

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defined in Section 11.2) of the other party in confidence, and shall not disclose, divulge or otherwise communicate such Confidential Information to others, or use it for any purpose other than as permitted under this Agreement or in connection with the development, manufacture, marketing, promotion, distribution or sale of the Products pursuant to this Agreement or the License Agreement, and each party agrees to exercise its reasonable efforts to prevent and restrain the unauthorized disclosure of such Confidential Information by any of its directors, officers, employees, consultants, subcontractors, licensees or agents.

11.2 Confidential Information. "Confidential Information" means all materials, trade secrets or other information, including without limitation, any data, proprietary information and materials (whether or not patentable, or protectable as a trade secret) regarding a party's technology, Products, business information or objectives, which is disclosed in writing by a party to the other party and which is designated as confidential by the disclosing party. All information disclosed prior to the Effective Date by Neurocrine to Pfizer under or pursuant to the confidentiality agreement between the parties dated February 24, 2002, as amended, shall be deemed "Confidential Information" of Neurocrine. There should be excluded from the foregoing definition of Confidential Information such information or data which:

(a) was known by the receiving party prior to its date of disclosure to the receiving party as shown by the receiving party's written records; or

(b) either before or after the date of the disclosure to the receiving party is lawfully disclosed to the receiving party by third parties not in violation of any obligation to the other party; or

(c) either before or after the date of the disclosure to the receiving party becomes published or generally known to the public through no fault or omission on the part of the receiving party or its Affiliates; or

(d) is independently developed by or for the receiving party without reference to or reliance upon the Confidential Information; or

(e) is required to be disclosed by the receiving party to comply with applicable Laws, to defend or prosecute litigation or to comply with governmental regulations, provided that the receiving party provides prior notice of such disclosure to the other party and takes reasonable and lawful actions to avoid and/or minimize the degree of such disclosure.

11.3 Publications. During the course of this Agreement, each party will submit to the DC and MC for review and approval all peer-reviewed academic, scientific and medical publications relating to the Development Program and/or Products for review. The DC will have primary responsibility and, subject to Neurocrine's final decision-making authority in Section 3.9(a), will have final authority to approve all such publications as they primarily relate to the Registration Program, provided that the decision whether and how to publish as well as the timing of such publication shall be consistent with the publications strategy of the MC. With respect to all other such publications, MC will have primary responsibility and, subject to Pfizer's final decision-making authority in Section 3.9(c), will have final authority to approve all publications. The DC and MC shall each have no less than thirty (30) days to review each proposed publication. The review period may be extended for an additional thirty (30) days in the event the non-publishing party can demonstrate to the DC and MC a reasonable need for such extension including, but not limited to, the preparation and filing of patent applications. Such period may be further extended by the JOC. Pfizer and Neurocrine will each comply with standard academic practice regarding authorship of scientific publications and recognition of contribution of other parties in any publications relating to Development Programs and/or Products. Notwithstanding the foregoing, the parties shall endeavor as far as possible, for ease and convenience, to agree on a universal basis joint authorship in respect of such publications.

ARTICLE 12

REPRESENTATIONS, WARRANTIES AND INDEMNIFICATION

12.1 Neurocrine's Representations. Neurocrine hereby represents and warrants as of the date hereof as follows:

(a) Neurocrine has the corporate power and authority to execute and deliver this Agreement and to perform its obligations hereunder, and the execution, delivery and performance of this Agreement has been duly and validly authorized and approved by proper corporate action on the part of Neurocrine, and Neurocrine has taken all other action required by law, its certificate of incorporation or by-laws or any agreement to which it is a party or to which it may be subject required to authorize such execution, delivery and performance (other than compliance with all applicable requirements of the HSR Act). Assuming due authorization, execution and delivery on the part of Pfizer, this Agreement constitutes a legal, valid and binding obligation of Neurocrine, enforceable against Neurocrine, in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium and similar laws relating to or affecting creditors generally or by general equitable principles (regardless of whether such enforceability is considered in a proceeding in equity or at law).

(b) The representations and warranties of Neurocrine contained in the License Agreement are true and correct in all respects.

(c) All manufacturing operations conducted by Neurocrine and its Affiliates (or by third parties on their behalf) relating to the manufacturing of the Products are, to Neurocrine's knowledge (after reasonable due inquiry), being conducted in material compliance with GMP and other applicable requirements and standards of any Governmental Authority in which such manufacturing is being conducted, except where any failure to do so will not have a material adverse effect on the Registration Program.

(d) As of the date hereof, Neurocrine has disclosed to Pfizer all material information known to Neurocrine or its Affiliates relating to (i) the drug quality, including stability, variability, impurities and delivery performance in each case relating to the Compound, and (ii) changes made by Neurocrine or its Affiliates after the initiation of Phase III clinical trials for the Products relating to formulation, packaging and method of manufacture and formulation and to processing parameters, and (iii) the status of discussions with FDA or any Governmental Authorities directly relating thereto.

12.2 Pfizer's Representations. Pfizer hereby represents and warrants as of the date hereof as follows:

(a) Pfizer has the corporate power and authority to execute and deliver this Agreement and to perform its obligations hereunder, and the execution, delivery and performance of this Agreement has been duly and validly authorized and approved by proper corporate action on the part of Pfizer, and Pfizer has taken all other action required by law, its certificate of incorporation or by-laws or any agreement to which it is a party or to which it may be subject required to authorize such execution and delivery (other than compliance with all applicable requirements of the HSR Act). Assuming due authorization, execution and delivery on the part of Neurocrine, this Agreement constitutes a legal, valid and binding obligation of Pfizer, enforceable against Pfizer in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium and similar laws relating to or affecting creditors generally or by general equitable principles (regardless of whether such enforceability is considered in a proceeding in equity or at law).

(b) The representations and warranties of Pfizer contained in the License Agreement are true and correct in all respects.

12.3 Limitation of Damages/Sole Remedy.

This Agreement is subject to the terms and conditions of Article 10 of the License Agreement.

ARTICLE 13

TERM AND TERMINATION

13.1 Term.

(a) Notwithstanding to the contrary any of the provisions of this Agreement but subject to Section 13.1(b) below, this Agreement shall only become effective upon the Effective Date, and prior to the Effective Date neither Neurocrine nor Pfizer shall have any rights or obligations hereunder. Subject to Section 13.1 as of the Effective Date, this Agreement shall commence and continue in force until the later of (i) fifteen (15) years following Launch or (ii) expiration of the last to expire of the Neurocrine Patent Rights with Valid Claims in the US Territory, unless sooner terminated as provided herein.

(b) Effective immediately as of the date first written above, Neurocrine covenants and agrees that it will not negotiate, engage in or otherwise enter into any one or more transactions involving (i) any sale or grant of any rights to any Neurocrine Patent Rights or Neurocrine Technical Information (including without limitation any licenses or sublicenses), or (ii) any joint venture, co-promotion or similar relationship involving any Neurocrine Patent Rights or Neurocrine Technical Information. Effective immediately as of the date first written above, each of Pfizer and Neurocrine covenant and agree that Article 15 shall be in full force and effect. The parties understand and agree that the obligations set forth in this Section 13.1(b) shall terminate on the 90th day following the date of this Agreement if, but only, if the Effective Date has not occurred on or before such 90th day (other than with respect to liability for any breaches of this Section 13.1(b) prior to such 90th day (which shall survive such termination)).

13.2 Termination for Breach.

(a) If Pfizer materially breaches or materially defaults in the performance or observance of any of the provisions of this Agreement or the License Agreement, and such material breach or material default is not cured within ninety (90) days or, in the case of failure to pay any amounts due hereunder sixty (60) days after the giving of notice by Neurocrine specifying such breach or default, Neurocrine shall have the right to terminate this Agreement in full upon a further thirty (30) days' notice.

(b) If Pfizer terminates all of its development activities for a period of six (6) months or longer in the US Territory at any time after it has the final decision making authority with respect to the Development Program (other than for regulatory restraints), [***]. If Pfizer terminates the Development Program with respect to any country in the ROW Territory or otherwise fails to conduct any development activities directed to any such country, [***], Pfizer will thereafter have six (6) months to present [***]. If Pfizer fails within thirty (30) days to notify Neurocrine [***], Neurocrine shall have the right to terminate this Agreement with respect to such country effective upon thirty (30) days notice.

(c) For purposes of this Agreement, materiality in all cases shall be considered in the context of this Agreement and the License Agreement taken as a whole; provided, however, no party shall be deemed to be in material breach or material default if its actions or omissions primarily resulted from: (i) compliance with any specific unanimous decision of a committee or subcommittee under this Agreement, or (ii) compliance with any directive by the non-defaulting party for a matter in which

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the non-defaulting party or any of its designees, representatives or employees have exercised sole or final decision making authority under this Agreement, or (iii) compliance with the express terms of this Agreement or the License Agreement, or (iv) to the extent Pfizer uses efforts in substantial conformity with Commercially Reasonable Efforts or Neurocrine uses efforts in substantial conformity with commercially reasonable efforts consistent with Section 2.12. A material breach or material default in the performance of any of the provisions of this Agreement shall include a material inaccuracy in any representation or warranty contained herein.

(d) Upon the giving of any notice of default under Section 13.2(a), the parties will in good faith meet to see if a plan to remedy the alleged breach or default can be mutually agreed.

13.3 Other Termination:

(a) Discretionary. Upon one hundred and eighty (180) days prior notice to Neurocrine, Pfizer shall have the right at any time, without cause at Pfizer's sole discretion, to terminate this Agreement, whereupon this Agreement, together with the License Agreement, shall terminate one hundred and eighty (180) days after the date of such notice.

(b) Termination of License Agreement. This Agreement shall terminate following any termination by Pfizer of the License Agreement.

(c) Neurocrine. Subject to the terms hereof (including without limitation Section 13.3(a) above), upon the occurrence of any material default by Neurocrine:

(i) which material default or material breach relates to any of the covenants and agreements of Neurocrine in Article 2 and 6A (provided that, for the avoidance of doubt, the foregoing shall exclude any breach of Neurocrine's obligations under Section 6A.7(a) (such covenants and

agreements, the "Co-Promotion Covenants")), Pfizer may, upon ninety (90) days prior notice, elect to terminate Neurocrine's Co-Promotion rights with respect to Zoloft and any Pfizer Products other than the Products, whereupon neither party shall have any further rights or obligations with respect to Zoloft or any Pfizer Products (other than Products), including obligations under Article 2, Article 6A, Article 8, Article 10, Section 8.2(b) and Section 14.3, except for any obligations that have accrued prior to such date of termination, and in addition, the provisions of Section 3.12 will apply; and

(ii) which material default or material breach relates to any of the covenants and agreements of Neurocrine under this Agreement other than the Co-Promotion Covenants or under the License Agreement, Pfizer may, upon ninety (90) days prior written notice, elect that the provisions of Section 3.12 will apply.

All other terms and conditions of this Agreement, except as provided herein, shall remain in full force and effect. It is acknowledged and agreed by Pfizer that Pfizer shall not be entitled to terminate this Agreement for a material default covered by this Section 13.3(c), but Pfizer shall be entitled to indemnification and the right to obtain specific performance and other injunctive relief as provided in this Agreement.

(d) Upon sixty (60) days prior notice to Neurocrine, Pfizer shall have the right to terminate this Agreement upon an event described in Sections 13.5 or 13.7 hereunder, or upon a Change of Control. Upon termination of this Agreement pursuant to this Section 13.3, the provisions of Section 13.8 shall apply.

13.4 Bankruptcy. Each party may, in addition to any other remedies available to it by law or in equity, exercise the rights set forth below by written notice to the other party (the "Insolvent Party"), in the event the Insolvent Party shall have become insolvent or bankrupt, or shall have made a general assignment for the benefit of its creditors, or there shall have been appointed a trustee or receiver of the Insolvent Party or for all or a

substantial part of its property, or any case or proceeding shall have been commenced or other action taken by or against the Insolvent Party in bankruptcy or seeking reorganization, liquidation, dissolution, winding-up arrangement, composition or readjustment of its debts or any other relief under any bankruptcy, insolvency, reorganization or other similar act or law of any jurisdiction now or hereafter in effect, and any such event shall have continued for sixty (60) days undismissed, unbonded and undischarged. All rights and licenses granted under or pursuant to this Agreement by Neurocrine and Pfizer are, and shall otherwise be deemed to be, for purposes of Section 365(n) of the U.S. Bankruptcy Code, licenses of rights to "intellectual property" as defined under Section 101 of the U.S. Bankruptcy Code. The parties agree that the parties as licensees of such rights under this Agreement shall retain and may fully exercise all of their rights and elections under the U.S. Bankruptcy Code. The parties further agree that, in the event of the commencement of a bankruptcy proceeding by or against either party under the U.S. Bankruptcy Code, the other party shall be entitled to a complete duplicate of (or complete access to, as appropriate) any such intellectual property and all embodiments of such intellectual property, and same, if not already in their possession, shall be promptly delivered to it (i) upon any such commencement of a bankruptcy proceeding upon its written request therefore, unless the party subject to such proceeding elects to continue to perform all of its obligations under this Agreement or (ii) if not delivered under (i) above, upon the rejection of this Agreement by or on behalf of the party subject to such proceeding upon written request therefore by the other party.

13.5 Neurocrine. In the event Neurocrine shall be an Insolvent Party, Pfizer may terminate this Agreement subject to Neurocrine's rights and Pfizer's obligations under Section 13.8.

13.6 Divestiture by Pfizer.

(a) If in connection with any proposed acquisition or merger or inquiry of Governmental Authority, Pfizer determines that in order to facilitate clearance or obtain approval from any Governmental Authority with responsibility for

enforcing antitrust or competition Laws regarding such acquisition or merger or inquiry, it would be advisable, in Pfizer's business judgement, to assign or sublicense or otherwise transfer (any such assignment, sublicense or transfer, a "Divestiture Transaction") Pfizer's rights and obligations under this Agreement and the License Agreement to any third party, Pfizer shall notify Neurocrine thereof ("Notice of Divestiture"). The Notice of Divestiture shall not be required to disclose any details of any such proposed Divestiture Transaction.

(b) [***].

13.7 [***].

*** Certain information on this page has been omitted and filed separately with the Commission. Confidential treatment has been requested with respect to the omitted portions.

13.8 Survival of Obligations. Notwithstanding any termination of this Agreement, (a) neither party shall be relieved of any obligations incurred prior to such termination, including the payment obligations, and (b) the obligations of the parties with respect to (I) the protection and nondisclosure of Confidential Information (Article 11) shall survive termination of this Agreement, and (II) each other Section or Schedule of this Agreement which is expressed to survive termination or which is required to give effect to such termination or the consequences of such termination shall survive termination, and (III) subject to Section 10.04(c)(vi) and Section 10.06 of the License Agreement, termination of this Agreement shall not release either party from any obligation or liability which shall have accrued at the time of termination or preclude either party from pursuing all rights at law and in equity with respect to any default under this agreement, (c) unless this Agreement expressly provides that termination shall be the sole and exclusive remedy for a particular breach hereof, either party's right to commence an action, suit or other proceeding claiming breach of this Agreement by the other party shall survive termination, and (d) Pfizer's obligations under Sections 2.2, 2.12, Article 7, Section 8.2(a), Article 9, Section 10.1(b), Article 11, Section 15.4 and Section 15.9 shall survive until such time as the License Agreement shall terminate. Notwithstanding anything in this Agreement to the contrary, in the event this Agreement is terminated prior to termination of the License Agreement, Neurocrine shall be entitled to receive 100% of the amounts it would have otherwise received pursuant to Section 8.2(a), until such time as the License Agreement is terminated or expires. Upon a termination of this

Agreement by Pfizer, Neurocrine shall promptly return to Pfizer all written Confidential Information previously disclosed by Pfizer, and all copies thereof, and Neurocrine shall have no further right with respect to, and shall cease all activities related to Co-Promotion of the Products and Zoloft. Upon any other termination of this Agreement and the License Agreement, each party shall promptly return to the other party all written Confidential Information, and all copies thereof, of such other party, except as specifically provided in this Agreement and the License Agreement.

ARTICLE 14

NON-COMPETITION

14.1 Pfizer Non-Competition. If during the term of this Agreement Pfizer or any of its Affiliates intends to Commercialize a prescription pharmaceutical product having an Insomnia Indication in the Territory (a "Competitive Product"):

(a) if such Competitive Product's [***]:

(i) [***]

(ii) [***].

(b) if such Competitive Product's [***]:

(i) [***]

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(ii) [***].

[***].

(c) If Pfizer Launches any Competitive Product defined in Section 14.1(b)(ii) ("Section 14.1(b)(ii) Product"), then neither Pfizer or its Affiliates shall:

(i) Engage in "negative promotional activities", [***].

(ii) [***].

*** Certain information on this page has been omitted and filed separately with the Commission. Confidential treatment has been requested with respect to the omitted portions.

(iii) [***].

(iv) [***].

(d) Notwithstanding to the contrary any provisions of this Agreement or the License Agreement, in no event shall Pfizer be required under this Agreement or under the License Agreement to engage in any activity regarding a Product which Pfizer is prohibited from undertaking under Section 14.1(c) with respect to a Section 14.1(b)(ii) Product, and Section 14.1(c) shall be applicable, on the same basis (mutatis mutandis), to promotional activities regarding the Product vis-a-vis any Competitive Product of Pfizer.

(e) In the event that [***] shall be deemed to be a Competitive Product, in addition to

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Pfizer's obligations with respect to such Product in Section 14.1(b) above, Neurocrine will have the rights in the US Territory as set forth in Section 14.3 below.

14.2 Neurocrine Non-Competition. If, during the term of this Agreement, Neurocrine or any of its Affiliates proposes to Commercialize a Competitive Product in any country of the Territory other than a country in the EU, Neurocrine or such Affiliate shall:

(a) if such Competitive Product's primary mechanism of action is through binding with [***], divest such Competitive Product;

(b) if such Competitive Product's primary mechanism of action is other than through binding with [***], at its sole discretion either:

(i) divest (by license, sale or similar transaction) such Competitive Product; or

(ii) only if such commercialization would begin after the [***], Commercialize such Competitive Product and terminate its right to Co-Promote Products hereunder pursuant to Section 13.8.

14.3 [***].

*** Certain information on this page has been omitted and filed separately with the Commission. Confidential treatment has been requested with respect to the omitted portions.

14.4 Conflicts. For so long as this Agreement is in effect, in the event of any conflict between the provisions this Article 18 of this Agreement and Article 11 of the License Agreement, the provisions of Article 14 of this Agreement shall control.

ARTICLE 15

MISCELLANEOUS

15.1 Governing Law. This Agreement shall be governed by and interpreted in accordance with the internal laws of the State of New York, without regard to its conflicts of laws rules.

15.2 Jurisdiction. With respect to any suit, action or proceeding relating to this Agreement (each, a "Proceeding"), each party hereto irrevocably (i) subject to the final sentence of this Section 15.2, agrees and consents to be subject to (A) in the case of any Proceeding commenced by Pfizer, the exclusive jurisdiction of the United States District Court for the Southern District of California or any California state court sitting in San Diego, California, United States of America (any such court, the "California Court"), and (B) in the case of any Proceeding commenced by Neurocrine, the exclusive jurisdiction of the United States District Court for the Southern District of New York or any New York state court sitting in New York, New York, United States of America (any such court, the "New York Court") and (ii) waives any objection which it may have at any time to the laying of venue of any Proceeding brought in any such California Court or New York Court (collectively, the "Courts") as provided in this Section 15.2, waives any claim that such Proceeding has been brought in an inconvenient forum and further waives the right to object, with respect to such Proceeding, that such Court does not have any jurisdiction over such party. Notwithstanding the foregoing: (a) if the Court adjudicating such

Proceeding refuses for any reason to exercise jurisdiction over the dispute, either party shall be free to bring such Proceeding in any other Court in such state as provided above and, in the event such other Courts refuse for any reason to exercise jurisdiction over the dispute, either party shall be free to bring such Proceeding in any other court, and (b) if any party (the "initiating party") commences a Proceeding in any Court, the other party (the "defendant party") shall possess and retain the right to assert in that same Proceeding all claims and defenses that the defendant party may have against the initiating party, including without limitation all counterclaims and setoffs, and (c) in the case of any suits for specific performance or other injunctive relief, the parties will seek to bring such actions in the Courts as provided in the first sentence of this Section 15.2, except where the applicable Courts as a result of jurisdictional requirements cannot issue the specific performance requested in a timely manner.

15.3 Waiver. Any term or condition of this Agreement may be waived at any time by the party that is entitled to the benefit thereof, but no such waiver shall be effective unless set forth in a written instrument duly executed by or on behalf of the party or parties waiving such term or condition. Neither the waiver by any party of any term or condition of this Agreement nor the failure on the part of any party, on one or more instances, to enforce any of the provisions of this Agreement or to exercise any right or privilege, shall be deemed or construed to be a waiver of such term or condition for any similar instance in the future or of any subsequent breach hereof. All rights, remedies, undertakings, obligations and agreements contained in this Agreement shall be cumulative and none of them shall be a limitation of any other remedy, right, undertaking, obligation or agreement.

15.4 Notices. All notices, instructions and other communications hereunder or in connection herewith shall be in writing, shall be sent to the address below and shall be: (a) delivered personally; (b) sent by registered or certified mail, return receipt requested, postage prepaid; (c) sent via a reputable nationwide overnight courier service; or (d) sent by facsimile transmission. Any such notice, instruction or communication shall be deemed to have been delivered upon receipt if delivered by hand, three (3) Business Days after it is sent by registered or certified mail, return receipt requested, postage prepaid, one (1)

Business Day after it is sent via a reputable nationwide overnight courier service, or when transmitted with electronic confirmation of receipt, if transmitted by facsimile (if such transmission is on a Business Day; otherwise, on the next Business Day following such transmission).

Notices to Pfizer shall be addressed to:

PFIZER INC.

235 East 42nd Street
New York, New York 10017-5755
Attention: President, Pfizer Pharmaceutical Group
Fax: 212-808-8652

with a copy to: Senior Vice President and General Counsel
Fax: 212-808-8924

Notices to Neurocrine shall be addressed to:

NEUROCRINE BIOSCIENCES, INC.

10555 Science Center Drive
San Diego, California 92121-1102

Attention: Chief Executive Officer and President

Fax: 858-658-7605

with a copy to: General Counsel

Either party may change its address by giving notice to the other party in the manner provided above.

15.5 Entire Agreement. This Agreement (including Schedules), together with the License Agreement, contains the complete understanding of the parties with respect to the subject matter hereof and supersedes all prior understandings and writings relating to the Co-Promotion of the Products. None of the terms or this Agreement shall be amended, supplemented or modified except in writing signed by the parties hereto.

15.6 Headings. Headings in this Agreement are for convenience of reference only and shall not be considered in construing this Agreement. References to Sections and Schedules are to Sections and Schedules of this Agreement unless otherwise specified.

15.7 Severability. If and solely to the extent that any provision of this Agreement shall be invalid or unenforceable, or shall render this entire Agreement to be unenforceable or invalid, such offending provision shall be of no effect and shall not effect the validity of the remainder of this Agreement or any of its provisions; provided, however, the parties shall use their respective reasonable efforts to renegotiate the offending provisions to best accomplish the original intentions of the parties.

15.8 Registration and Filing of the Agreement. To the extent, if any, that a party concludes in good faith that it is required under applicable Laws to file or register this Agreement or a notification thereof with any Governmental Authority, including without limitation the US Securities and Exchange Commission, or the US Federal Trade Commission, in accordance with applicable Laws, such party may do so and shall provide the other party to this Agreement with a written copy of all proposed filings or registrations to allow for a reasonably sufficient time for review and comment by the other party. The other party shall cooperate in such filing or notification and shall execute all documents reasonably required in connection therewith. In such situation, the parties will request confidential treatment of sensitive provisions of the Agreement, to the extent permitted by Law. The parties shall promptly inform each other as to the activities or inquiries of any such Governmental Authority relating to this Agreement, and shall cooperate to respond to any request for further information therefrom.

15.9 Assignment. This Agreement and all rights and obligations granted hereunder shall not be assignable by any party without the prior consent of the other, except that (a) Pfizer may assign this Agreement in connection with a Divestiture Transaction, and (b) Pfizer may assign this Agreement (and after all amounts under the Loan Agreement have been paid in full and terminated, Neurocrine may assign this Agreement), in whole or in part, to any Affiliate of such party or to any successor to substantially all of such party's business or assets; provided, however, in the case of Pfizer and Neurocrine, the assigning

party shall remain responsible for all obligations hereunder if its Affiliate shall fail to perform hereunder.

15.10 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns.

15.11 Counterparts. This Agreement may be executed in any number of counterparts, each of which, when executed, shall be deemed an original and all of which together shall constitute one and the same instrument.

15.12 Force Majeure. In the event of strikes, lock-outs or other industrial disturbances, rebellions, mutinies, epidemics, landslides, lightning, earthquakes, fires, storms, floods, sinking, drought, civil disturbances, explosions, acts or decisions of duly constituted municipal, state or national Governmental Authorities or of courts of law, as well as impossibility to obtain equipment, supplies, fuel or other required materials, in spite of having acted with reasonable diligence, or by reason of any other causes, which are not under the control of the party requesting the abatement of performance, or causes due to unexpected circumstances which may not be possible to eliminate or overcome with due diligence by such party ("Force Majeure"), the parties agree that, if either of them find themselves wholly or partially unable to fulfill their respective obligations in this Agreement by reasons of Force Majeure, the party affected will advise the other party in writing of its inability to perform giving a detailed explanation of the occurrence of the event which excuses performance as soon as possible after the cause or event has occurred. If said notice is given, the performance of the party giving the notification, except for the payment of funds and except as otherwise expressly provided in this Agreement, shall be abated, and any time deadlines shall be extended, for so long as performance may be prevented by such event of Force Majeure. Except as otherwise expressly provided in this Agreement and except for the payment of funds that are due and payable, neither party shall be required to make up any performance that was prevented by Force Majeure.

15.13 Non-Solicitation of Employees. During the Co-Promotion Term, neither party shall, directly or indirectly, recruit, or solicit any employee of the other party with whom such

party has come into contact or interacted for the purposes of performing this Agreement, without the prior consent of the other party, except pursuant to general solicitations not targeted at such employees.

15.14 Press Releases.

(a) Coordination. The parties agree on the importance of coordinating their public announcements respecting this Agreement and the subject matter hereof. Neurocrine and Pfizer will, from time to time, and at the request of the other party discuss and agree on the general information content relating to this Agreement and the License Agreement which may be publicly disclosed.

(b) Announcements. The joint press release announcing the signing of the transactions contemplated by this Agreement and the License Agreement is attached hereto as Schedule 15.14 and will be promptly disseminated following signing.

(c) In addition, Pfizer acknowledges that certain events related to the progress of the Collaboration may be material to Neurocrine and therefore, the parties agree to make public disclosures, whether by press release or publication, regarding the fact of the completion of Phase III Product Studies and top line data therefrom, the filing of an NDA, the First Approval with respect to the IR Product and the MR Product and the occurrence of any serious adverse events. The above-referenced releases may be Neurocrine releases or joint Neurocrine/ Pfizer releases at Pfizer's option, and the parties agree to jointly draft and agree on the content of such disclosure. Except as otherwise provided in this Section 15.14, neither party will make any public announcement regarding the fact of execution of this Agreement by the parties hereof, the terms of or events related this Agreement, and/or the collaboration (other than the peer-reviewed publications which are subject to the publication provisions set forth in Section 11.3) without the prior consent of the other. Notwithstanding the foregoing, a party may make any disclosure where in a party's reasonable legal opinion it is required by applicable Law or applicable stock exchange regulation or order or other ruling of

a competent court, provided that prior to such disclosure, the disclosing party shall use reasonable efforts to notify the other party prior to making such disclosure, and will provide the other party with an opportunity to review and comment prior to release, provided the disclosing party shall not be required to delay such disclosures by more than forty-eight (48) hours to receive and discuss such comments, so long as the disclosing party has provided to the other party as much advance notice as is reasonably practicable under the circumstances. Each party agrees that it shall reasonably cooperate with the other with respect to all disclosures regarding this Agreement to the Securities Exchange Commission and any other governmental or regulatory agencies, including requests for confidential treatment of proprietary information of either party included in any such disclosure.

15.15 Third Party Beneficiaries. None of the provisions of this Agreement shall be for the benefit of or enforceable by any third party, including, without limitation, any creditor of either party hereto. No such third party shall obtain any right under any provision of this Agreement or shall by reason of any such provision make any claim in respect of any debt, liability or obligation (or otherwise) against either party hereto.

15.16 Relationship of the Parties. Each party shall bear its own costs incurred in the performance of its obligations hereunder without charge or expense to the other except as expressly provided in this Agreement. Neither party shall have any responsibility for the hiring, termination or compensation of the other party's employees or for any employee compensation or benefits of the other party's employees. No employee or representative of a party shall have any authority to bind or obligate the other party to this Agreement for any sum or in any manner whatsoever, or to create or impose any contractual or other liability on the other party without said party's approval. For all purposes, and notwithstanding any other provision of this Agreement to the contrary, Neurocrine's legal relationship under this Agreement to Pfizer shall be that of independent contractor. Nothing in this Agreement nor the License Agreement shall be construed to establish a relationship of partners or joint venturers between the parties.

15.17 Further Assurances. Following the date hereof, Neurocrine and Pfizer shall, and shall cause each of their respective Affiliates to, from time to time, execute and deliver such additional instruments, documents, conveyances or assurances and take such other actions as shall be necessary or otherwise reasonably requested by Pfizer or Neurocrine, to confirm and assure the rights and obligations provided for in this Agreement, and render effective the consummation of the transactions contemplated thereby provided however that neither party will be required under this Section 15.17 to deliver instruments, documents, conveyances or assurances of any third party.

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

PFIZER INC.	NEUROCRINE BIOSCIENCES, INC.
By: /s/ Henry A. McKinnell	By: /s/ Gary A. Lyons
Name: Henry A. McKinnell	Name: Gary A. Lyons
Title: Chairman of the Board and Chief Executive Officer	Title: President and Chief Executive Officer

CERTAIN MATERIAL (INDICATED BY AN ASTERISK) HAS BEEN OMITTED FROM THIS DOCUMENT PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT. THE OMITTED MATERIAL HAS BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.

LICENSE AGREEMENT

THIS LICENSE AGREEMENT, dated as of December 18, 2002 (this "Agreement"), between NEUROCRINE BIOSCIENCES, INC. ("Neurocrine"), a corporation organized under the laws of the State of Delaware, 10555 Science Center Drive, San Diego, California 92121-1102, and PFIZER INC., a corporation organized under the laws of the State of Delaware, 235 East 42nd Street, New York, New York 10017 ("Pfizer").

WHEREAS, Neurocrine owns or may acquire certain patents and patent applications, licenses to patents and patent applications, know-how, trade secrets and scientific and technical information relating to a compound referred to as NBI-34060 (indiplon); and

WHEREAS, Pfizer desires to acquire from Neurocrine exclusive licenses and sublicenses under said patents and licenses and related know-how, trade secrets and scientific and technical information, and Neurocrine is agreeable to granting such licenses and sublicenses pursuant to the terms of this Agreement.

NOW, THEREFORE, Pfizer and Neurocrine hereby agree as follows:

ARTICLE 1

1. DEFINITIONS. Any capitalized terms used herein which are not expressly defined in this Agreement shall have the meaning set forth in the Collaboration Agreement. For purposes of this Agreement, the following definitions shall also be applicable:

1.01 "Acceptable Safety Profile" means data with respect to a Product that demonstrates that such Product is safe and well-tolerated for use in humans.

[***]

1.03 "Affiliate" means any entity directly or indirectly controlled by, controlling, able to control, or under common control with, a party to this Agreement, but only for so long as such control shall continue. For purposes of this definition, "control" (including, with

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correlative meanings, "controlled by", "controlling" and "under common control with") means possession, direct or indirect, of (a) the power to direct or cause direction of the management and policies of an entity (whether through ownership of securities or partnership or other ownership interests, by contract or otherwise), or (b) at least 50% of the voting securities (whether directly or pursuant to any option, warrant or other similar arrangement) or other comparable equity interests. For the avoidance of doubt, neither of the parties to this Agreement shall be deemed to be an "Affiliate" of the other solely as a result of their entering into this Agreement.

1.04 "Approval" means receipt of a final Approval Letter from FDA authorizing marketing and sale of Products.

1.05 "Bankruptcy Code" means 11 U.S.C Sections 101-1330, as amended.

1.06 "Code" or "Codes" means the Code on Interactions with Healthcare Professionals promulgated by the Pharmaceutical Research and Manufacturers of America (PhRMA), and the American Medical Association Guidelines on Gifts to Physicians, as either of the foregoing may be amended from time to time.

1.07 "Collaboration Agreement" means the Collaboration Agreement, dated the date hereof, between Neurocrine and Pfizer, as the same shall be amended from time to time in accordance with the terms thereof.

1.08 "Combination Product" means any Product which contains, in addition to the Product, one or more other therapeutically active ingredients.

1.09 "Commercially Reasonable Efforts" means those efforts and resources that Pfizer would use were it promoting and detailing its own pharmaceutical products which are of similar market potential as the Products, taking into account product labeling, market potential, past performance, economic return, the regulatory environment and competitive market conditions in the therapeutic area, all as measured by the facts and circumstances at the time such efforts are due. In evaluating economic return, Pfizer shall not consider payments under this Agreement and the Collaboration Agreement to Neurocrine.

1.10 "Compound" means indiplon (NBI-34060), as more specifically described as Acetamide, N-Methyl-N-[3-[3-(2-thienylcarbonyl)-pyrazol- [1,5-a] pyrimidin-7-yl] phenyl] in any chemical form, including without limitation, salts, solvates, metabolites and prodrugs.

1.11 [***]

1.12 "DOV Sublicense" means the Sub-License and Development Agreement, dated June 30, 1998, between DOV and Neurocrine, as amended from time to time.

1.13 "DOV Technical Information" means all scientific or technical information relating to the Compound or the Products licensed to Neurocrine under the DOV Sublicense, including but not limited to: (a) medical, clinical, toxicological or other scientific data, and (b) processes and analytical methodology useful in the development, testing, analysis, manufacture or packaging of the Compound or Products.

1.14 "Effective Date" means the date upon which the applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended ("HSR Act") shall have expired or been terminated, with respect to this Agreement and the Collaboration Agreement, as applicable.

1.15 "FDA" means the United States Food and Drug Administration and any successor agency thereto.

1.16 "Generic Competition" shall exist during a given calendar quarter with respect to a Product in any country in the Territory if, during such calendar quarter, one or more Generic Products shall be commercially available in such country and shall have, in the aggregate, [***] or more share of total sales of the aggregate of Products and Generic Products (based on data provided by IMS International, or if such data is not available, such other reliable data source as reasonably determined by Pfizer and agreed by Neurocrine (such agreement not to be unreasonably withheld) as measured by unit sales. In the event IMS International data (or such other agreed data source) is not sufficient to determine the percentage market share for each country in the EU, the

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average percent market share of the EU countries for which data is not available will be deemed to be the percent market share for those countries in which the data is available.

1.17 "Generic Products" means any pharmaceutical products (other than Products developed and commercialized by Pfizer pursuant to this Agreement) that contain principally the same active chemical entity(ies) as a Product and can reasonably be or are reasonably used for the same indication as a Product.

1.18 "Governmental Authority" means any court, agency, department or other instrumentality of any foreign, federal, state, county, city or other political subdivision.

1.19 "IR" means the immediate release formulation of the Compound as more specifically described on Exhibit A or any formulation with equivalent release characteristics.

1.20 "IR Product" means a Product with the IR formulation.

1.21 "Joint Technology" means any Technology developed or invented jointly by Pfizer and Neurocrine relating to the Compound or the Products arising out of the Development Program (as defined in the Collaboration Agreement).

1.22 "Key EU Country" means any of the United Kingdom, France, Germany, Spain or Italy.

1.23 "Launch" means, on a country by country basis, the shipping of commercial quantities of a Product for commercial sale to unaffiliated third parties.

1.24 "Law" or "Laws" means all laws, statutes, rules, Codes, regulations, orders, judgments and/or ordinances of any Governmental Authority.

1.25 "MR" means the modified release formulation of the Compound as more specifically described on Exhibit A or any formulation with an equivalent kinetic profile.

1.26 "MR Product" means a Product with the MR formulation.

1.27 "NDA" means a New Drug Application filed with the FDA with respect to a pharmaceutical product.

1.28 "Net Sales" means (a) gross sales of Pfizer, its Affiliates and sublicensees of Product to unaffiliated third parties in the applicable country, less (i) bad debts related to the Product

and (ii) sales returns and allowances, including, without limitation, trade, quantity and cash discounts and any other adjustments, including, but not limited to, those granted on account of price adjustments, billing errors; rejected goods, damaged or defective goods, recalls, returns, rebates, chargeback rebates, fees, reimbursements or similar payments granted or given to wholesalers or other distributors, buying groups, health care insurance carriers or other institutions, adjustments arising from consumer discount programs, [***], customs or excise duties, sales tax, consumption tax, and other taxes (except income taxes) or duties relating to sales, and any payment in respect of sales to any governmental or regulatory authority in respect of any government-subsidized program; and (b) in the case of Combination Products, (aa) If Pfizer and/or its Affiliates separately sells in such country during such Year when it sells such Combination Product both (x) one or more Products as a single chemical entity and (y) other products containing active ingredient(s) as a single entity that are also contained in such Combination Product, the Net Sales attributable to such Combination Product during such Year shall be calculated [***]; (bb) if Pfizer and/or its Affiliates separately sells, in such country during such Year when it sells such Combination Product, one or more Products as a single chemical entity but do not separately sell, in such country, other products containing active ingredient(s) that are also contained in such Combination Product, the Net Sales attributable to such Combination Product during such Year shall be calculated [***];

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(cc) if Pfizer and/or its Affiliates do not separately sell each Products contained in the Combination Product, the Net Sales attributable to such Combination Product shall be calculated by [***].

With respect to the determination of Net Sales of Combination Products above and in considering the financial feasibility of Launching a Combination Product, if one or both of the parties determines that the formula in (aa), (bb) or (cc), as the case may be, will result in commercialization of the Combination Product not being economically feasible or equitable, the parties will meet and discuss in good faith adjustments or alterations to the applicable formulas above to address the concerns of such party(ies).

1.29 "Neurocrine Patent Rights" means all Patent Rights, now or hereafter during the term of this Agreement, owned, licensed or controlled by Neurocrine or its Affiliates that claim Compound or the Products, or uses, formulations, indications, compositions or methods of manufacturing thereof including, without limitation, the patents and patent applications set forth on Exhibit B. For the purpose of this Section 1.29, Neurocrine Patent Rights will also include [***].

1.30 "Neurocrine Technical Information" means all scientific or technical information and related know-how and trade secrets, now or hereafter during the term of this Agreement, owned or controlled by Neurocrine or its Affiliates relating directly to the Compound or the Products, including but not limited to: (a) medical, clinical, toxicological or other

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scientific data, (b) processes and analytical methodology used in the development, formulation, testing, analysis, manufacture or packaging of the Compound or Products, (c) uses or indications of Products and Product compositions, and (d) Neurocrine's interest in any Joint Technology.

1.31 "Patents Rights" means the rights and interest in and to all issued patents and pending patent applications in any country, including, without limitation, all divisionals, continuations, renewals, continuations-in-part, patents of addition, supplementary protection certificates, extensions, registration or confirmation patents and reissues thereof.

1.32 "Payment Computation Period" means each of the periods ending on each of the four (4) thirteen (13) week periods as used by Pfizer in filings with the Securities and Exchange Commission (a "Pfizer Quarter") commencing on January 1 of any year. For sake of clarification, outside the United States, Net Sales are computed for a three month period, which ends one month prior to the end of the relevant Pfizer Quarter.

1.33 "Pfizer Technical Information" means all scientific or technical information and related know-how and trade secrets owned or controlled during the term of this Agreement by Pfizer or its Affiliates arising in the course of the development of Products by Pfizer and development of Products by Neurocrine and Pfizer under the Collaboration Agreement, in each case relating directly to Compounds or Products, including but not limited to: (a) medical, clinical, toxicological or other scientific data, (b) processes and analytical methodology used in the development, formulation, testing, analysis, manufacture or packaging of the Compound or Products, (c) uses or indications of Products and Product compositions, and (d) Pfizer's interest in any Joint Technology.

1.34 "Price Approval" means, in countries where governmental or regulatory authorities authorize for reimbursement, or approve or determine pricing for pharmaceutical products for reimbursement or otherwise, such authorization, approval or determination.

1.35 "Products" means all pharmaceutical formulations and dosage forms, which contain the Compound either alone or in combination with other therapeutically active ingredients.

1.36 "Regulatory Authority" means any Governmental Authority with responsibility for granting any licenses or approvals necessary for the marketing and sale of pharmaceutical products including, without limitation, any drug regulatory authority of countries of the European Union, Japan and the FDA, and where the context admits any ethics committee or any equivalent review board.

1.37 [***].

1.38 [***] means [***] data contained in the final report of [***], that demonstrate that [***]; except that if FDA informs Neurocrine that data from a different combination of the above-listed trials or other data [***], data that meets such FDA requirements shall be required for purposes of demonstrating [***].

1.39 [***] means final FDA labeling (package insert) for the Product which in the indication statement reflects effective use for [***].

1.40 "Statistically Significant Difference" means [***].

1.41 "Territory" means all countries of the world, as in existence from time to time.

1.42. "Technology" shall mean information and all intellectual property, including but not limited to, trade secrets, know-how, inventions and technology, whether patentable or not, and Patent Rights in each case directed to products, processes, formulations and/or methods but which term shall specifically exclude copyright and all registered and unregistered trademarks.

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1.43 [***].

1.44 [***].

1.45 "Valid Claim" means any claim from an issued and unexpired patent or pending application (which has been pending for less than 7 years in Japan and for less than 5 years in any other country) included within the Patent Rights which has not been revoked or held unenforceable or invalid by a decision of a court or other Governmental Authority of competent jurisdiction, and which has not been disclaimed, denied or admitted to be invalid or unenforceable through reissue or disclaimer or otherwise.

1.46 "Year" means each calendar year during the term of this Agreement.

ARTICLE 2

2. LICENSES.

2.01 LICENSE. Subject to the terms of this Agreement, Neurocrine hereby grants to Pfizer, and Pfizer hereby accepts: (a) an exclusive license under the Neurocrine Patent Rights to make, have made, use, sell, offer for sale, import, and have imported Products in the Territory; (b) an exclusive license under the Neurocrine Technical Information to use in the Territory all Neurocrine Technical Information in connection with the manufacture,

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use or sale of Products in the Territory; (c) with respect to the DOV Sublicense, an exclusive sublicense under all Patent Rights and DOV Technical Information licensed to Neurocrine thereunder to make, have made, use, sell, offer for sale, import, and/or have imported Products in the Territory; and (d) [***], an exclusive sublicense to the Compound and Licensed Product [***], to make, have made, use, sell, offer for sale, import and/or have imported Products in the Territory. It is understood and agreed that the foregoing exclusive licenses and exclusive sublicenses grant to Pfizer the rights enumerated to the exclusion of all other parties, including Neurocrine and its Affiliates.

2.02 LICENSE GRANT TO NEUROCRINE. Pfizer hereby grants to Neurocrine a non-exclusive right and license under the Pfizer Technical Information, Neurocrine Technical Information and Neurocrine Patent Rights to carry out its activities under the Development Program (as defined in the Collaboration Agreement).

2.03 SUBLICENSING. With respect to the licenses and sublicenses granted to Pfizer under Section 2.01, Pfizer shall have the right to grant sublicenses (a) to its Affiliates, (b) within the United States to non-Affiliate third parties which shall be subject to Neurocrine's prior approval, which approval may not be unreasonably withheld, and (c) outside the United States to non-Affiliate third parties. All sublicenses will be consistent with the terms of this Agreement and shall not relieve Pfizer of its obligations hereunder.

2.04 CROSS LICENSE OF TRADEMARKS. In order to enable each Party to perform its obligations under the Collaboration Agreement, each Party hereby grants to the other party a non-assignable, non-sublicensable, non-exclusive, royalty free right and license to use the Neurocrine corporate logos and trademarks, and (a) the Pfizer corporate logo and trademark as well as (b) Pfizer's trademarks for Products (in the case of (b) only, the "Pfizer Trademarks").

ARTICLE 3

3. MILESTONE PAYMENTS, LICENSE FEES AND ROYALTIES.

*** Certain information on this page has been omitted and filed separately with the Commission. Confidential treatment has been requested with respect to the omitted portions.

In consideration of the licenses granted to Pfizer hereunder and the disclosure to Pfizer of Neurocrine Technical Information, and subject to the provisions of this Agreement, Pfizer shall pay to Neurocrine milestone payments, license fees and royalties as follows:

3.01 MILESTONE PAYMENTS AND LICENSE FEES. Subject to the terms and conditions of this Agreement, Pfizer shall pay to Neurocrine the following:

	EVENT		[***]	[***]
(a)	Signing of this Agreement, subject to Section 3.03 below.	$50,000,000		
(b)	[***]		[***]	[***]
(c)	[***]			[***]
(d)	FDA Acceptance [***]		[***]	[***]
(e)	FDA Approval of [***]		[***]	[***]
(f)	FDA Approval [***]		[***]	[***]

*** Certain information on this page has been omitted and filed separately with the Commission. Confidential treatment has been requested with respect to the omitted portions.

(g)	FDA Approval [***]		[***]	[***]
(h)	FDA Approval [***]			[***]
(i)	1st Launch [***]	[***]		
(j)	Launch [***]	[***]		

The parties understand and agree that each of the payments referenced in this Section 3.01 shall only be made once, and is subject to the following terms and conditions:

(i) Unless otherwise set forth below, all payments pursuant to this Section 3.01 shall be made by Pfizer within twenty (20) days of receipt from Neurocrine of notice of achievement (together with supporting documentation) of the applicable event referenced above; provided, however, with respect to the events referenced in Section 3.01 (b), or (c), which payment shall be made within twenty (20) days of Pfizer's confirmation that the applicable event has been achieved which confirmation shall be provided or withheld in its reasonable discretion (and if withheld, the reasons therefore provided to Neurocrine), within twenty (20) days following Pfizer's receipt of the applicable final study report(s)).

(ii) With respect to the events and payments referenced in Section 3.01 (b) or (c), if Pfizer reasonably believes such events have not been satisfied or met, Pfizer shall be entitled to refrain from paying the applicable amount unless and until [***],

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as the case may be, pursuant to Section 4.3 of the Collaboration Agreement, at which time Pfizer shall pay the applicable milestone amount.

(iii) With respect to the events and payments referenced in Section 3.01(d), [***] in Section 4.3(c) of the Collaboration Agreement (except to the extent that neither party may object to such filing as provided therein), is a condition to payment of such milestone

(iv) With respect to the events and payments referenced in Section 3.01(e), mutual agreement on [***] in Section 4.3(d) of the Collaboration Agreement [***], is a condition to payment of such milestone.

3.02 ROYALTIES.

(a) Subject to the terms and conditions of this Agreement, Pfizer shall pay royalties to Neurocrine based on Net Sales on a country by country basis in accordance with the following:

(i) With respect to Net Sales of Product in the United States, a royalty equal to the sum of (A) [***] of such Net Sales in consideration of Neurocrine Patent Rights if the Product sold is embraced within any Valid Claim under Neurocrine Patent Rights in the United States, (B) [***] of such Net Sales in consideration of, and during any period of, product exclusivity for new chemical entities (as provided for in 21 C.F.R. 314.108(b)) for the Product in the United States, and (C) [***] of such Net Sales in consideration of Neurocrine Technical Information for a period equal to [***] following Launch of the first Product; provided, however, that in no event may the sum of (A), (B) and (C) exceed a [***] royalty;

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(ii) With respect to Net Sales of Product in Japan, a royalty of [***] of such Net Sales in consideration of Neurocrine Patent Rights and Neurocrine Technical Information for a period equal to the longer of (A) [***] following Launch of the first Product in Japan, and (B) such date the Product is no longer embraced within any Valid Claim under Neurocrine Patent Rights in Japan; and

(iii) With respect to Net Sales of Product in each country of the Territory other than the United States and Japan, a royalty of [***] of such Net Sales in consideration of Neurocrine Patent Rights and Neurocrine Technical Information for a period in each such country equal to the longer of (A) [***] following Launch of the first Product in such country, and (B) such date the Product is no longer embraced within any Valid Claim under Neurocrine Patent Rights in such country.

After the expiration of the above-referenced payment periods with respect to Neurocrine Technical Information, Pfizer, its Affiliates and sublicensees shall have a fully paid-up non-exclusive license with regard to Neurocrine Technical Information for use in such country.

(b) (i) If, during a given calendar quarter, there is Generic Competition in any country in the Territory, then, for each such country in which there is Generic Competition, the royalties on Neurocrine Patent Rights and Neurocrine Technical Information payable to Neurocrine for the Net Sales of such Product in such country during such calendar quarter will be reduced by [***].

(ii) [***].

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(c) [***].

3.03 HSR. Promptly following signing of this Agreement and the Collaboration Agreement, Pfizer and Neurocrine will take (i) all actions necessary to make the filing required under the Hart-Scott-Rodino Act ("HSR Act"), and (ii) reply at the earliest possible date with any requests for information received from the Federal Trade Commission ("FTC") or Antitrust Division of the Department of Justice ("DoJ") pursuant to the HSR Act. The parties will, to the extent reasonably practicable, consult with one another prior to making any filings, responses to inquiries or other contacts with the FTC or DoJ concerning the transactions contemplated hereby. Payment of the signing fees in Section 3.01(a) and Section 8.4(a) of the Collaboration Agreement may be deferred until such time as Pfizer receives notice of clearance from the FTC or DoJ until the waiting period (and any extension thereof) applicable to this Agreement under the HSR Act shall have been terminated or shall have expired, at which time Pfizer shall pay within ten (10) days such signing fees, plus interest thereon from the date that is twenty (20) days after signing of this Agreement to the date of payment, at the one year U.S. dollar LIBOR rate as published in The Financial Times effective for the date on which this Agreement was signed, and computed on an actual/360 basis.

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ARTICLE 4

4. ACCOUNTING, PROCEDURES FOR PAYMENTS, AND REPORTS.

Payments hereunder shall be subject to the following provisions:

4.01 Sales between or among Pfizer, its Affiliates or sublicensees shall not be subject to royalties under Article 3; royalties shall only be calculated upon Net Sales to an independent third party. Pfizer shall be responsible for payments on Net Sales by its Affiliates or sublicensees.

4.02 Pfizer shall make royalty payments to Neurocrine on Net Sales with respect to each Payment Computation Period within thirty (30) days after the end of each such period, and each payment shall be accompanied by a report, on a country-by-country basis, identifying the Product, gross sales, Net Sales, the specific deductions used in arriving at Net Sales, the amount of royalties payable to Neurocrine, and the deductions contained in the definition of "Net Sales" in the DOV Sublicense. In addition, upon any termination of the Collaboration Agreement where this Agreement does not terminate, Pfizer shall forward to Neurocrine the information listed on Exhibit C. Said reports shall be kept confidential by Neurocrine and not disclosed by Neurocrine to any party other than DOV, ACY and their respective accountants, officers and Boards of Directors (solely to the extent Neurocrine in its good faith opinion believes it is obligated to make any such disclosure under the terms of the DOV Sublicense), and Neurocrine covenants that Neurocrine, and shall use reasonable efforts to insure that DOV and ACY, and its or their respective accountants, officers and Board members shall be obligated to keep such information confidential and such information and reports shall only be used for the purposes of determining payments under this Agreement.

4.03 All payments made hereunder shall be made in U.S. Dollars and shall be made by electronic transfer in immediately available funds via either a bank wire transfer, an ACH (automated clearing house) mechanism, or any other means of electronic funds transfer, at Pfizer's election, to such bank account as Neurocrine shall designate in writing at least five (5) business days before the payment is due. For the purposes of determining the

amount of royalties due for the relevant Payment Computation Period, the amount of Net Sales in any foreign currency shall be computed by (a) converting such amount for the relevant Payment Computation Period into U.S. dollars at the Average Exchange Rate for the Payment Computation Period (the "Average Exchange Rate" means, for each Payment Computation Period for each currency in which Products sales to third parties are denominated, the average of the prevailing commercial rate of exchange for purchasing U.S. Dollars with such currency on the last Business Day of each Pfizer accounting period in the relevant Pfizer Quarter as published in The Wall Street Journal), and (b) deducting the amount of any governmental tax, duty, charge or other fee actually paid by Pfizer or its Affiliates in respect of such conversion into and remittance of U.S. dollars. All payments under this Agreement shall bear interest from the date due until paid at a rate equal to the prime rate of Citibank, NA as announced on the date such payment was due plus two percent (2%).

4.04 All payments under this Agreement will be made without any deduction or withholding for or on account of any tax unless such deduction or withholding is required by applicable law or regulations. If the paying party is so required to deduct or withhold such party will (i) promptly notify the other party of such requirement, (ii) pay to the relevant authorities the full amount required to be deducted or withheld promptly upon the earlier of determining that such deduction or withholding is required or receiving notice that such amount has been assessed against the other party, (iii) promptly forward to the other party an official receipt (or certified copy) or other documentation reasonably acceptable to the other party evidencing such payment to the authorities. In case the other party can not take a full credit against its tax liability for the withholding tax deducted or withheld by the paying Party, then such other party may propose a change to the then current arrangement with respect to the flow of moneys under this Agreement in order to reduce or eliminate the extra cost for any party and the parties, with no obligation as to outcome, shall discuss such proposal in good faith.

4.05 Pfizer shall, and shall cause its Affiliates and sublicensees to, keep full and accurate books and records setting forth, on a country-by-country basis, gross sales, Net Sales, the specific deductions in arriving at Net Sales, and royalties payable to Neurocrine. Pfizer

shall permit Neurocrine, at Neurocrine's sole expense (or ACY or DOV at their expense) by independent qualified public accountants employed by Neurocrine (or by ACY or DOV, as the case may be) and acceptable to Pfizer, to examine such books and records at any reasonable time, but not later than five (5) years following the rendering of any such reports, accountings and payments. The foregoing right of ACY and DOV to authorize such examination shall be subject to the good faith legal judgment by counsel to Neurocrine that is legally entitled thereto under the terms of the DOV Sublicense. The foregoing right of review may be exercised only once by Neurocrine with respect to any such periodic report and payment. Such accountants may be required by Pfizer to enter into a reasonably acceptable confidentiality agreement, and in no event shall such accountants disclose to Neurocrine, DOV or ACY any information other than such as relates to the accuracy of reports and payments made or due hereunder. The opinion of said independent accountants regarding such reports, accountings and payments shall be binding on the parties hereto. In the event any payment by Pfizer shall prove to have been incorrect by more than five percent (5%) to Neurocrine's detriment, Pfizer will pay the reasonable fees and costs of the independent auditor(s) for conducting such audit.

4.06 If at any time conditions or legal restrictions exist which conditions or restrictions prevent the prompt remittance of the royalties due hereunder, or if conversion into United States Dollars pursuant to the provisions of Section 4.03 hereof cannot be effectuated, the parties shall cooperate fully with each other and make reasonable efforts to permit such remittance; if such efforts shall be unsuccessful, Pfizer, its Affiliates or sublicensees shall then, as long as such conditions or restrictions shall exist in such countries, pay the royalties in the currency of the country of sale to such person, company or bank in said country, as shall be nominated by Neurocrine.

4.07 In consideration for Pfizer lending or causing one or more of its Affiliates to loan proceeds and make other advances of credit pursuant to the Secured Loan Agreement, dated as of the date hereof, (the "Loan Agreement") by and between Neurocrine and Pfizer, Neurocrine hereby acknowledges and agrees that Pfizer shall, in the event a default shall have occurred and is continuing after any applicable cure period, be entitled, in its absolute and sole discretion, to offset, in part or in full, from time to time, any and all

amounts due and unpaid by Pfizer under this Agreement against any and all amounts due and unpaid under the Loan Agreement.

4.08 In the event the Collaboration Agreement terminates, on a quarterly basis Pfizer shall provide to Neurocrine a report summarizing Pfizer's developmental, regulatory, manufacturing and commercialization activities with respect to the Products. Pfizer also agrees to provide quarterly to Neurocrine the information set forth on Exhibit C hereto.

ARTICLE 5

5. TECHNICAL AND OTHER INFORMATION.

5.01 Promptly following the Effective Date, and thereafter periodically during the term of this Agreement (periodically shall mean, except as otherwise provided in the Collaboration Agreement, at least quarterly), (a) Neurocrine shall provide to Pfizer reports disclosing all Neurocrine Technical Information not previously disclosed (it being understood between the parties that upon completion of the Registration Program (as defined in the Collaboration Agreement) it is unlikely that Neurocrine will conduct any research or development activities with respect to Compound or Products and it is therefore, unlikely that any new Neurocrine Technical Information will arise thereafter), and (b) so long as the Collaboration Agreement shall remain in effect, Pfizer shall provide to Neurocrine reports disclosing all Pfizer Technical Information not previously disclosed. For so long as the Collaboration Agreement is in effect the reports by each party shall be done through reports of the Committees. Each report will be in the format and in the level of detail as shall be agreed between the parties. All Neurocrine Technical Information and Pfizer Technical Information heretofore disclosed by each to the other shall be deemed to have been disclosed pursuant to this Agreement and shall be subject to the provisions of this Agreement, including but not limited to this Section 5.

5.02 Until the earlier of (a) expiration of this Agreement, and (b) if this Agreement is terminated prior to expiration, [***] following such termination, each party shall maintain Confidential Information (as defined in Section 5.03) of the other party in confidence, and shall not disclose, divulge or otherwise communicate such Confidential Information to others or use it for any purpose other than as permitted under this Agreement or in connection with the development, manufacture, marketing, promotion, distribution or sale of the Products pursuant to this Agreement or the Collaboration Agreement, and each party agrees to exercise its reasonable efforts to prevent and restrain the unauthorized disclosure of such Confidential Information by any of its directors, officers, employees, consultants, subcontractors, licensees or agents.

5.03 For purposes of this Article 5, "Confidential Information" means all materials, trade secrets or other information, including without limitation, any data, proprietary information and materials (whether or not patentable, or protectable as a trade secret) regarding a party's technology, Products, business information or objectives, which is disclosed in writing by a party to the other party and which is designated as confidential by the disclosing party. All information disclosed prior to the Effective Date by Neurocrine to Pfizer under or pursuant to the confidentiality agreement between the parties dated February 24, 2002 as amended, shall be deemed "Confidential Information" of Neurocrine. There shall be excluded from the foregoing definition of Confidential Information such information or data which:

(i) was known by the receiving party prior to its date of disclosure to the receiving party as shown by the receiving party's written records; or

(ii) either before or after the date of the disclosure to the receiving party is lawfully disclosed to the receiving party by third parties not in violation of any obligation to the other party; or

(iii) either before or after the date of the disclosure to the receiving party becomes published or generally known to the public through no fault or omission on the part of the receiving party or its Affiliates; or

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(iv) is independently developed by or for the receiving party without reference to or reliance upon the Confidential Information; or

(v) is required to be disclosed by the receiving party to comply with applicable Laws, to defend or prosecute litigation or to comply with governmental regulations, provided that the receiving party provides prior notice of such disclosure to the other party and takes reasonable and lawful actions to avoid and/or minimize the degree of such disclosure.

5.04 PUBLIC ANNOUNCEMENTS.

(a) Coordination. The parties agree on the importance of coordinating their public announcements respecting this Agreement and the subject matter thereof. Neurocrine and Pfizer will, from time to time, and at the request of the other party discuss and agree on the general information content relating to this Agreement and the Collaboration Agreement which may be publicly disclosed.

(b) Announcements. The joint press release announcing the signing of the transactions contemplated by this Agreement and the Collaboration Agreement is attached to the Collaboration Agreement as Schedule 15.14 thereto and will be promptly disseminated following signing.

(c) In addition, Pfizer acknowledges that certain events related to the progress of the collaboration contemplated hereunder and under the Collaboration Agreement may be material to Neurocrine and therefore the parties agree to make public disclosures, whether by press release or publication, regarding the fact of the completion of Phase III Product Studies and top line data therefrom, the filing of an NDA, the First Approval with respect to the IR Product and the MR Product, and the occurrence of any serious adverse events. These releases may be Neurocrine releases or joint Neurocrine/ Pfizer releases at Pfizer's option, and the parties agree to jointly draft and will agree on the content of such disclosure. Except as otherwise provided in this Section 5.04, neither party will make any public announcement regarding this Agreement and/or the collaboration (other

than the peer-reviewed publications which are subject to the publication provisions set forth in Section 11.3 of the Collaboration Agreement).

Notwithstanding the foregoing, a party may make any disclosure where in such party's reasonable legal opinion it is required by applicable Law or applicable stock exchange regulation or order or other ruling of a competent court, provided that prior to such disclosure, the disclosing party shall use reasonable efforts to notify the other party prior to making such disclosure, and will provide the other party with an opportunity to review and comment prior to release provided the disclosing party shall not be required to delay any such disclosure by more than forty-eight (48) hours to receive and discuss comments, so long as the disclosing party has provided to the other party as much advance notice as is reasonably practicable under the circumstances. Each party agrees that it shall reasonably cooperate with the other with respect to all disclosures regarding this Agreement to the Securities Exchange Commission and any other governmental or regulatory agencies, including requests for confidential treatment of proprietary information of either party included in any such disclosure.

5.05 The confidentiality obligations of the parties under this Section 5 shall be applicable to such parties, as well as their respective Affiliates, employees, directors, agents, independent contractors and consultants.

ARTICLE 6

6. PATENTS.

6.01 Neurocrine and Pfizer shall cooperate in connection with the continued prosecution and maintenance by Neurocrine of the Neurocrine Patent Rights listed on Exhibit B [***]. Pfizer shall pay all reasonable and customary expenses, including all reasonable fees for patent counsel, incurred by Neurocrine in connection with annuities and other routine maintenance for Neurocrine Patent Rights in the Territory. Neurocrine shall not abandon any Neurocrine Patent Rights without at least ninety (90) days' prior notice of such abandonment to Pfizer. If

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Neurocrine decides to abandon a Neurocrine Patent, Pfizer shall have the option to obtain ownership of such Neurocrine Patent and related applications free of charge and to continue the prosecution and maintenance of such Neurocrine Patent and related applications in its own name and at its expense. If Pfizer desires that Neurocrine file any application for a patent in specific countries other than those enumerated in Exhibit B hereto, or file any patent applications on improvements and variations upon inventions disclosed in the Neurocrine Patent Rights or otherwise relating to the Compound or the Products, Pfizer shall advise Neurocrine of such countries or improvements, variations or inventions, as the case may be. Neurocrine shall thereupon file patent applications as requested, and Pfizer shall pay reasonable expenses, including reasonable fees for patent counsel, for filing and prosecuting such requested patent applications. Pfizer shall have reasonable access to all documentation, filings and communications to or from the respective patent offices and shall be kept fully advised as to the status of all pending applications to the extent pertaining to the Compound or any Products. Neurocrine, its agents and attorneys will give due consideration to all suggestions and comments of Pfizer regarding any aspect of such patent prosecutions. In addition, Neurocrine shall take all necessary steps and pay all expenses necessary to maintain for the full life thereof all Neurocrine Patent Rights, except that Pfizer shall pay expenses as provided above. [***].

6.02 If Pfizer (a) reasonably determines in good faith with respect to any country in the Territory that, in order to avoid infringement of any patent not licensed hereunder, it is reasonably necessary to obtain a license in order to make, use, sell, offer for sale or import IR or MR Product and to pay a royalty or other payment under such license (including, without limitation, in connection with settlement of a patent infringement claim), or (b) shall be subject to a final court or other binding order or ruling requiring the payment of a royalty or other payment to a third party patent holder in respect of sales of any Product, then the amount of Pfizer's royalty payments under Section 3.02 with respect to Net Sales in such country shall be reduced by the lesser of (i) [***] of the amount of the royalty paid under such other license or (ii) [***] of the sum of the amounts payable by Pfizer under Section 3.02(a) hereof and Section 8.2(a) of the Collaboration Agreement

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with respect to each such country, provided, however, in no event shall royalty reduction under this Section 6.02, when aggregated with any reduction in royalties due to Section 3.02(b), result in Pfizer paying royalties under Section 3.02(a)(i) and Section 8.2 (a) of the Collaboration Agreement of less than [***] in the United States, and royalties under Section 3.02(a) (ii) or (iii), as applicable, of less than [***] when Generic Competition exists or [***] when no Generic Competition exists, in each case with respect to all other countries in the Territory.

6.03 If any third party shall in the reasonable opinion of either party, within any country in the Territory, infringe any Neurocrine Patent Rights, the party learning of such infringement shall promptly notify the other party and provide it with any available evidence of such possible infringement. Pfizer shall have the exclusive right to bring suit and to take action against any infringer of the Neurocrine Patents in its own name, or in the name of Neurocrine where necessary, in which case Pfizer shall control the prosecution of any such suit or claim, including without limitation the choice of counsel, and shall have the exclusive right to settle or dispose of any such suit or claim. In this connection it is understood, without limitation, that Pfizer shall have the unlimited right, with prior consultation with Neurocrine, to commence an action for infringement of any Neurocrine Patent within the forty-five (45) day period described in Act (as defined in the Collaboration Agreement) against any applicant for approval to sell a drug product in the United States which applicant makes a certification, of the type referred to in section 505 (b) of the Act, to the effect that any Neurocrine Patent is invalid or not infringed by the drug product for which such applicant is seeking approval. Neurocrine shall, at Pfizer's request, take all action reasonably necessary to assist in any such suit, including joining as a party. In the event Pfizer shall exercise its right to bring suit against any such infringer, Pfizer shall bear the entire costs of such suit; provided, however, that if Neurocrine is a party to any such suit and decides to be represented by its own counsel, it shall be responsible for the fees of such counsel. The proceeds of any recovery, court award or settlement of such action shall first be applied to reimburse the parties for the costs and expenses of such prosecution and the balance shall be paid [***].

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6.04 In case any actions, claims, demands, suits or other legal proceedings ("Patent Claims") are brought or threatened to be brought against Pfizer by a third party for infringement of such third party's patent(s) relating to Product by virtue of Pfizer's manufacture, use, sale or offer for sale of the Product hereunder, Pfizer shall notify Neurocrine forthwith of the threat or existence of such actions with sufficient evidence thereof, to enable the parties to prepare an appropriate defense strategy. The parties shall consult together as to the action to be taken and as to how the defense will be handled. Each party shall be entitled to participate in the defense of Patent Claims and to be represented in such matters by counsel of its choice. Each party shall be responsible for the fees of its counsel. Subject to the other terms of this Section 6.04, Pfizer shall have the right to manage the defense of Patent Claims consistent with this Article 6.

ARTICLE 7

7. REPRESENTATIONS, WARRANTIES AND COVENANTS.

7.01 Neurocrine Representations and Warranties. Neurocrine hereby represents and warrants, as of the date hereof, to Pfizer as follows:

(a) To Neurocrine's knowledge and except as disclosed to Pfizer in Exhibit B, the issued patents encompassed within Neurocrine's Patent Rights are valid and enforceable patents, no third party is infringing any such patents and the manufacture, use, sale, offer for sale or importation by Pfizer or Neurocrine of Compound or Product does not and will not infringe any issued patents of third parties, or patent applications which would, if issued, infringe the rights of any third party. Neurocrine has furnished to Pfizer all material information in its possession requested by Pfizer as to the foregoing. Except as listed on Exhibit B [***] of all Neurocrine Patent Rights and all Neurocrine Technical Information, and no other person, firm, corporation or other entity has any right, interest or claim in or to, and Neurocrine has not entered into any agreement granting any right, interest or claim in or to, the Neurocrine Patent Rights or Neurocrine Technical Information

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[***]. Exhibit E contains a complete list of all agreements presently in effect in connection with the development and manufacture of Products. Exhibit B contains a complete and correct list of all patents and patent applications in the Territory owned by or licensed to Neurocrine or any of its Affiliates (and indicating which are owned and which are licensed) relating to the manufacture, use, sale, offer for sale or importation of the Compound or any Product. Neurocrine or its Affiliates own or possess adequate licenses or other valid rights to use all patents, patent rights and know-how (collectively, "Intellectual Property") reasonably believed by Neurocrine as necessary to manufacture the Products in the Territory, and to distribute, use and sell the Products in the Territory, all free of any lien, encumbrance, liability or other restriction [***].

(b) Neurocrine has heretofore disclosed to Pfizer all material information, known to it or its Affiliates, with respect to (i) the safety or efficacy of the Compound or the Product or (ii) [***].

(c) Neurocrine has the corporate power and authority to execute and deliver this Agreement, the Collaboration Agreement and [***] and to perform its obligations hereunder and thereunder, and the execution, delivery and performance of this Agreement, the Collaboration Agreement and [***] by Neurocrine have been duly and validly authorized and approved by proper corporate action on the part of Neurocrine, and Neurocrine has taken all other action required by law, its certificate of incorporation or by-laws or any agreement to which it is a party or to which it may be subject required to authorize such execution, delivery and performance (other than compliance with all applicable requirements of the HSR Act). Assuming due authorization, execution and delivery on the part of Pfizer [***], each of this Agreement and the Collaboration Agreement and [***] constitutes a legal, valid and binding obligation of Neurocrine, enforceable against Neurocrine in accordance with its

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respective terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium and similar laws relating to or affecting creditors generally or by general equitable principles (regardless of whether such enforceability is considered in a proceeding in equity or at law).

(d) The execution and delivery of this Agreement, the Collaboration Agreement and [***] by Neurocrine and the performance by Neurocrine contemplated hereunder and thereunder will not violate any ordinance, law, decree or government regulation or any order of any court or other governmental department, authority, agency or instrumentality therein.

(e) Except for filings pursuant to the HSR Act, neither the execution and delivery of this Agreement or the Collaboration Agreement or [***] nor the performance hereof or thereof by Neurocrine requires Neurocrine to obtain any permits, authorizations or consents from any governmental body or from any other person, firm or corporation, and such execution, delivery and performance will not result in the breach of or give rise to any termination of any agreement or contract to which (i) Neurocrine may be a party which relates to the Neurocrine Patent Rights, Neurocrine Technical Information, the Compound or the Product or (ii) [***] which relates to the Neurocrine Patent Rights, Neurocrine Technical Information, the Compound or the Product.

(f) There is no action, claim, demand, suit, proceeding, arbitration, grievance, citation, summons, subpoena, inquiry or investigation of any nature, civil, criminal, regulatory or otherwise, in law or in equity, pending or relating to or, to Neurocrine's knowledge, threatened against Neurocrine, or, to Neurocrine's knowledge, any action, claim, demand, suit, proceeding, arbitration, grievance, citation, summons, subpoena, inquiry or investigation of any nature, civil, criminal, regulatory or otherwise, in law or equity, pending or relating to or threatened [***], in each case in connection with the Compound, the Product or any Neurocrine Patent Rights or

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Neurocrine Technical Information or against or relating to the transactions contemplated by this Agreement or the Collaboration Agreement.

(g) [***], there are no agreements to which Neurocrine or any of its Affiliates is a party pursuant to which Neurocrine or any of its Affiliates has a license, or an option to obtain a license, or holds an immunity from suit, with respect to patents which (i) are pending, applied for, granted or registered, and (ii) but for Neurocrine's rights under such agreements, could be asserted by third parties to be infringed by the manufacture, distribution, use, sale, offer for sale or importation of the Products in the Territory. Neurocrine has previously disclosed and provided complete copies to Pfizer of all of Neurocrine's agreements with any third parties regarding supply and manufacture of all goods and services relating to the Compound and the Products, none of which have been modified, supplemented or amended.

(h) [***].

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(i) Exhibit E sets forth all sources of funding, grants or loans Neurocrine has received and, [***] in connection with the discovery, research and development of the Compound and any Product.

(j) Exhibit F sets forth a complete and accurate listing of all pre-clinical and clinical studies, together with the dates and brief descriptions of such studies, previously or currently undertaken or sponsored by Neurocrine, [***] and their respective Affiliates and by any third-party investigator with any contact with Neurocrine, [***], data and reports relating to which true and complete copies have been previously provided to Pfizer. Neurocrine has heretofore disclosed to Pfizer all material correspondence and contact information between Neurocrine and the FDA and other Regulatory Authorities regarding the Compound and the Products, [***] and FDA and other Regulatory Authorities relating thereto.

(k) No person owns fifty percent (50%) or more of the voting securities of Neurocrine. Neurocrine has no subsidiaries other than subsidiaries whose financial statements are reported on a consolidated basis with Neurocrine.

For purposes of this Section 7.01, "to Neurocrine's knowledge" shall mean to Neurocrine's knowledge after reasonable due inquiry.

7.02 Pfizer Representations and Warranties. Pfizer hereby represents and warrants, as of the date hereof, to Neurocrine as follows:

(a) Pfizer has the corporate power and authority to execute and deliver this Agreement and the Collaboration Agreement and to perform its obligations hereunder and thereunder, and the execution, delivery and performance of this Agreement and the Collaboration Agreement by Pfizer have been duly and validly authorized and approved by proper corporate action on the part of Pfizer, and Pfizer has taken all

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other action required by law, its certificate of incorporation or by-laws or any agreement to which it is a party or to which it may be subject required to authorize such execution, delivery and performance (other than compliance with all applicable requirements of the HSR Act). Assuming due authorization, execution and delivery on the part of Neurocrine, each of this Agreement and the Collaboration Agreement constitutes a legal, valid and binding obligation of Pfizer, enforceable against Pfizer in accordance with its respective terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium and similar laws relating to or affecting creditors generally or by general equitable principles (regardless of whether such enforceability is considered in a proceeding in equity or at law).

(b) The execution and delivery of this Agreement and the Collaboration Agreement and the performance by Pfizer contemplated hereunder and thereunder will not violate (subject to obtaining appropriate governmental health, pricing and reimbursement approvals) any state, federal or other statute or regulation or any order of any court or other governmental department, authority, agency or instrumentality therein.

(c) There is no action, claim, demand, suit, proceeding, arbitration, grievance, citation, summons, subpoena, inquiry or investigation of any nature, civil, criminal, regulatory or otherwise, in law or in equity, pending or relating to or, to the knowledge of Pfizer, threatened against Pfizer in connection with or relating to the transactions contemplated by this Agreement or the Collaboration Agreement, and assuming the accuracy of the representations and warranties of Neurocrine contained herein Pfizer is unaware and has no reason to be aware of any basis for the foregoing.

(d) Except for filings pursuant to the HSR Act, neither the execution and delivery of this Agreement or the Collaboration Agreement nor the performance hereof or thereof by Pfizer requires Pfizer to obtain any permits, authorizations or consents from any governmental body, (subject to obtaining all necessary governmental

approvals with respect to the manufacture, use, sale, offer for sale or importation of the Product) or from any other person, firm or corporation and such execution, delivery and performance will not result in the breach of or give rise to any termination of any agreement or contract to which Pfizer may be a party, except that may reasonably be expected to adversely affect the ability to perform its obligations under this Agreement.

7.03 Covenants.

(a) Neurocrine covenants and agrees with Pfizer that Neurocrine shall maintain the [***] in good standing and shall not take any actions (or omit or fail to take any actions) which would result in a [***]. Neurocrine agrees that (i) it shall not amend, modify or supplement the [***] or (ii) agree to or consent to any amendment, modification or supplement to the [***], in such case without the consent of Pfizer. In addition, Neurocrine shall not sell, assign, convey, pledge, hypothecate or otherwise transfer the [***] or Neurocrine's rights or obligations thereunder, or otherwise make any commitments in a manner that conflicts with Pfizer's rights hereunder without the consent of Pfizer. Neurocrine shall immediately notify Pfizer upon receipt by Neurocrine or its Affiliates of any notice from [***], or otherwise take any action which may affect Pfizer's rights under this Agreement.

(b) Pfizer agrees to cooperate with Neurocrine in connection with Neurocrine's [***] and will provide what NBI reasonably believes is required, provided, however, Pfizer shall have no obligations or liabilities under the [***].

(c) Pfizer covenants and agrees that it will use Commercially Reasonable Efforts to develop and commercialize the Product in the Territory, subject to the provisions of the Collaboration Agreement.

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ARTICLE 8

8. TERM. Subject to Section 9.01, this Agreement shall be effective as of the Effective Date and shall remain in effect for so long as Pfizer is obligated to make payments under Section 3 hereof, unless earlier terminated as provided herein.

ARTICLE 9

9. EFFECTIVENESS AND TERMINATION.

9.01 Effectiveness.

(a) Notwithstanding to the contrary any of the provisions of this Agreement but subject to Section 9.01(b) below, this Agreement shall only become effective upon the Effective Date, and prior to the Effective Date neither Neurocrine nor Pfizer shall have any rights or obligations hereunder.

(b) Effective immediately as of the date first written above, Neurocrine covenants and agrees that it will not negotiate, engage in or otherwise enter into any one or more transactions involving (i) any sale or grant of any rights to any Neurocrine Patent Rights or Neurocrine Technical Information (including without limitation any licenses or sublicenses), or (ii) any joint venture, co-promotion or similar relationship involving any Neurocrine Patent Rights or Neurocrine Technical Information. Effective immediately as of the date first written above, each of Pfizer and Neurocrine covenant and agree that Article 11 shall be in full force and effect. The parties understand and agree that the obligations set forth in this Section 9.01(b) shall terminate on the 90th day following the date of this Agreement if, but only, if the Effective Date has not occurred on or before such 90th day (other than liability with respect to any breaches prior to such 90th day under this Section 9.01(b) which shall survive such termination).

9.02 Termination For Breach.

(a) (i) If either Pfizer or Neurocrine materially breaches or materially defaults in the performance or observance of any of the provisions of this Agreement, and such material breach or material default is not cured within ninety (90) days or, in the case of failure to pay any amounts due hereunder sixty (60) days, after the giving of notice by the other party specifying such breach or default, the other party shall have the right to terminate this Agreement in full upon a further thirty (30) days' notice.

(ii) If Pfizer terminates all of its development activities for a period of six (6) months or longer in the US Territory at any time after it has the final decision making authority with respect to the Development Program (other than for regulatory restraints) and [***].

(iii) If Pfizer terminates the Development Program with respect to any country in the ROW Territory or otherwise fails to conduct any development activities directed to any such country, [***], Pfizer will thereafter have six (6) months [***]. If Pfizer fails within thirty (30) days to notify Neurocrine [***], Neurocrine shall have the right to terminate this Agreement with respect to such country effective upon thirty (30) days notice.

(b) For purposes of this Agreement, materiality in all cases shall be considered in the context of this Agreement and the Collaboration Agreement taken as a whole; provided, however, no party shall be deemed to be in material breach or material

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default if its actions or omissions primarily resulted from: (i) compliance with any specific unanimous decision of a committee or subcommittee under the Collaboration Agreement, or (ii) compliance with any directive by the non-defaulting party for a matter in which the non-defaulting party or any of its designees, representatives or employees have exercised sole or final decision making authority under the Collaboration Agreement, or (iii) compliance with the express terms of this Agreement or the Collaboration Agreement, or (iv) to the extent Pfizer uses efforts in substantial conformity with Commercially Reasonable Efforts or Neurocrine uses efforts in substantial conformity with commercially reasonable efforts consistent with Section 2.12 of the Collaboration Agreement. A material breach or material default in the performance of any of the provisions of this Agreement shall include a material inaccuracy in any representation or warranty contained herein.

(c) Upon the giving of any notice of default under Section 9.02(a), the parties will in good faith meet to see if a plan to remedy the alleged breach or default can be mutually agreed.

(d) Upon any termination under this Section 9.02, the provisions of Section 9.05 shall apply.

9.03 Other Termination.

(a) Upon one hundred and eighty (180) days prior notice to Neurocrine, Pfizer shall have the right at any time, without cause at Pfizer's sole discretion, to terminate in full this Agreement, whereupon this Agreement together with the Collaboration Agreement (if still in effect) shall terminate one hundred and eighty (180) days after the date of such notice.

(b) This Agreement shall terminate following any termination by Pfizer of the Collaboration Agreement, except this Agreement shall not terminate if Pfizer terminates the Collaboration Agreement due to the events described under Sections

13.5 or 13.7 thereunder or upon a Change in Control (as defined in the Collaboration Agreement).

(c) Upon one hundred and eighty (180) days prior notice to Neurocrine, Pfizer shall have the right at any time or times, without cause at its sole discretion, to terminate the licenses granted hereunder by Neurocrine on a country-by-country basis other than with respect to the United States and Japan. Upon a termination of licenses in any country, the provisions of Section 9.05 shall apply with respect to such country terminated.

(d) This Agreement shall automatically terminate upon termination by Neurocrine of the Collaboration Agreement pursuant to Section 13.2(a) thereof or pursuant to the first sentence of Section 13.2(b) thereof with respect to the US Territory.

(e) Upon any termination of this Agreement pursuant to this Section 9.03, the provisions of Section 9.05 shall apply.

9.04 Bankruptcy. Each party may, in addition to any other remedies available to it by law or in equity, exercise the rights set forth below by written notice to the other party (the "Insolvent Party"), in the event the Insolvent Party shall have become insolvent or bankrupt, or shall have made a general assignment for the benefit of its creditors, or there shall have been appointed a trustee or receiver of the Insolvent Party or for all or a substantial part of its property, or any case or proceeding shall have been commenced or other action taken by or against the Insolvent Party in bankruptcy or seeking reorganization, liquidation, dissolution, winding-up arrangement, composition or readjustment of its debts or any other relief under any bankruptcy, insolvency, reorganization or other similar act or law of any jurisdiction now or hereafter in effect, and any such event shall have continued for sixty (60) days undismissed, unbonded and undischarged. All rights and licenses granted under or pursuant to this Agreement by Neurocrine and Pfizer are, and shall otherwise be deemed to be, for purposes of Section 365(n) of the U.S. Bankruptcy Code, licenses of rights to "intellectual property" as defined under Section 101 of the U.S. Bankruptcy Code. The parties agree that the parties as licensees of such rights under this Agreement shall retain and may fully exercise all of

their rights and elections under the U.S. Bankruptcy Code. The parties further agree that, in the event of the commencement of a bankruptcy proceeding by or against either party under the U.S. Bankruptcy Code, the other party shall be entitled to a complete duplicate of (or complete access to, as appropriate) any such intellectual property and all embodiments of such intellectual property, and same, if not already in the their possession, shall be promptly delivered to them (i) upon any such commencement of a bankruptcy proceeding upon its written request therefore, unless the party subject to such proceeding elects to continue to perform all of their obligations under this Agreement or (ii) if not delivered under (i) above, upon the rejection of this Agreement by or on behalf of the party subject to such proceeding upon written request therefore by the other party. In the event Neurocrine shall be an Insolvent Party, Pfizer may retain the licenses set forth herein subject to the payment of all milestones, license fees, royalties and other payments or reimbursements set forth herein subject to Section 13.8 of the Collaboration Agreement and Section 9.07 below.

9.05 Termination of Pfizer. In the event that this Agreement is terminated in accordance with Sections 9.02 or 9.03, on a country-by-country basis:

(a) All licenses granted by Neurocrine to Pfizer in this Agreement will revert to Neurocrine;

(b) Pfizer will pay to Neurocrine such amounts required to complete any on-going Product Studies (including the Registration Program Product Studies) plus any non-cancelable obligations with respect to future Product Studies approved by a Committee;

(c) Pfizer will provide to Neurocrine, at no cost to Neurocrine, all remaining clinical quantities of Product supplies and all remaining commercial quantities of Product (including intermediates and work in progress);

(d) Pfizer will disclose to Neurocrine all Pfizer Technical Information generated prior to the date of termination of this Agreement not previously disclosed to Neurocrine;

(e) Pfizer will assign to Neurocrine all filings with Governmental Authorities relating to Products worldwide;

(f) Pfizer will grant to Neurocrine a perpetual, irrevocable, non-exclusive, royalty-free, fully-paid, license under any Pfizer Technical Information and Pfizer Trademarks, together with any Patent Rights owned by Pfizer and used in connection with the research, development, manufacture, use and sale of the Products;

(g) Pfizer will provide to Neurocrine any other assignable contracts relating to the Products, reasonably required to allow Neurocrine to continue the research and development of Products with no delay, provided Pfizer shall have no continuing liability or obligation thereunder.

9.06 Divestiture by Pfizer.

(a) If in connection with any proposed acquisition or merger or inquiry of a Governmental Authority, Pfizer determines that in order to facilitate clearance or obtain approval from any Governmental Authority with responsibility for enforcing antitrust or competition Laws regarding such acquisition or merger or inquiry, it would be advisable, in Pfizer's business judgement, to assign or sublicense or otherwise transfer (any such assignment, sublicense or transfer, a "Divestiture Transaction") Pfizer's rights and obligations under this Agreement to any third party, Pfizer shall notify Neurocrine thereof ("Notice of Divestiture"). The Notice of Divestiture shall not be required to disclose any details of any such proposed Divestiture Transaction.

(b) [***].

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9.07 Survival of Obligations. Notwithstanding any termination of this Agreement, (a) neither party shall be relieved of any obligations incurred prior to such termination, including the payment obligations, and (b) the obligations of the parties with respect to (I) the protection and nondisclosure of Confidential Information (Article 5) and Indemnification (Article 10) shall survive termination of this Agreement, and (II) each other Section or schedule of this Agreement which is expressed to survive termination or which is required to give effect to such termination or the consequences of such termination shall survive termination, and (c) subject to Section 10.04(c)(vi) and Section 10.06, termination of this Agreement shall not release either party from any obligation or liability which shall have accrued at the time of termination or preclude either party from pursuing all rights at law and in equity with respect to any default under this Agreement, and (d) unless this Agreement expressly provides that termination shall be the sole and exclusive remedy for a particular breach hereof, either party's right to commence an action, suit or other proceeding claiming breach of this Agreement by the other party shall survive termination. Upon a termination of this Agreement by Pfizer, Neurocrine shall promptly return to Pfizer all written Confidential Information previously disclosed by Pfizer, and all copies thereof. Upon any other termination of this Agreement, each party shall promptly return to the other party all

written Confidential Information, and all copies thereof, of such other party, except as specifically provided in this Agreement.

ARTICLE 10

10. INDEMNIFICATION.

10.01 Pfizer. Subject to the terms and conditions of this Agreement, Pfizer will indemnify, defend and hold harmless Neurocrine and its Affiliates, (each, a "Neurocrine Indemnified Party") from and against any and all Liability (as defined below) which:

(a) is incurred, suffered or sustained by a Neurocrine Indemnified Party or to which a Neurocrine Indemnified Party becomes subject (whether or not in connection with any claim by any Third Party (as defined in Section 10.05 below)), arising out of or resulting from (i) any misrepresentation or breach of any representation or warranty made by Pfizer in this Agreement or the Collaboration Agreement, or (ii) any breach of any of the covenants or agreements of Pfizer in this Agreement or the Collaboration Agreement; and/or

(b) the Neurocrine Indemnified Party may be required to pay to one or more Third Parties resulting from or arising out of any claims of any nature (i) solely in connection with the Supplemental Program (including without limitation any Product Liability related thereto) or (ii) directly resulting from Pfizer's failure to manufacture, or to cause third parties to manufacture, Products in accordance with the then-existing Specifications as determined in accordance with the terms of the Collaboration Agreement but in the case of this clause (ii) only to the extent [***] (collectively, the Liabilities described in this Section 10.01(b) are referred to as the "Pfizer Liability").

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[***]

10.02 Indemnification by Neurocrine. Subject to the terms and conditions of this Agreement, Neurocrine will indemnify, defend and hold harmless Pfizer and its Affiliates (each, a "Pfizer Indemnified Party") from and against any and all Liability which:

(a) is incurred, suffered or sustained by a Pfizer Indemnified Party or to which a Pfizer Indemnified Party becomes subject (whether or not in connection with any claim by any Third Party), arising out of or resulting from (i) any misrepresentation or breach of any representation or warranty made by Neurocrine in this Agreement or the Collaboration Agreement, or (ii) any breach of any of the covenants or agreements of Neurocrine in this Agreement or the Collaboration Agreement; and/or

(b) the Pfizer Indemnified Party may be required to pay to one or more Third Parties arising out of any claims of any nature: (i) solely in connection with Neurocrine's development of the Product prior to the Effective Date and the Registration Program (including without limitation any Product Liability related thereto) or (ii) directly resulting from Neurocrine's failure to manufacture, or to cause third parties to manufacture, Products in accordance with the then-existing Specifications as determined in accordance with the terms of the Collaboration Agreement but in the case of this clause (ii) only to the extent (***) (collectively, the Liabilities described in this Section 10.02(b) are referred to as the "Neurocrine Liability").

[***].

[***].

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Notwithstanding anything to the contrary contained herein, Pfizer shall be entitled, at all times, to avail itself of the right to obtain specific performance and other injunctive relief in relation to all matters under this Agreement and/or the Collaboration Agreement [***]. In connection with any litigation referenced in this paragraph, Neurocrine hereby agrees to waive all defenses involving laches and statutes of limitations. [***].

[***].

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[***]:

(i) [***].

(ii) [***].

10.03 Definitions of Liability and Product Liability. For purposes of this Agreement, "Liability" shall mean, subject to Section 10.06, any and all (a) claims, losses, liabilities, damages, fines, royalties, governmental penalties or punitive damages, deficiencies, interest, awards, and judgements, and (b) with respect to third parties, settlement amounts and all of the items referred to in clause (a) above which, in accordance with Section 10.06, include special, indirect, incidental and consequential damages (including without limitation lost profits), and (c) in connection with all of the items referred in clauses (a) and (b) above, any and all costs and expenses (including reasonable attorneys' fees and all other expenses reasonably incurred in investigating, preparing or defending any litigation or proceeding, commenced or threatened). For purposes of this Agreement, "Product Liability" shall mean any and all Liability and claims of Third Parties relating to any actual or alleged death or bodily injury caused or allegedly caused by the use of the Products; it being understood and agreed that all Liability as and to the extent referenced in Section 10.01 or Section 10.02 or breaches of any representations or warranties in this Agreement or the Collaboration Agreement shall be excluded from the definition of

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"Product Liability" as used herein, except with respect to Product Liability as specifically provided in Sections 10.01(b)(i) and 10.02(b)(i).

10.04 Co-Indemnity and Neurocrine Contractual Indemnity.

(a) Product Liability.

(i) Notwithstanding anything to the contrary contained herein (except with respect to Product Liability as specifically provided in Sections 10.01(b)(i) and 10.02(b)(i)), the Parties understand and agree that all indemnification obligations for Product Liability shall be governed by the provisions of this Section 10.04 (but not be governed by the provisions of either Sections 10.01 or 10.02).

(ii) Subject to the timing of payments as provided in Section 10.04(c) below and the provisions of this sentence, Neurocrine shall indemnify, defend and hold the Pfizer Indemnified Parties harmless under the terms hereof from and against [***] of the amount of any and all Product Liability as and when such Product Liability arises on and after the Effective Date, and Pfizer shall indemnify, defend and hold Neurocrine Indemnified Parties harmless under the terms hereof from and against [***] of the amount of any and all of such Product Liability as and when such Product Liability arises on and after the Effective Date; it being understood and agreed that (X) the purpose of the provisions of this sentence is that Neurocrine and Pfizer shall pay for and otherwise share the cost of all Product Liability [***] and [***], respectively, and (Y) in the event of any termination in full of Co-Promotion activities by Neurocrine under the Collaboration Agreement, Pfizer shall indemnify, defend and hold Neurocrine Indemnified Parties harmless under the terms hereof from and against [***] of the amount of any and all of any Product Liability directly resulting from Products sold after the date of termination in full of Co-Promotion activities by Neurocrine as and when

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such Product Liability arises, and (Z) in the event of any termination of the Collaboration Agreement where, as a result, this Agreement terminates, Neurocrine shall indemnify, defend and hold Pfizer Indemnified Parties harmless under the terms hereof from and against [***] of the amount of any and all of any Product Liability directly resulting from Products sold after the date of termination of this Agreement by or on behalf of or under the authority of Neurocrine as and when such Product Liability arises.

(iii) For purposes of this Agreement, Pfizer shall be entitled to become the "Indemnifying Party" as that term is used in Section 10.05 and therefore Pfizer shall have full control of any such claim from a Third Party involving Product Liability as contemplated in Section 10.05 (other than in respect of circumstances where Section 10.04(a)(ii)(Z) shall apply) so long as the Litigation Conditions are satisfied.

(b) IP Liability.

(i) Notwithstanding anything to the contrary contained herein, the Parties understand and agree that all indemnification obligations for IP Liability shall be governed by the provisions of this Section 10.04 (but not be governed by the provisions of either Sections 10.01 or 10.02).

(ii) Subject to the timing of payments as provided in Section 10.04(c) below and the provisions of this sentence, Neurocrine shall indemnify, defend and hold the Pfizer Indemnified Parties harmless under the terms hereof from and against [***] of the amount of any and all IP Liability as and when such IP Liability arises, and Pfizer shall indemnify, defend and hold Neurocrine Indemnified Parties harmless under the terms hereof from and against [***] of the amount of any and all of such IP Liability as and when such IP Liability arises; it being understood and agreed that (X) the purpose of the provisions of this sentence is that Neurocrine and Pfizer shall pay for and otherwise share the cost of all IP

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Liability [***] and [***], respectively, and (Y) in the event of any termination in full of Co-Promotion activities by Neurocrine under the Collaboration Agreement, Pfizer shall indemnify, defend and hold Neurocrine Indemnified Parties harmless under the terms hereof from and against [***] of the amount of any and all of any IP Liability directly resulting from Products sold after the date of termination in full of Co-Promotion activities by Neurocrine as and when such IP Liability arises, and (Z) in the event of any termination of the Collaboration Agreement where, as a result, this Agreement terminates, Neurocrine shall indemnify, defend and hold Pfizer Indemnified Parties harmless under the terms hereof from and against [***] of the amount of any and all of any IP Liability directly resulting from Products sold after the date of termination of the Collaboration Agreement by or on behalf of or under the authority of Neurocrine as and when such IP Liability arises.

(iii) For purposes of this Agreement, Pfizer shall be entitled to become the "Indemnifying Party" as that term is used in Section 10.05 and therefore Pfizer shall have full control of any such claim from a Third Party involving IP Liability as contemplated in Section 10.05 (other than in respect of circumstances where Section 10.04(b)(ii)(Z) shall apply) so long as the Litigation Conditions are satisfied.

(c) [***]:

(i) [***].

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(ii) [***].

(iii) [***].

*** Certain information on this page has been omitted and filed separately with the Commission. Confidential treatment has been requested with respect to the omitted portions.

(iv) [***].

(v) [***].

(vi) [***].

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(vii) [***].

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10.05 Indemnification Procedure.

(a) A party seeking indemnification pursuant to Article 10 (an "Indemnified Party") shall give prompt notice to the party from whom such indemnification is sought (the "Indemnifying Party") of the commencement or assertion of any claim from any unaffiliated third party (a "Third Party") (which in no event includes any claims by any Pfizer Indemnified Party or any Neurocrine Indemnified Party) in respect of which indemnity may be sought hereunder, shall give the Indemnifying Party such information with respect thereto as the Indemnifying Party may reasonably request, and shall not make any admission concerning such claim from a Third Party, unless such admission is required by applicable Law or legal process, including in response to questions presented in depositions or interrogatories. Any admission made by the Indemnified Party, except for an admission required by applicable Law or legal process, or the failure to give such notice shall relieve the Indemnifying Party of any liability hereunder only to the extent that the ability of the Indemnifying Party to defend such claim from a Third Party is prejudiced thereby. The Indemnifying Party shall have the right, exercisable by written notice to the Indemnified Party within thirty (30) days of receipt of notice from the Indemnified Party of the commencement or assertion of a claim from a Third Party, to assume and conduct the defense of such claim from a Third Party, with counsel selected by the Indemnifying Party and reasonably acceptable to the Indemnified Party, provided that (i) other than with respect to claims for Product Liability and IP Liability for which Pfizer has assumed the defense as provided herein (which shall not include Product Liability as set forth in Section 10.02), the claim from a Third Party does not seek (and continues not to seek) specific performance of the Indemnified Party; and (ii) the Indemnifying Party expressly agrees in writing that as between the Indemnifying Party and the Indemnified Party, the Indemnifying Party shall be solely obligated to satisfy and discharge the claim from a Third Party in full, subject to Section 10.04 (where Pfizer only shall be responsible for Product Liability and IP Liability as provided herein). (The conditions set forth above are collectively referred to as the "Litigation Conditions"). Subject to the initial and continuing satisfaction in full

of the Litigation Conditions and the terms and conditions of Article 10, the Indemnifying Party shall have full control of such claim from a Third Party, including settlement negotiations and any legal proceedings. If the Indemnifying Party does not assume the defense of such claim from a Third Party in accordance with this Section 10.05 or the Litigation Conditions are not at any time then satisfied in full, the Indemnified Party may defend the claim from a Third Party.

(b) The Indemnifying Party or the Indemnified Party, as the case may be, shall have the right to participate in (but not control), at its own expense (subject to the immediately succeeding sentence), the defense of any claim from a Third Party which the other is defending as provided in this Agreement. The Indemnifying Party shall not be liable for any litigation costs or expenses incurred, without its consent, by the Indemnified Party where the action or proceeding is under the control of the Indemnifying Party and the Indemnifying Party is conducting such defense diligently; provided, however, that if (i) the Litigation Conditions have not been met or cease to be met in full, or (ii) the Indemnifying Party fails in any material way to take reasonable steps necessary to defend diligently such claim from a Third Party, the Indemnified Party may assume its own defense, and the Indemnifying Party will be liable for all reasonable costs or expenses paid or incurred in connection therewith.

(c) The Indemnifying Party, if it shall have assumed the defense of any claim from a Third Party as provided in this Agreement, shall not consent to a settlement of, or the entry of any judgment arising from, any such claim from a Third Party to the extent such claim from a Third Party involves equitable or other non-monetary relief from the Indemnified Party. No party shall, without the prior written consent of the other parties, enter into any compromise or settlement which commits the other parties to take, or to forbear to take, any action.

(d) Whether or not the Indemnifying Party chooses to defend or prosecute any claim from a Third Party, all the parties hereto shall cooperate in the defense or prosecution thereof and shall furnish such records, information and testimony, and

attend such conferences, discovery proceedings, hearings, trials and appeals, as may be reasonably requested in connection therewith.

(e) Any indemnification hereunder shall be made net of any insurance proceeds recovered by the Indemnified Party from Third Party; provided, however, that if, following the payment to the Indemnified Party of any amount under this Article 10, such Indemnified Party recovers any such insurance proceeds in respect of the claim for which such indemnification payment was made, the Indemnified Party shall promptly pay an amount equal to the amount of such proceeds (but not exceeding the amount of such indemnification payment) to the Indemnifying Party.

10.06 Limitation of Damages/Sole Remedy. IN NO EVENT SHALL PFIZER OR NEUROCRINE BE LIABLE UNDER THIS AGREEMENT OR THE COLLABORATION AGREEMENT FOR (X) SPECIAL, INDIRECT, INCIDENTAL OR CONSEQUENTIAL DAMAGES (INCLUDING, WITHOUT LIMITATION, LOSS OF PROFITS) SUFFERED BY ANY NEUROCRINE PARTIES OR ANY PFIZER PARTIES, RESPECTIVELY, OR [***], EXCEPT (A) TO THE EXTENT ANY SUCH DAMAGES ARE PAID TO A THIRD PARTY AS PART OF A THIRD PARTY CLAIM, AND (B) IN THE EVENT OF AN INTENTIONAL AND WILLFUL BREACH IN BAD FAITH OF ANY REPRESENTATION, WARRANTY, COVENANT OR AGREEMENT BY NEUROCRINE OR PFIZER (AS THE CASE MAY BE) OF THIS AGREEMENT. EXCEPT FOR SUITS FOR SPECIFIC PERFORMANCE OR OTHER INJUNCTIVE RELIEF AND EXCEPT AS EXPRESSLY PROVIDED IN THIS AGREEMENT AND THE COLLABORATION AGREEMENT, INDEMNIFICATION PURSUANT TO THIS ARTICLE 10 SHALL BE THE SOLE AND EXCLUSIVE REMEDY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER LEGAL THEORY) AVAILABLE TO NEUROCRINE OR PFIZER FOR ANY MISREPRESENTATION UNDER OR BREACH OF THIS AGREEMENT OR THE COLLABORATION AGREEMENT. [***].

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10.07 Insurance. Pfizer will name Neurocrine, [***] as additional insureds on its product liability insurance, which insurance shall provide coverage of not less than [***]. Promptly after the Effective Date Pfizer will supply Neurocrine with evidence of such coverage and during the term of this Agreement, Pfizer will inform Neurocrine of any modifications to such coverages.

ARTICLE 11

11. NON-COMPETITION.

11.01 Pfizer Non-Competition. If during the term of this Agreement Pfizer or any of its Affiliates intends to Commercialize (as hereinafter defined) a prescription pharmaceutical product having an Insomnia Indication in the Territory (a "Competitive Product"):

(a) If such Competitive Product's [***]:

(i) [***]

(ii) [***].

(b) If such Competitive Product's [***]:

(i) [***]

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(ii) [***]:

[***].

(c) If Pfizer Launches any Competitive Product defined in Section 11.01(b) ("Section 11.01(b) Product"), then neither Pfizer or its Affiliates shall:

(i) Engage in negative promotional activities, [***]

(ii) [***].

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(iii) [***].

(iv) [***].

(d) Notwithstanding to the contrary any provisions of this Agreement or the Collaboration Agreement, in no event shall Pfizer be required under this Agreement or under the Collaboration Agreement to engage in any activity regarding a Product which Pfizer is prohibited from undertaking under Section 11.01(c) with respect to a Section 11.01(b) Product, and Section 11.01(c) shall be applicable, on the same basis, mutatis mutandis, to promotional activities regarding the Product vis-a-vis any Competitive Product of Pfizer.

11.02 Neurocrine Non-Competition. If, during the term of this Agreement, Neurocrine or any of its Affiliates proposes to Commercialize a Competitive Product in the Territory, Neurocrine or such Affiliate shall, if such Competitive Product's primary mechanism of

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action is through binding with [***], divest (by license, sale or similar transaction) such Competitive Product.

11.03 [***].

11.04 For purpose of this Section 11 "Commercialize" means directly or indirectly to market, sell, detail, promote or distribute, but in no event shall include an out-license or other divestiture of intellectual property rights to a person who markets sells details, promotes or distributes.

ARTICLE 12

12. MISCELLANEOUS.

12.01 Force Majeure. No party shall be liable for failure of or delay in performing obligations set forth in this Agreement, and no party shall be deemed in breach of its obligations, if such failure or delay is due to natural disasters or any causes reasonably beyond the control of such party.

12.02 Assignment. This Agreement and all rights and obligations granted hereunder shall not be assignable by any party without the prior consent of the other, except that (a) Pfizer may in connection with a Divestiture Transaction assign this Agreement, (b) Pfizer may assign this Agreement, and after all amounts due under the Loan Agreement have been paid in full and the Loan Agreement has been terminated, Neurocrine may assign this Agreement, in each case, in whole or in part, to any Affiliate of such party or to any successor to substantially all of such party's business or assets; provided, however, in the case of Pfizer and Neurocrine, the assigning party shall remain responsible for all obligations hereunder if its Affiliate shall fail to perform hereunder.

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12.03 Governing Law. This Agreement shall be governed by the laws of the State of New York without regard to its conflict of laws rules.

12.04 Jurisdiction. With respect to any suit, action or proceeding relating to this Agreement (each, a "Proceeding"), each party hereto irrevocably (i) subject to the final sentence of this Section 12.04, agrees and consents to be subject to (A) in the case of any Proceeding commenced by Pfizer, the exclusive jurisdiction of the United States District Court for the Southern District of California or any California state court sitting in San Diego, California, United States of America (any such court, the "California Court"), and (B) in the case of any Proceeding commenced by Neurocrine, the exclusive jurisdiction of the United States District Court for the Southern District of New York or any New York state court sitting in New York, New York, United States of America (any such court, the "New York Court") and (ii) waives any objection which it may have at any time to the laying of venue of any Proceeding brought in any such California Court or New York Court (collectively, the "Courts") as provided in this Section 12.04, waives any claim that such Proceeding has been brought in an inconvenient forum and further waives the right to object, with respect to such Proceeding, that such Court does not have any jurisdiction over such party. Notwithstanding the foregoing: (a) if the Court adjudicating such Proceeding refuses for any reason to exercise jurisdiction over the dispute, either party shall be free to bring such Proceeding in any other Court in such state as provided above and, in the event such other Courts refuse for any reason to exercise jurisdiction over the dispute, either party shall be free to bring such Proceeding in any other court, and (b) if any party (the "initiating party") commences a Proceeding in any Court, the other party (the "defendant party") shall possess and retain the right to assert in that same Proceeding all claims and defenses that the defendant party may have against the initiating party, including without limitation all counterclaims and setoffs, and (c) in the case of any suits for specific performance or other injunctive relief, the parties will seek to bring such actions in the Courts as provided in the first sentence of this Section 12.04, except where the applicable Courts as a result of jurisdictional requirements cannot issue the specific performance requested in a timely manner.

12.05 Notices. All notices, instructions and other communications hereunder or in connection herewith shall be in writing, shall be sent to the address below and shall be: (a) delivered personally; (b) sent by registered or certified mail, return receipt requested, postage prepaid; (c) sent via a reputable nationwide overnight courier service; or (d) sent by facsimile transmission. Any such notice, instruction or communication shall be deemed to have been delivered upon receipt if delivered by hand, three (3) Business Days after it is sent by registered or certified mail, return receipt requested, postage prepaid, one (1) Business Day after it is sent via a reputable nationwide overnight courier service, or when transmitted with electronic confirmation of receipt, if transmitted by facsimile (if such transmission is on a Business Day; otherwise, on the next Business Day following such transmission).

If to Pfizer:

PFIZER INC.
235 East 42nd Street
New York, New York 10017-5703

Fax: 212-808-8652

Attention: President, Pfizer Pharmaceuticals Group

With a copy to: Senior Vice President and General Counsel

Fax: 212-808-8924

If to Neurocrine:

NEUROCRINE BIOSCIENCES, INC.
10555 Science Center Drive
San Diego, California 92121-1102

Fax: 858-658-7605

Attention: President

CC; General Counsel

In case any party changes its address at which notice is to be received, notice of such change shall be given without delay to the other party.

12.06 Entire Agreements; Amendments. This Agreement, together with the Collaboration Agreement, sets forth the entire agreement and understanding among the parties hereto as to the subject matter hereof and all agreements or understandings, verbal or written, made between Neurocrine and Pfizer before the date hereof with respect to the subject matter hereof. None of the terms or this Agreement shall be amended, supplemented or modified except in writing signed by the parties hereto.

12.07 Severability. If and solely to the extent that any provision of this Agreement shall be invalid or unenforceable, or shall render this entire Agreement to be unenforceable or invalid, such offending provision shall be of no effect and shall not effect the validity of the remainder of this Agreement or any of its provisions; provided, however, the parties shall use their respective reasonable efforts to renegotiate the offending provisions to best accomplish the original intentions of the parties.

12.08 Waivers. Any term or condition of this Agreement may be waived at any time by the party that is entitled to the benefit thereof, but no such waiver shall be effective unless set forth in a written instrument duly executed by or on behalf of the party or parties waiving such term or condition. Neither the waiver by any party of any term or condition of this Agreement nor the failure on the part of any party, on one or more instances, to enforce any of the provisions of this Agreement or to exercise any right or privilege, shall be deemed or construed to be a waiver of such term or condition for any similar instance in the future or of any subsequent breach hereof. All rights, remedies, undertakings, obligations and agreements contained in this Agreement shall be cumulative and none of them shall be a limitation of any other remedy, right, undertaking, obligation or agreement.

12.09 Binding Effect. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, successors and permitted assigns.

12.10 Further Assurances. Following the date hereof, Neurocrine and Pfizer shall, and shall cause each of their respective Affiliates to, from time to time, execute and deliver such additional instruments, documents, conveyances or assurances and take such other actions as shall be necessary or otherwise reasonably requested by Pfizer or Neurocrine, to confirm and assure the rights and obligations provided for in this Agreement, and render effective the consummation of the transactions contemplated thereby provided however that neither party will be required under this paragraph 11.09 to deliver instruments, documents, conveyances or assurances of any third party.

12.11 Third Party Beneficiaries. None of the provisions of this Agreement shall be for the benefit of or enforceable by any third party including, without limitation, any creditor of either party hereto. No third party shall obtain any right under any provision of this

Agreement or shall by reasons of any such provision make any claim in respect of any debt, liability or obligation (or otherwise) against either party hereto.

12.12 Counterparts. This Agreement may be executed in any two or more counterparts, each of which, when executed, shall be deemed to be an original and all of which together shall constitute one and the same document.

12.13 Headings. Headings in this Agreement are included herein to ease of reference only and shall have no legal effect. References to Sections and Schedules are to Sections and Schedules of this Agreement unless otherwise specified.

12.14 Registration and Filing of the Agreement. To the extent, if any, that a party concludes in good faith that it is required under applicable Laws to file or register this Agreement or a notification thereof with any Governmental Authority, including without limitation the US Securities and Exchange Commission, or the US Federal Trade Commission, in accordance with applicable Laws, such party may do so and shall provide the other party to this Agreement with a written copy of all proposed filings or registrations to allow for a reasonably sufficient time for review and comment by the other party. The other party shall cooperate in such filing or notification and shall execute all documents reasonably required in connection therewith. In such situation, the parties will request confidential treatment of sensitive provisions of the Agreement, to the extent permitted by Law. The parties shall promptly inform each other as to the activities or inquiries of any such Governmental Authority relating to this Agreement, and shall cooperate to respond to any request for further information therefrom.

12.15 Non-Solicitation of Employees. During the term of this Agreement, neither party shall, directly or indirectly, recruit, or solicit any employee of the other party with whom such party has come into contact or interacted for the purposes of performing this Agreement, without the prior consent of the other party, except pursuant to general solicitations not targeted at such employees.

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IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date first written above by their duly authorized officers.

NEUROCRINE BIOSCIENCES, INC.

By: /s/ Gary A. Lyons

Name: Gary A. Lyons
Title: President and Chief Executive Officer

PFIZER INC.

By: /s/ Henry A. McKinnell

Name: Henry A. McKinnell
Title: Chairman of the Board and Chief Executive Officer

EXHIBIT 10.3

CERTAIN MATERIAL (INDICATED BY AN ASTERISK) HAS BEEN OMITTED FROM THIS DOCUMENT PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT. THE OMITTED MATERIAL HAS BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.

EXECUTION COPY

SECURED LOAN AGREEMENT

by and between

NEUROCRINE BIOSCIENCES, INC.

a Delaware corporation

as Borrower

and

PFIZER INC.

a Delaware corporation

as Lender

$175,000,000
CREDIT FACILITY

DECEMBER 18, 2002

SECURED LOAN AGREEMENT

THIS SECURED LOAN AGREEMENT (this "Agreement") is dated as of December 18, 2002, by and between PFIZER INC., a Delaware corporation, having an address at 235 East 42nd Street, New York, New York 10017 ("Lender") and NEUROCRINE BIOSCIENCES, INC., a Delaware corporation having an address at 10555 Science Center Drive, San Diego, CA 92121 ("Borrower").

WHEREAS, Borrower and Lender have entered into that certain Collaboration Agreement (the "Collaboration Agreement") and License Agreement (the "License Agreement"), each dated on or about the date hereof relating to Neurocrine's compound generically known as indiplon;

WHEREAS, Borrower wishes to obtain and Lender is willing, in consideration for Borrower entering into the Collaboration Agreement and the License Agreement, to provide a secured loan facility on the terms and subject to the conditions contained herein;

THEREFORE, in consideration of the mutual covenants contained herein and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties, intending to be legally bound hereby, agree as follows.

1. ACCOUNTING AND OTHER TERMS

Accounting terms not otherwise defined in this Agreement will be construed in accordance with GAAP. Calculations and determinations must be made in accordance with GAAP. The term "financial statements" includes the notes and schedules thereto. The terms "including" and "includes" always mean "including (or includes) without limitation" in this or any Loan Document. Capitalized terms not otherwise defined herein (including in Section 13) shall have the same meanings as in the Collaboration Agreement and the License Agreement and in the case of conflict between the capitalized terms in the License Agreement and the Collaboration Agreement, the capitalized terms in the Collaboration Agreement shall control.

2. LOAN AND TERMS OF PAYMENT

2.1. ADVANCES.

(a) Subject to the terms and conditions contained herein, Lender agrees during the Loan Period to make Advances to Borrower, and Borrower may request Advances from Lender in an aggregate amount not exceeding the applicable Committed Line at any given time. The Advances shall be used by Borrower for general corporate purposes. Any amount borrowed under this Agreement that is repaid (other than a repayment pursuant to Section 2.6 or 7.1 hereof) may be reborrowed in accordance with the terms and conditions hereof. Each Advance

shall be evidenced by a Promissory Note to be executed and delivered by Borrower to Lender on the date hereof and shall be repaid in accordance with the terms of this Agreement and the Promissory Note.

(b) To obtain an Advance, Borrower must deliver to Lender no later than fifteen (15) Business Days prior to the date such Advance is requested a Notice of Borrowing duly signed by a Responsible Officer in the form attached as EXHIBIT B. Notwithstanding anything to the contrary contained herein, Lender may decline to make any Advance in the event that Lender determines, in its reasonable discretion, that the conditions set forth in Sections 3.1 and 3.2 in the case of the first Advance hereunder and Section 3.2 in the case of all other Advances hereunder are not satisfied as of the date of the Notice of Borrowing or as of the date the Advance is requested to be made. Lender will pay Advances in US dollars into a US dollar bank account located in the United States in which Lender has a first priority perfected security interest pursuant to the terms of an Account Control Agreement in accordance with the payment instructions set forth on each Notice of Borrowing.

(c) Borrower must repay all Advances together with all accrued but unpaid interest and any other Obligation hereunder then due on or before the Maturity Date.

2.2. INTEREST RATE; PAYMENTS.

(a) Except as otherwise provided in Section 2.3, Advances shall bear interest at a per annum rate (the "Base Rate") equal to [***].

(b) Interest shall accrue daily based on a year of 360 days based on twelve months of thirty days each.

(c) Interest shall be payable in same day funds on the last day of each Interest Period, unless such day is not a Business Day in which case it shall be payable on the next Business Day.

2.3. DEFAULT INTEREST. After an Event of Default has occurred and while it is continuing, all Obligations shall accrue interest at a rate equal to [***].

2.4. LENDER EXPENSES. Borrower will pay to Lender immediately upon demand therefor all Lender Expenses incurred after the execution hereof.

2.5. USURY. Notwithstanding anything to the contrary contained in any Loan Document, the interest and fees paid or agreed to be paid under the Loan Documents shall not exceed the maximum rate of non-usurious interest permitted by applicable law (the "Maximum Rate"). If Lender shall receive interest or a fee in an amount that exceeds the Maximum Rate, the excessive interest or fee shall be applied to the principal of the Obligations or, if it exceeds the

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unpaid principal, refunded to Borrower. In determining whether the interest or a fee contracted for, charged, or received by Lender exceeds the Maximum Rate, such Person may, to the extent permitted by applicable Law, (a) characterize any payment that is not principal as an expense, fee, or premium rather than interest, (b) exclude voluntary prepayments and the effects thereof, and (c) amortize, prorate, allocate, and spread in equal or unequal parts the total amount of interest throughout the contemplated term of the Obligations.

2.6. MANDATORY PREPAYMENTS.

(a) Equity Issuance. Upon the completion of any Equity Issuance, Borrower shall immediately apply (or cause to be applied) to permanently prepay any outstanding Advances the lesser of: (i) an amount equal to 25% of the Net Cash Equity Issuance Proceeds of Borrower or any of its Subsidiaries or any holding company of Borrower from such Equity Issuance; (ii) an amount equal to 50% of the average of the amount of outstanding Advances on each day over the 180 days immediately preceding the completion of such Equity Issuance; and (iii) $75,000,000.

(b) CHANGE IN CONTROL. Upon and following the occurrence of a Change in Control (the date on which a Change in Control occurs being the "Change in Control Date"), Lender shall have the right, in its sole discretion, to require the prepayment of all outstanding Advances in whole or in part at a repayment price equal to 100% of the amount of all outstanding Advances plus accrued but unpaid interest to the date of repayment plus all other Obligations. Not later than thirty (30) days prior to any proposed, expected or contemplated Change in Control Date, Borrower shall give a written notice to Lender stating that a Change in Control is proposed or anticipated and such notice shall contain all relevant information regarding the terms of such Change in Control and the intentions of any acquirer with respect to the Borrower and its Subsidiaries, to the extent known by Borrower. In the event that a Change in Control occurs without the prior knowledge of Borrower, Borrower shall notify Lender the Business Day after Borrower becomes aware that a Change in Control has occurred.

2.7. VOLUNTARY PREPAYMENT OR TERMINATION BY BORROWER. Borrower shall have the right at any time and from time to time to prepay any Advance in whole or in part, without premium or penalty. In addition, at any time at which no Advances are outstanding hereunder and Borrower has not delivered any Notice of Borrowing requesting an Advance which has not yet been made, Borrower may terminate this Agreement on five (5) Business Days' prior written notice to Lender.

3. CONDITIONS OF LOANS

3.1. CONDITIONS PRECEDENT TO INITIAL ADVANCE. Lender's obligation to make the first Advance hereunder is subject to the satisfaction, as determined by Lender in its reasonable discretion, of the following conditions:

(a) Borrower shall have executed and delivered to Lender the Security Agreement in the form of EXHIBIT C (THE "SECURITY AGREEMENT");

(b) Borrower shall have executed and delivered to Lender the Borrower Patent and Trademark Security Agreement for filing in the U.S. Patent and Trademark Office in the form of EXHIBIT D;

(c) Borrower and Lender shall have entered into an Account Control Agreement with each bank, Securities Intermediary or other financial institution with whom Borrower or its Subsidiaries have an Account substantially in the form of EXHIBIT E together with such changes requested by the bank, Securities Intermediary or other financial institution and which changes are acceptable to Lender and Borrower;

(d) Borrower shall have executed and delivered to Lender a duly executed Promissory Note in the form of EXHIBIT A;

(e) receipt by Lender of an opinion of Latham & Watkins, counsel for Borrower (or such other nationally recognized counsel reasonably acceptable to Lender), dated as of the date the first Advance is made, substantially in the form of EXHIBIT F hereto and covering such additional matters relating to the transactions contemplated hereby as Lender may reasonably request;

(f) Borrower and each of its Subsidiaries shall have executed and delivered to Lender a duly executed Perfection Certificate in the form of EXHIBIT B and (x) if such Perfection Certificate demonstrates that any Collateral is owned by any Subsidiary, then, to the extent necessary for Borrower to comply with its obligations under Section 6.13 hereof, such Subsidiary of Borrower shall grant a first priority perfected security interest in such Collateral to Lender and (y) if such Perfection Certificate demonstrates that any Subsidiary organized in the U.S. of Borrower owns assets worth in excess of $1,000,000 then such Subsidiary shall have executed and delivered to Lender a guaranty of the Loan Documents in customary form reasonably satisfactory to Lender;

(g) Borrower and each of its Subsidiaries shall have executed and delivered to Lender a certificate, dated as of the date hereof and the date the first Advance is made, duly executed by its Secretary or an Assistant Secretary certifying as to: (A) a true and correct copy of its certificate of incorporation or certificate of formation attached thereto, as certified by the secretary of state of its jurisdiction of organization as of a date no earlier than ten (10) days prior to the date hereof and the date the first Advance is made, and stating that such certificate of incorporation or certificate of formation is in full force and effect and that there have been no amendments, alteration or modifications of such certificate (B) a true and correct copy of its bylaws or operating agreement, attached thereto, and stating that such bylaws or operating agreement are in full force and effect as of the date hereof and the date of the first Advance, (C) the good standing certificate attached thereto from each jurisdiction where it is qualified to do business, (D) the copy of the resolutions attached thereto of the Board of Directors authorizing and approving the execution, delivery and performance of, and the consummation of the transactions contemplated by, this Agreement, the other Loan Documents and any other documents or instruments contemplated hereby, and stating that the resolutions thereby certified have not been amended, modified, revoked or rescinded; and (E) the incumbency, authority and

specimen signature of each officer executing this Agreement, the Loan Documents or any other document or instrument contemplated hereby;

(h) no event specified in Section 2.6(b) shall have occurred;

(i) no injunctive or equitable relief has been obtained in favor of any Person other than Borrower or Lender due to the infringement of any third party rights by the Products;

(j) the License Agreement shall not have been terminated and shall be in full force and effect, and Borrower is not at such time in default or breach (x) (other than a de minimis breach) of any provision of the License Agreement or (y) of any of payment obligations under Section 5.3(a) or 6A.7 of the Collaboration Agreement or any obligation to comply with law under Section 2.2 or 6A.3(a)(i) of the Collaboration Agreement;

(k) termination of any outstanding Liens on any assets or properties of Borrower and its Subsidiaries other than Permitted Liens;

(l) Borrower and the Subsidiaries shall have no outstanding Indebtedness other than Permitted Indebtedness;

(m) the US Launch Date shall have occurred on or prior to [***]; and

(n) development of the MR Product shall not have been terminated.

3.2. CONDITIONS PRECEDENT TO ALL ADVANCES. Lender's obligations to make each Advance, including the first Advance, are subject to the satisfaction, as determined by Lender in its reasonable discretion, of the further following conditions:

(a) Lender shall have timely received any Notice of Borrowing;

(b) the representations and warranties of Borrower contained in Section 5 hereof and contained in the License Agreement must be true, complete and correct if qualified by any concept of materiality, in all respects, and if not qualified by any concept of materiality in all material respects on the date of the Notice of Borrowing and on the date any Advance is to be made as if made with reference to and as of such date unless such representation speaks of a particular date;

(c) the receipt of all consents, approvals, qualifications or authorizations of, or registrations, designations, declarations or filings with, any local, state, federal or foreign Governmental Authority or any third party required in connection with the valid execution, delivery or performance by the Borrower and its Subsidiaries of the Loan Documents, or the consummation of any transaction contemplated thereby or the making of any Advance;

(d) no Event of Default or Potential Event of Default shall have occurred and be continuing or result from the proposed Advance;

*** Certain information on this page has been omitted and filed separately with the Commission. Confidential treatment has been requested with respect to the omitted portions.

(e) if the Borrower shall have established or acquired any Subsidiaries, an equivalent certificate to the certificates described in Sections 3.1(f) and (g) with reference to such Subsidiary, to the extent applicable, dated as of the date the Advance is proposed to be made and if any Subsidiary organized in the U.S. of Borrower owns assets worth in $1,000,000 such Subsidiary shall have executed and delivered to Lender a guaranty in customary form of the Loan Documents reasonably satisfactory to Lender;

(f) no event specified in Section 2.6(b) has occurred;

(g) the License Agreement shall not have been terminated and shall be in full force and effect, and Borrower is not at such time in default or breach (x) (other than a de minimis breach) of any provision of the License Agreement or (y) of any of payment obligations under Section 5.3(a) or 6A.7 of the Collaboration Agreement or any obligation to comply with law under Section 2.2 or 6A.3(a)(i) of the Collaboration Agreement; after making the requested Advance the amount of all outstanding Advances shall not exceed the Committed Line;

(h) Borrower, and, to the extent necessary for Borrower to comply with its obligations under Section 6.13 hereof, each Subsidiary organized in the U.S. of Borrower which owns cash and Securities having an aggregate value in excess of $100,000 and each Subsidiary organized outside the U.S. of Borrower which owns cash and Securities having an aggregate value in excess of $250,000, and Lender shall have entered into an Account Control Agreement with each bank, Securities Intermediary or other financial institution with whom Borrower or such Subsidiaries have an Account substantially in the form of EXHIBIT E together with such changes requested by the bank, Securities Intermediary or other financial institution and which are acceptable to Lender and Borrower.

4. SECURITY INTEREST All Obligations of Borrower hereunder shall be secured by a first priority perfected security interest in the Collateral subject to Permitted Liens described in clauses (b), (e), (g), (i) and (j) of the definition of "Permitted Liens."

5. REPRESENTATIONS AND WARRANTIES

Borrower hereby makes all of the representations and warranties set forth below to Lender as of the date hereof, the date of each Notice of Borrowing and the date each Advance is made:

5.1. ORGANIZATION AND STANDING. Borrower is a corporation duly organized, validly existing under, and by virtue of, the laws of the State of Delaware, and is in good standing under such laws. Borrower has all requisite corporate power and authority to own and operate its properties and assets, and to carry on its business as presently conducted and as proposed to be conducted. Borrower is duly qualified and authorized to transact business and is in good standing as a foreign corporation in each jurisdiction in which the failure so to qualify could reasonably be expected to have a Material Adverse Effect.

5.2. CORPORATE POWER. Borrower has all requisite legal and corporate power and authority to execute and deliver this Agreement and the Loan Documents and to carry out and perform its obligations under the terms of this Agreement and the Loan Documents and the transactions contemplated hereby and thereby.

5.3. SUBSIDIARIES. As of the date hereof, other than as listed on Schedule 5.3 Borrower has no Subsidiaries and does not otherwise own or control, directly or indirectly, any equity interest in any corporation, association or other business entity. As of the date hereof, except as set forth in Schedule 5.3, Borrower is not a participant in any joint venture, partnership or similar arrangement. Each existing Subsidiary, and if on any day this representation and warranty is repeated any new Subsidiary of Borrower has been formed or acquired such new Subsidiary, is duly organized and validly existing under the laws of its jurisdiction of organization and is in good standing under such laws. Each Subsidiary is duly qualified and authorized to transact business and is in good standing as a foreign corporation in each jurisdiction in which the failure so to qualify could reasonably be expected to have a Material Adverse Effect.

5.4. AUTHORIZATION. All corporate action on the part of Borrower, its officers, directors and stockholders necessary for the authorization of the execution, delivery and performance of this Agreement and the Loan Documents by Borrower, and as applicable its Subsidiaries, the authorization, issuance, and delivery of the Promissory Note and the performance of all of Borrower's, and as applicable its Subsidiaries', obligations hereunder and under the other Loan Documents has been taken. This Agreement has been duly executed and delivered. This Agreement is, and each of the other Loan Documents to be executed subsequent to the date hereof when executed and delivered will be, a valid and legally binding obligations of Borrower or its Subsidiary, as applicable, enforceable in accordance with its terms, subject to laws of general application relating to bankruptcy, insolvency and the relief of debtors and rules of law governing specific performance, injunctive relief or other equitable remedies.

5.5. TITLE TO PROPERTIES; LIENS AND ENCUMBRANCES. Each of Borrower and its Subsidiaries has good and marketable title to all of its properties and assets or holds valid leasehold interests in the properties which it leases, in each case, free and clear of any Liens other than Permitted Liens. Neither Borrower nor any Subsidiary is in default under or in breach of any provision of any leases or other agreement governing the lease of any property or assets, except where such default or breach could not reasonably be expected to have a Material Adverse Effect. All properties and assets of Borrower and its Subsidiaries are in good condition and repair, normal wear and tear excepted.

5.6. INTELLECTUAL PROPERTY. Each of Borrower and its Subsidiaries owns or possesses sufficient legal rights to all patents, patent applications, trademarks, service marks, trade names, copyrights, trade secrets, licenses, know-how, concepts, computer programs, technical data, proprietary rights, proprietary processes and other information necessary for its business as now conducted and as proposed to be conducted (including pursuant to the Collaboration Agreement) (each such item "Borrower Intellectual Property") without any conflict with or infringement of

the rights of others except as could not reasonably be expected to cause a Material Adverse Effect. Neither Borrower nor any Subsidiary has received any communications alleging, nor does Borrower have reason to believe, that Borrower or any Subsidiary has violated or, by conducting its business as proposed, would violate any of the patents, trademarks, service marks, trade names, copyrights, trade secrets, or other proprietary rights or processes of any other person or entity except as could not reasonably be expected to have a Material Adverse Effect and is not aware, based on reasonable investigation, of any reasonable basis therefor or threat thereof. Borrower is not aware that any of its or any Subsidiary's employees, agents, consultants or contractors is obligated under any contract (including licenses, covenants, or commitments of any nature) or other agreement, or subject to any judgment, decree, or order of any court or administrative agency, that would interfere with the use of such Person's best efforts to promote the interests of Borrower or any Subsidiary, or that would conflict with Borrower's business or any Subsidiary's business as proposed to be conducted. Neither Borrower nor any Subsidiary is aware of any violation or infringement by a third party of any of the Borrower Intellectual Property. Neither the execution nor the delivery of this Agreement or the Loan Documents, nor the carrying on of Borrower's business or any Subsidiary's business by the employees, agents, consultants or contractors of Borrower and its Subsidiaries, nor the conduct of Borrower's business or any Subsidiary's business as currently proposed, will conflict with or result in a breach of the terms, conditions, or provisions of, or constitute a default under, any contract, covenant, or instrument under which Borrower or any Subsidiary or any of such employees, agents, consultants or contractors is now obligated except as could not reasonably be expected to have a Material Adverse Effect. Neither Borrower nor any Subsidiary has any plan to utilize, and does not believe it is or will be necessary to utilize, any inventions of any of its employees (or people it currently intends to hire) made prior to their employment or engagement by Borrower or any Subsidiary.

5.7. CONSENTS. No consent, approval, qualification or authorization of, or registration, designation, declaration or filing (other than the filing of financing statements or patent or trademark assignments and other than notifications and other filings under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and the rules and regulations promulgated thereunder) with, any local, state, federal or foreign Governmental Authority or any third party on the part of Borrower and its Subsidiaries is required in connection with the valid execution, delivery or performance of this Agreement or the Loan Documents, or the consummation of any transaction contemplated hereby or thereby or the making of any Advance.

5.8. COMPLIANCE WITH OTHER INSTRUMENTS. Neither Borrower nor any Subsidiary is in violation or default of any provisions of its respective organizational documents, or of any mortgage, indenture, agreement, instrument, judgment, order, writ, decree or contract to which it is a party or by which it or any of its assets is bound, or any provision of any federal, state or foreign statute, rule or regulation applicable to Borrower or its Subsidiaries, except for such violations or defaults which could not reasonably be expected to have a Material Adverse Effect, and the execution and delivery of this Agreement and any Loan Document and making of any Advance will not result in any such violation or be in conflict with or constitute, with or without the passage of time or giving of notice, either a default under any such provision, instrument,

judgment, order, writ, decree or contract or an event which results in the creation of any Lien on any asset or property of Borrower or any Subsidiary or the suspension, revocation, impairment, forfeiture, or nonrenewal of any material permit, license, authorization, or approval applicable to Borrower or any of its Subsidiaries, their respective businesses, operations, properties or assets, except for such violations, defaults or Liens which could not reasonably be expected to have a Material Adverse Effect.

5.9. CAPITALIZATION AND INDEBTEDNESS.

(a) The authorized, issued and treasury capital stock of Borrower is as reported in the most recent SEC Report required to contain or otherwise containing such information. A sufficient number of shares of Common Stock are reserved in the aggregate for issuance pursuant to all currently outstanding obligations. All of the issued and outstanding shares of Common Stock have been duly authorized and validly issued, are fully paid and nonassessable, and are not subject to preemptive rights.

(b) Except as set forth in the most recent SEC Report required to contain or otherwise containing such information (or as expressly contemplated by this Agreement), there are no outstanding securities, options, warrants, calls, rights, commitments, agreements, arrangements or undertakings of any kind to which Borrower is a party or by which it is bound obligating Borrower to issue, deliver or sell, or cause to be issued, delivered or sold, directly or indirectly, additional shares of Capital Stock of Borrower, or obligating Borrower to issue, grant, extend or enter into any such security, option, warrant, call, right, commitment, agreement, arrangement or undertaking. Except for shares of Capital Stock of each Subsidiary of Borrower that are owned by Borrower free and clear of Liens, there are no outstanding securities, options, warrants, calls, rights, commitments, agreements, arrangements or undertakings of any kind to which Borrower or any Subsidiary of Borrower is a party or by which Borrower or any such Subsidiary is bound obligating Borrower or any such Subsidiary to issue, deliver or sell, or cause to be issued, delivered or sold, directly or indirectly, additional shares of Capital Stock of any Subsidiary of Borrower, or obligating Borrower or any such Subsidiary to issue, grant, extend or enter into any such security, option, warrant, call, right, commitment, agreement, arrangement or undertaking. Except as set forth in the most recent SEC Report required to contain or otherwise containing such information or on Schedule 5.9(b), there are not any outstanding contractual obligations of Borrower or any of its Subsidiaries to repurchase, redeem or otherwise acquire, or providing preemptive or registration rights with respect to, any shares of Capital Stock of Borrower or any of its Subsidiaries. Except as set forth in the most recent SEC Report required to contain or otherwise containing such information, there are no anti-dilution or price adjustment provisions contained in any security issued by Borrower (or in any agreement providing rights to security holders) that will be triggered by the issuance of any Promissory Note or making of any Advance. Except as set forth in the most recent SEC Report required to contain or otherwise containing such information, Borrower and its Subsidiaries do not have outstanding any loans to any person in respect of the purchase of securities issued by Borrower and its Subsidiaries.

(c) Except as set forth in the most recent SEC Report required to contain or otherwise containing such information or in any Schedule 13D (or successor form thereto) filed under the Exchange Act to report beneficial ownership of Borrower's securities and except for pledge of shares by officers of Borrower to secure personal loans or margin accounts, there are no voting trusts or agreements, stockholders agreements, pledge agreements, buy-sell agreements, rights of first refusal, preemptive rights or proxies relating to any securities of Borrower or any of its Subsidiaries to which Borrower or a Subsidiary is a party, or, to its knowledge, any of such instruments to which it is not a party. All of the outstanding securities of Borrower were issued in compliance with all applicable federal and state securities laws, including the Securities Act of 1933, as amended (the "Securities Act").

(d) Other than Permitted Indebtedness Borrower and its Subsidiaries have no Indebtedness and no obligations to incur any Indebtedness.

5.10. LITIGATION. There are no actions or proceedings pending or, to Borrower's knowledge, threatened by or against Borrower or any of its Subsidiaries which could reasonably be expected to have a Material Adverse Effect.

5.11. SEC REPORTS AND FINANCIAL STATEMENTS. Borrower and its Subsidiaries have timely filed all forms, reports (annual, quarterly or periodic), schedules, registration statements, proxy statements, certifications and other documents (together with all amendments thereof and supplements thereto) (as such documents have since the time of their filing been amended or supplemented, the "SEC Reports") which Borrower and its Subsidiaries have been required to file with the Securities and Exchange Commission ("SEC"). As of their respective dates, the SEC Reports (i) complied as to form with the requirements of the Securities Act or the Exchange Act, as the case may be, and (ii) did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. The audited consolidated financial statements and unaudited interim consolidated financial statements (including, in each case, the notes, if any, thereto) included in the SEC Reports filed with the SEC (the "Financial Statements") complied as to form with the rules and regulations of the SEC with respect thereto, were in accordance with the books and records of Borrower and its Subsidiaries, were prepared in accordance with GAAP (except as may be indicated therein or in the notes thereto and except with respect to unaudited statements as permitted by Form 10-Q of the SEC) and fairly present (subject, in the case of the unaudited interim financial statements, to normal, recurring year-end audit adjustments (which are not individually or in the aggregate, material)) the consolidated assets, liabilities and financial position of the Borrower and its consolidated Subsidiaries as of the last day of the periods reported and the consolidated results of their operations and cash flows and changes in financial position for the respective periods reported.

5.12. ABSENCE OF CERTAIN CHANGES OR EVENTS. Since the date of the most recently audited financial statements contained in an SEC Report, there has not been any change, event or

development having, or that could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

5.13. REGULATORY COMPLIANCE. Borrower is not an "investment company" or a company "controlled" by an "investment company" under the Investment Company Act of 1940, as amended. Borrower is not engaged as one of its important activities in extending credit for margin stock (under Regulations T and U of the Federal Reserve Board of Governors). Each of Borrower and its Subsidiaries has complied in all material respects with the Federal Fair Labor Standards Act and the Sarbanes-Oxley Act. Neither Borrower nor any of its Subsidiaries has violated any laws, ordinances or rules, the violation of which could reasonably be expected to have a Material Adverse Effect. None of Borrower's or any of its Subsidiaries' properties or assets has been used by Borrower or any of its Subsidiaries or, to the best of Borrower's knowledge, by previous Persons, in disposing, producing, storing, treating, or transporting any hazardous substance in violation of any statute, rule, regulation, decision or order of any governmental agency or body or any court, domestic or foreign, relating to the use, disposal or release of hazardous or toxic substances or relating to the protection or restoration of the environment or human exposure to hazardous or toxic substances. Borrower and each of its Subsidiaries has timely filed all required tax returns and paid, or made adequate provision to pay, all material taxes, except those being contested in good faith with adequate reserves under GAAP. Borrower and each of its Subsidiaries have obtained all consents, approvals and authorizations of, made all declarations or filings with, and given all notices to, all Governmental Authorities that are necessary to continue its business as currently conducted except where the failure to do so could not reasonably be expected to cause a Material Adverse Effect.

5.14. FULL DISCLOSURE. Borrower has provided Lender with all of the information which Lender has requested in connection with the execution of this and any Loan Document. No representation or warranty of Borrower contained in this Agreement, the Loan Documents, or any certificate furnished or to be furnished to Lender at the Closing or prior to making any Advance (when read together) contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements contained herein or therein not misleading in light of the circumstances under which they were made.

5.15. OUTSTANDING LIENS. As of the Closing Date, no property or asset of Borrower or any Subsidiary of Borrower is subject to any Liens other than Permitted Liens.

5.16. LEGAL STATUS. Borrower and each of its Subsidiaries that are requested by Lender to execute and deliver the Perfection Certificate have delivered to Lender a certificate signed by Borrower and each of its Subsidiaries and entitled "Perfection Certificate" on or before the date required. Borrower and each of its Subsidiaries that are requested by Lender to execute and deliver the Perfection Certificate represent and warrant to Lender as follows: (a) Borrower's and each of the Subsidiary's exact legal names are those indicated on the Perfection Certificate and on the signature page hereof, (b) Borrower and each of the relevant Subsidiaries are organizations of the type, and are organized in the jurisdictions, set forth in the Perfection Certificates, (c) the Perfection Certificates accurately set forth Borrower's and each of the

relevant Subsidiaries' organizational identification numbers or accurately state that that Borrower and each of the relevant Subsidiaries have none, (d) the Perfection Certificates accurately sets forth Borrower's and each of the Subsidiary's chief executive office, as well as the mailing addresses, if different, (e) all other information set forth on the Perfection Certificate pertaining to Borrower and each of the relevant Subsidiaries is accurate and complete and (f) there has been no change in any of such information since the date on which the Perfection Certificate was signed by Borrower and each of the relevant Subsidiaries, except to the extent that Borrower and each of the relevant Subsidiaries notifies Lender of such change pursuant to the terms hereof.

6. AFFIRMATIVE COVENANTS

Commencing on the date the first Advance is made hereunder and until all Obligations (other than any contingent reimbursement and indemnification Obligations that are not due and payable at or prior to the time that all Advances have been paid in full) have been paid in full, Borrower will, and will cause its Subsidiaries, to do all of the following:

6.1. COMPLIANCE WITH LAWS, CONTRACTS, LICENSES, AND PERMITS. Borrower and each of its Subsidiaries will maintain its existence and good standing in its jurisdiction of incorporation and maintain qualification in each jurisdiction in which the failure to so qualify could have a Material Adverse Effect. Borrower will, and will cause each of its Subsidiaries to, comply with (a) the applicable laws, rules, ordinances and regulations wherever its business is conducted including applicable reporting requirements of the SEC, (b) the provisions of its certificate or articles of incorporation, its by-laws and all shareholder agreements, voting trusts and similar arrangements applicable to any of its capital stock, (c) all agreements and instruments by which it or any of its properties may be bound including any agreement evidencing Indebtedness and (d) all applicable decrees, orders, and judgments, except in each case where the failure to comply could not cause a Material Adverse Effect and shall promptly notify Lender of any such noncompliance. If any authorization, consent, approval, permit or license from any officer, agency or instrumentality of any Governmental Authority shall become necessary or required in order that Borrower or any of its Subsidiaries may fulfill any of its obligations hereunder or any of the other Loan Documents to which Borrower or such Subsidiary is a party, Borrower will, or (as the case may be) will cause such Subsidiary to, immediately take or cause to be taken all reasonable steps within the power of Borrower or such Subsidiary to obtain such authorization, consent, approval, permit or license and furnish the Lender with evidence thereof.

6.2. FINANCIAL STATEMENTS AND OTHER INFORMATION. Borrower shall furnish to Lender: promptly after filing with the SEC all SEC Reports which are not available to the public on the SEC's EDGAR system as soon as available, and in any event, within thirty (30) days after the end of each month of each fiscal year of Borrower, its monthly consolidated financial statements, prepared in accordance with GAAP.

6.3. REPORTS. Borrower shall provide Lender with a prompt report of any legal actions pending or threatened against Borrower or any Subsidiary that could reasonably be expected to have a Material Adverse Effect.

6.4. MAINTENANCE OF LEGAL STATUS. Borrower, on behalf of itself and its Subsidiaries, covenants with Lender as follows: (a) without providing at least thirty (30) days prior written notice to Lender, Borrower and its Subsidiaries will not change its name or its organizational identification number if it has one, (b) if each of Borrower and its Subsidiaries does not have an organizational identification number and later obtains one, Borrower will forthwith notify Lender of such organizational identification number, (c) without providing at least thirty (30) days prior written notice to Lender, Borrower will not change and will not permit its Subsidiaries to change its type of organization, jurisdiction or organization, certificate or articles of incorporation, by-laws or other legal structure and (d) without providing reasonable written notice to Lender, Borrower and its Subsidiaries will not form or acquire any Subsidiaries.

6.5. TAXES. Borrower will make, and cause each of its Subsidiaries to make, timely payment of all material federal, state, local and foreign taxes or assessments and will deliver to Lender, on demand, appropriate certificates attesting to the payment, other than those taxes being contested in good faith with adequate reserves under GAAP.

6.6. INSURANCE. Borrower will keep, and will cause each of its Subsidiaries to keep, its business and assets insured for risks and in amounts customary for companies similar to Borrower. Insurance policies will be in a form, with companies, and in amounts that are reasonably satisfactory to Lender.

6.7. INTELLECTUAL PROPERTY RIGHTS. Borrower will, and will cause its Subsidiaries to: (i) protect, defend and maintain the validity and enforceability of the Borrower Intellectual Property that constitutes Collateral (except as otherwise explicitly required by the License Agreement and except to the extent Borrower's power to do so is explicitly limited by the License Agreement); (ii) protect, defend and maintain the validity and enforceability of the Borrower Intellectual Property that does not constitute Collateral unless Borrower determines, in the exercise of reasonable business judgment, in good faith that doing so is not in Borrower's best interests; (iii) promptly advise Lender in writing of material infringements of the Borrower Intellectual Property; (iv) not allow any Borrower Intellectual Property that constitutes Collateral to be abandoned, forfeited or dedicated to the public without Lender's written consent and (v) without Lender's written consent, not allow any Borrower Intellectual Property that does not constitute Collateral to be abandoned, forfeited or dedicated to the public unless Borrower determines, in the exercise of reasonable business judgment, in good faith that doing so is in Borrower's best interests.

6.8. BOOKS AND RECORDS; INSPECTIONS. Borrower shall, and shall cause each of its Subsidiaries to, keep adequate records and books of account, in which complete entries will be made in accordance with GAAP and any applicable law, rule and regulation. Borrower shall provide Lender and its agents access to its premises and the premises of its Subsidiaries at any time and from time to time, during normal business hours and upon reasonable notice under the

circumstances, and at any time on and after the occurrence of an Event of Default or Potential Event of Default, for the purposes of (i) inspecting and verifying any Collateral, (ii) inspecting and copying any and all records pertaining thereto, and (iii) discussing the affairs, finances and business of Borrower and its Subsidiaries with any officer or employee of Borrower or with its accountants. Borrower shall reimburse Lender for the reasonable travel and related expenses of Lender's employees or, at Lender's option, of such outside accountants or examiners as may be retained by Lender to verify or inspect Collateral, records or documents of Borrower up to once per year after the date of the initial Advance hereunder unless an Event of Default or a Potential Event of Default has occurred in which case Borrower shall reimburse Lender with respect to one or more special inspections if Lender deems the same appropriate.

6.9. NOTICE OF DEFAULT. As soon as possible and in any event within three (3) Business Days after Borrower obtains knowledge of the occurrence of an Event of Default or a Potential Event of Default, Borrower shall provide to Lender the written statement of a Responsible Officer setting forth the details of such Event of Default or Potential Event of Default and the action which Borrower proposes to take with respect thereto.

6.10. FURTHER ASSURANCES. Borrower will execute any further instruments and take further action as Lender reasonably requests to perfect or continue Lender's security interest in the Collateral or to effect the purposes of this Agreement or any Loan Document.

6.11. NET WORTH. Borrower will maintain a Net Worth at least equal to the amount of outstanding Advances from time to time.

6.12. NEW ACCOUNTS. Within thirty (30) calendar days of opening or establishing any Account, to the extent required to comply with Section 6.13 hereof, Borrower shall, and shall cause each of its Subsidiaries to, create in favor of the Lender a first priority perfected security interest in such Account and unless Lender agrees in writing that Lender already has "control" (as defined in the Code) over such Account by virtue of an existing Account Control Agreement, Borrower shall and shall cause the bank, Securities Intermediary, Financial Intermediary or other financial institution with whom such Account is held or established to enter into an Account Control Agreement in the form of EXHIBIT E together with such changes requested by the bank, Securities Intermediary, or other financial institution as are agreed to by Lender and Borrower.

6.13. CASH AND INVESTMENTS. Borrower shall at all times keep all cash and Securities owned by it or its Subsidiaries in an Account over which the Lender has been granted a first priority perfected security interest pursuant to an Account Control Agreement, except for (i) cash and Securities having a value up to an aggregate of $100,000 held by Subsidiaries organized in the U.S.; (ii) cash and Securities having a value up to an aggregate of $250,000 held by Subsidiaries organized outside the U.S.; (iii) restricted cash placed on deposit, placed into an escrow account or otherwise restricted which cash, in each case, is prohibited from being pledged by Borrower and its Subsidiaries, in each case in the ordinary course of Borrower's business consistent with past practice and (iv) cash and securities having an aggregate value not to exceed $100,000.

7. NEGATIVE COVENANTS

Commencing on the date the first Advance is made hereunder and until all Obligations (other than any contingent reimbursement and indemnification Obligations that are not due and payable at or prior to the time that all Advances have been paid in full) have been paid in full, Borrower will not, and will cause its Subsidiaries to not, do any of the following without Lender's prior written consent:

7.1. DISPOSITIONS. Borrower shall not convey, sell, lease, transfer or otherwise dispose of (other than pursuant to the License Agreement or a license of Borrower Intellectual Property in the ordinary course of business) (collectively a "Transfer"), or permit any of its Subsidiaries to Transfer, all or any material part of its business or property, other than a Transfer (i) of inventory in the ordinary course of business; (ii) of worn-out or obsolete equipment; (iii) of assets by a Subsidiary of Borrower to Borrower or another wholly-owned Subsidiary of Borrower; or (iv) of assets other than those contemplated by clauses (i)-(iii) so long as (A) Borrower demonstrates to the satisfaction of Lender that, after giving effect to such Transfer, Borrower and its Subsidiaries remain in compliance with the terms and covenants of this Agreement, (B) no part of any asset Transferred consists of any Collateral, (C) Borrower receives consideration at the time of such Transfer at least equal to the fair market value, as determined in good faith by Borrower's board of directors, of the assets Transferred, (D) not less than 80% of the consideration received by Borrower is in the form of cash or Cash Equivalents, and (E) Borrower within 180 days of the date of such Transfer either (x) reinvests the proceeds of such Transfer in similar or replacement assets to be used in the business of Borrower or its Subsidiaries or (y) uses the net proceeds of such Transfer to permanently repay any Advances outstanding hereunder.

7.2. CHANGES IN BUSINESS, DOCUMENTS OR MANAGEMENT. Borrower shall not (i) engage in or permit any of its Subsidiaries to engage in any business other than the businesses currently engaged in by Borrower or reasonably related thereto; (ii) amend its Certificate of Incorporation, or similar formation document; (iii) amend its bylaws or similar operating document in a manner adverse to Lender; or (iv) change its chief executive officer other than to fill vacancies in such positions caused by death, permanent disability or voluntary resignation.

7.3. ACQUISITIONS. Borrower shall not (i) acquire, or permit any of its Subsidiaries to acquire, all or any portion of the Capital Stock or property or assets of another Person or establish or enter into any joint venture agreement unless (x) the aggregate of all consideration paid for acquisitions of all or any portion of the Capital Stock or property or assets of another Person and the aggregate of Borrower's investments in all joint ventures, in each case completed at any time after the date hereof (whether before or after the Closing Date), is less than $125,000,000 and (y) in the case of an acquisition of Capital Stock, either (A) Borrower and its Subsidiaries acquire at least all or substantially all of the Capital Stock of an acquired Person or (B) the acquisition of less than all or substantially all of the Capital Stock of a Person is accomplished pursuant to or in connection with a co-promotion, licensing or collaboration agreement with a Person engaged in the pharmaceutical industry and Borrower or its Subsidiaries grants a first priority perfected security interest in such Capital Stock acquired to

Lender or (ii) agree to or effect any capital expenditure (including acquiring any material assets outside of the ordinary course of business and inconsistent with past practice) other than Approved Capital Expenditures. In the event that the consideration for any acquisition described in clause (i) of the preceding sentence is comprised in whole or in part of non-cash consideration, such non-cash consideration shall be valued as follows: (x) if the consideration consists of securities which are traded on a recognized national stock exchange or market, the securities shall be valued at the last reported sale price (or the average of the last reported bid and ask price in the absence of any last reported sale price) on the last date on which such exchange or market was open for trading preceding the date such securities are delivered as consideration and (y) if the consideration is in a form other than as described in clause (x), such consideration shall be valued at its fair market value as of the date such consideration is paid and as determined by the board of directors of the Borrower acting reasonably and in good faith. The value of Borrower's investment in any joint venture shall be determined by the board of directors of the Borrower acting reasonably and in good faith based upon any valuations produced by the parties to such joint venture in connection with the establishment of such joint venture.

7.4. INDEBTEDNESS. Borrower shall not create, incur, assume, permit to exist, or be liable for any Indebtedness, or permit any of its Subsidiaries to do so, other than Permitted Indebtedness.

7.5. ENCUMBRANCE. Borrower shall not create, incur, or allow to exist any Lien on any of its property or assets, or assign or convey any right to receive income, including the sale of any accounts receivable, or permit any of its Subsidiaries to do so, except for Permitted Liens, or permit Lender's first priority security interest in the Collateral to change.

7.6. INVESTMENTS; DISTRIBUTIONS. Borrower shall not (i) directly or indirectly make or hold any Investment in any Person, other than Permitted Investments, or permit any of its Subsidiaries to do so; or (ii) pay any dividends or make any distribution or payment on Capital Stock (except for dividends or stock splits payable solely in Capital Stock and dividends payable solely to Borrower or a wholly-owned Subsidiary of Borrower) or redeem, retire or purchase any Capital Stock (except for restricted shares of Capital Stock issued to officers, directors, or employees pursuant to the terms for repurchases thereof upon a termination of employment or directorship).

7.7. TRANSACTIONS WITH AFFILIATES. Borrower and its Subsidiaries shall not directly or indirectly enter into or permit any material transaction with any Affiliate of Borrower, except (i) transactions that are in the ordinary course of Borrower's business, on terms no less favorable to Borrower than would be obtained in an arm's length transaction with a non-affiliated Person, (ii) transactions under agreements existing as of the date of this Agreement with officers and directors that Borrower is legally obligated to perform and which are disclosed in the SEC Reports filed prior to the date hereof, (iii) any employment agreement entered into by Borrower or any of its Subsidiaries in the ordinary course of business, consistent with the past practice of Borrower or such Subsidiary and approved by the compensation committee of Borrower's board

of directors, and (iv) transactions between or among Borrower and one or more of its Subsidiaries or among Subsidiaries.

7.8. COMPLIANCE. Borrower and its Subsidiaries shall not undertake as one of its important activities extending credit to purchase or carry margin stock, or use the proceeds of any Advance for that purpose; fail to meet the minimum funding requirements of ERISA, permit a Reportable Event or Prohibited Transaction, each as defined in ERISA, to occur; fail to comply with the Federal Fair Labor Standards Act, the Securities Act, the Exchange Act, the Sarbanes-Oxley Act or violate any other law or regulation, unless such failure to comply or violation could not reasonably be expected to have a Material Adverse Effect.

8. EVENTS OF DEFAULT

Any one of the following is an Event of Default:

8.1. PAYMENT DEFAULT. Borrower fails to pay any of the Obligations when due and payable within five (5) days of its due date.

8.2. COVENANT DEFAULT. Borrower does not perform any obligation in Section 6 or violates any covenant in Section 7 or does not perform or observe any other term, condition or covenant in this Agreement, any Loan Documents and as to any default under a term, condition or covenant that can be cured, has not cured the default within thirty (30) days after Borrower becomes aware of such occurrence (but no Advances will be made during such cure period).

8.3. MATERIAL ADVERSE CHANGE. (i) A material impairment in the perfection or priority of Lender's security interest in the Collateral or in the value of such Collateral which is not covered by adequate insurance occurs; or (ii) an event having a Material Adverse Effect shall occur.

8.4. ATTACHMENT. (i) Any material portion of Borrower's or any of its Subsidiaries' assets is attached, seized, levied on, or comes into possession of a trustee or receiver and the attachment, seizure or levy is not removed in five (5) days (but no Advance will be made during such period); (ii) Borrower or any of its Subsidiaries are enjoined, restrained, or prevented by court order from conducting a material part of its business; (iii) a judgment or other claim becomes a Lien on Borrower's or any of its Subsidiaries' assets of an aggregate value in excess of $100,000; or (iv) a notice of lien, levy, or assessment is filed against any of Borrower's or its Subsidiaries' assets of an aggregate value in excess of $100,000 by any Governmental Authority and not paid within ten (10) days after Borrower or any of its Subsidiaries receive notice thereof.

8.5. INSOLVENCY. (i) Borrower or any of its Subsidiaries begins an Insolvency Proceeding; or (ii) an Insolvency Proceeding is begun against Borrower or any of its Subsidiaries and not dismissed or stayed within sixty (60) days (but no Advances will be made before such Insolvency Proceeding is dismissed).

8.6. MISREPRESENTATIONS. Borrower, any of its Subsidiaries, or any Person acting for Borrower makes any material misrepresentation or material misstatement now or later in any warranty or representation in this Agreement or in any communication delivered to Lender pursuant to or in connection with this Agreement or to induce Lender to enter this Agreement or any Loan Document or to make any Advance; provided that such misrepresentation or misstatement shall not be an Event of Default if such misrepresentation or misstatement is capable of being remedied and is remedied within ten (10) days of Borrower becoming aware of such misrepresentation or misstatement.

8.7. CROSS DEFAULT. Borrower or any Subsidiary fails to pay any Indebtedness in excess of $250,000 when due and payable beyond the period of grace (not to exceed thirty (30) days), if any, provided in the instrument or agreement under which such indebtedness was created.

8.8. [***]

8.9. LICENSE AGREEMENT. (i) The License Agreement shall have been terminated or (ii) Borrower is in default or breach (x) (other than a de minimis breach) of any provision of the License Agreement or (y) of any payment obligations under Section 5.3(a) or 6A.7 of the Collaboration Agreement or any obligation to comply with law under Section 2.2 or 6A.3(a)(i) of the Collaboration Agreement.

9. LENDER'S RIGHTS AND REMEDIES

9.1. RIGHTS AND REMEDIES. Upon the occurrence of an Event of Default, Lender may, without notice or demand, do any or all of the following:

(a) Declare all Obligations immediately due and payable (but if an Event of Default described in Section 8.5 occurs all Obligations are immediately due and payable without any action by Lender);

(b) Stop advancing money or extending credit for Borrower's benefit under this Agreement or any Loan Document;

(c) Make any payments and do any acts it considers necessary or reasonable to protect its security interest in the Collateral and take any action permitted under the Loan Documents, the Code or other applicable law; or

(d) Apply to the Obligations any amount held by Lender owing to or for the credit or the account of Borrower, including amounts under the License Agreement or the Collaboration Agreement.

9.2. LENDER EXPENSES. If Borrower fails to pay any amount or furnish any required proof of payment to third persons Lender may make all or part of the payment or obtain

*** Certain information on this page has been omitted and filed separately with the Commission. Confidential treatment has been requested with respect to the omitted portions.

insurance policies required by any Loan Document, and take any action under the policies Lender deems prudent. Any amounts paid by Lender are Lender Expenses and immediately due and payable, bearing interest at the then applicable Base Rate and secured by the Collateral. No payments by Lender are deemed an agreement to make similar payments in the future or Lender's waiver of any Event of Default.

9.3. REMEDIES CUMULATIVE. Lender's rights and remedies under this Agreement, the Loan Documents, and all other agreements are cumulative. Lender has all rights and remedies provided under the Code, by law, or in equity. Lender's exercise of one right or remedy is not an election, and Lender's waiver of any Event of Default is not a continuing waiver. Lender's delay is not a waiver, election, or acquiescence. No waiver is effective unless signed by Lender and then is only effective for the specific instance and purpose for which it was given.

9.4. DEMAND WAIVER. Except for notices explicitly required under any Loan Document, Borrower waives demand, notice of default or dishonor, notice of payment and nonpayment, notice of any default, nonpayment at maturity, release, compromise, settlement, extension, or renewal of accounts, documents, instruments, chattel paper, and guaranties held by Lender on which Borrower is liable.

10. NOTICES

All notices or demands by any party to this Agreement or any other related agreement must be in writing and be personally delivered or sent by an overnight delivery service, by certified mail, postage prepaid, return receipt requested, or by telefacsimile at the addresses listed below each parties' signature hereto. A party may change its notice address by giving the other party written notice.

11. CHOICE OF LAW, VENUE AND JURY TRIAL WAIVER

This Agreement shall be governed and construed in accordance with the internal law of the State of New York without regard to principles of conflicts of law. Borrower submits to the non-exclusive jurisdiction of the state and federal courts sitting in the city of New York, New York.

BORROWER WAIVES ITS RIGHT TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION ARISING OUT OF OR BASED UPON THIS AGREEMENT, THE LOAN DOCUMENTS OR ANY CONTEMPLATED TRANSACTION, INCLUDING CONTRACT, TORT, BREACH OF DUTY AND ALL OTHER CLAIMS. THIS WAIVER IS A MATERIAL INDUCEMENT FOR LENDER TO ENTER INTO THIS AGREEMENT. BORROWER HAS REVIEWED THIS WAIVER WITH ITS COUNSEL.

12. GENERAL PROVISIONS

12.1. SUCCESSORS AND ASSIGNS. This Agreement binds and is for the benefit of the successors and permitted assigns of each party. Borrower may not assign this Agreement or any

rights or Obligations under it without Lender's prior written consent which may be granted or withheld in Lender's discretion. Lender has the right, without the consent of or notice to Borrower, to sell, transfer, negotiate, or grant participation in all or any part of, or any interest in, Lender's obligations, rights and benefits under this Agreement, the Loan Documents or any related agreement to any Affiliate of Lender and following the occurrence of an Event of Default to any Person other than to one of Borrower's competitors listed on Schedule 12.1 hereto.

12.2. INDEMNIFICATION. Borrower will indemnify, defend and hold harmless Lender and its officers, employees and agents against: (a) all obligations, demands, claims, and liabilities asserted by any other party in connection with the transactions contemplated by the Loan Documents; (b) all losses or Lender Expenses incurred, or paid by Lender from, following, or consequential to transactions between Lender and Borrower pursuant to or in connection with any Loan Document (including reasonable attorneys' fees and expenses), except in the case of clauses (a) and (b) any amounts caused by Lender's gross negligence or willful misconduct and (c) any and all Taxes payable or which must be withheld in respect of all payments by Borrower to Lender hereunder other than Taxes on Lender's net income or gross receipts and Lender's franchise taxes.

12.3. TIME OF ESSENCE. Time is of the essence for the performance of all Obligations in this Agreement.

12.4. SEVERABILITY OF PROVISION. Each provision of this Agreement is severable from every other provision in determining the enforceability of any provision.

12.5. AMENDMENTS IN WRITING, INTEGRATION. All amendments to this Agreement must be in writing signed by both Lender and Borrower. This Agreement and the Loan Documents together with the definitions specifically incorporated from the License Agreement and the Collaboration Agreement in accordance with Section 1 hereof represent the entire agreement about this subject matter, and supersedes prior or contemporaneous negotiations or agreements. All prior or contemporaneous agreements, understandings, representations, warranties, and negotiations between the parties about the subject matter of this Agreement and the Loan Documents merge into this Agreement and the Loan Documents.

12.6. COUNTERPARTS. This Agreement may be executed in any number of counterparts and by different parties on separate counterparts, each of which, when executed and delivered, are an original, and all taken together, are one Agreement.

12.7. SURVIVAL. All covenants, representations and warranties made in this Agreement continue in full force while any Obligations remain outstanding. The obligations of Borrower in Section 12.2 to indemnify Lender will survive until all statutes of limitations for actions that may be brought against Lender have run.

12.8. CONFIDENTIALITY. Borrower and Lender each agree to keep the contents of the Loan Documents and any other information about the other party or its business, assets, liabilities or properties which they receive in connection with the Loan Documents (the

"Confidential Information") confidential and not to disclose such information to any other Person except as required by applicable law, rule, regulation, stock exchange rule or legal process; provided, however, that if a party hereto is required so to disclose any Confidential Information it will use its reasonable best efforts to obtain confidential treatment, redaction, an in camera review or other methods to limit to the maximum extent possible the content and scope of the disclosure required and each party shall to the extent practicable permit the other party and its counsel to review any such request and participate in the process of prosecuting such request.

13. DEFINITIONS

13.1. DEFINITIONS.

"ACCOUNTS" shall mean all existing and later arising deposit accounts (as defined in the Code), securities accounts (as defined in the Code) and any other account in which cash or Securities or the proceeds thereof are held.

"ACCOUNT CONTROL AGREEMENT" shall mean any Account Control Agreement entered into pursuant to the terms hereof which grants the Lender "control" as defined in the Code over any Account in the form of EXHIBIT E together with such changes requested by the bank, Securities Intermediary or other financial institution party thereto which changes have been agreed to by Lender and Borrower.

"ADVANCE" means an advance made or to be made under the terms and subject to the conditions of this Agreement or the principal amount outstanding for the time being of that advance.

"AFFILIATE" of a Person is a Person that owns or controls directly or indirectly the Person, any Person that controls or is controlled by or is under common control with the Person, and each of that Person's executive officers, directors, partners and, for any Person that is a limited liability company, that Person's managers and members.

"APPROVED CAPITAL EXPENDITURES" means any capital expenditures (x) to purchase or construct one headquarters campus containing a laboratory facility and (y) capital expenditures for the purchase, construction or reconstruction of equipment or other capital assets not exceeding, in the aggregate, $25,000,000 in any fiscal year of Borrower.

"BORROWER'S BOOKS" are all of Borrower's books and records including ledgers, records regarding Borrower's assets or liabilities, the Collateral, business operations or financial condition and all computer programs or discs or any equipment containing the information.

"BORROWER PATENT AND TRADEMARK SECURITY AGREEMENT" means the Patent and Trademark Security Agreement substantially in the form of EXHIBIT D attached hereto.

"BUSINESS DAY" is any day that is not a Saturday, Sunday or a day on which banks in New York, NY are generally not open for business.

"CAPITAL STOCK" shall mean all shares of stock (whether or not common or preferred) or other securities or rights to acquire or which are convertible or exchangeable into such shares of stock or any other securities entitling the holder to participate in the profits of a Person or entitling the holder thereof to vote on any matter.

A "CHANGE IN CONTROL" shall mean (a) a sale of all or substantially all of the assets of Borrower and its Subsidiaries taken as a whole, (b) any merger, consolidation, recapitalization, reclassification, share exchange or other business combination involving the Borrower or its Subsidiaries (a "Business Combination") in which either (x) Borrower is not the continuing or surviving entity and the holders of the Capital Stock of Borrower outstanding immediately prior to the Business Combination do not hold, directly or indirectly, at least a majority of the Capital Stock and the combined voting power of the surviving entity immediately after such Business Combination, or (y) Borrower is the continuing or surviving entity and the holders of the Capital Stock of Borrower outstanding immediately prior to the Business Combination do not hold, directly or indirectly, at least a majority of the Capital Stock and the combined voting power of Borrower immediately after such Business Combination, and (c) any Person or group of Persons (as defined in Rule 13d-3 under the Exchange Act) becomes the beneficial owner (determined in accordance with Rule 13d-3 under the Exchange Act) of more than 35% (calculated in accordance with Rule 13d-3 under the Exchange Act) of the Capital Stock or the combined voting power of the Borrower.

"CLOSING DATE" shall mean the date the first Advance is made hereunder.

"CODE" shall mean the Uniform Commercial Code as in effect from time to time in the State of New York, provided that to the extent that by reason of mandatory provisions of law, the perfection or the effect of perfection or non-perfection of the security interest in any Collateral or the availability of any remedy is governed by the Uniform Commercial Code as in effect on or after the date hereof in any other jurisdiction, "UCC" means the Uniform Commercial Code as in effect in such other jurisdiction for purposes of the provisions hereof relating to such perfection or effect of perfection or non-perfection or availability of such remedy.

"COLLATERAL" shall mean the property described in the Security Agreement, any Account Control Agreement and the Borrower Patent and Trademark Security Agreement or in any other Loan Document as being subject to a Lien in favor of Lender.

"COMMITTED LINE" shall mean the maximum aggregate amount of all Advances which may be outstanding hereunder which is equal to: (x) during the Initial Loan Period $75,000,000 minus any amount which has been repaid pursuant to Section 2.6 or 7.1 hereof and (y) during the Second Loan Period $175,000,000 minus any amount which has been repaid pursuant to Section 2.6 or 7.1 hereof.

"CONSOLIDATED EBITDA" shall mean for any period, the sum of Consolidated Net Income, plus the following to the extent deducted or not included in calculating such Consolidated Net Income: (a) all income tax expense; (b) Consolidated Interest Expense; (c) depreciation and amortization expense (excluding amortization expense attributable to a prepaid

operating activity item that was paid in cash on a prior period); and (d) all other non-cash charges (excluding any such non-cash charge to the extent that it represents an accrual of or reserve for cash expenditures in any future period); in each case for such period.

"CONSOLIDATED FIXED CHARGE COVERAGE RATIO" shall mean the ratio of the aggregate amount of Consolidated EBITDA for the most recent four full fiscal quarters (such four full fiscal quarter period being referred to herein as the "Prior Quarters") for which financial statements contained in an SEC Report have been filed with the SEC preceding the date of the incurrence of such Indebtedness (the "Transaction Date") to the aggregate amount of Consolidated Fixed Charges of such Person for the Prior Quarters. In addition to and without limitation of the foregoing, for purposes of this definition, "Consolidated EBITDA" and "Consolidated Fixed Charges" shall be calculated after giving effect on a pro forma basis for the period of such calculation to, without duplication, (a) the incurrence of any Indebtedness of Borrower or any of its Subsidiaries (and the application of the net proceeds thereof) and the repayment of any Indebtedness of Borrower and its Subsidiaries during the period commencing on the first day of the Prior Quarters to and including the Transaction Date (the "Reference Period"), including, without limitation, the incurrence of the Indebtedness giving rise to the need to make such calculation (and the application of the net proceeds thereof), as if such incurrence (and application) or repayment, as the case may be, occurred on the first day of the Reference Period, and (b) any sales or acquisitions of assets outside the ordinary course of business (including, without limitation, any acquisition giving rise to the need to make such calculation as a result of Borrower or one of its Subsidiaries (including any Person who becomes a Subsidiary as a result of the acquisition) incurring, assuming or otherwise being liable for Indebtedness) occurring during the Reference Period, as if such sale of assets or acquisition occurred on the first day of the Reference Period. Furthermore, in calculating "Consolidated Fixed Charges" for purposes of determining the denominator (but not the numerator) of this "Consolidated Fixed Charge Coverage Ratio," (i) interest on outstanding Indebtedness determined on a fluctuating basis as at the Transaction Date and that will continue to be so determined thereafter shall be deemed to have accrued at a fixed or floating rate per annum equal to the rate of interest on such Indebtedness in effect on the Transaction Date; and (ii) if interest on any Indebtedness actually incurred on the Transaction Date may optionally be determined at an interest rate based upon a factor of a prime, LIBOR, or similar rate, a eurocurrency interbank offered rate, or other rates, then the interest rate in effect on the Transaction Date will be deemed to have been in effect during the Reference Period. If Borrower or any of its Subsidiaries directly or indirectly guarantees Indebtedness of a third Person, the above clause shall give effect to the incurrence of such guaranteed Indebtedness as if Borrower or such Subsidiary had directly incurred or otherwise assumed such guaranteed Indebtedness.

"CONSOLIDATED FIXED CHARGES" shall mean, with respect to Borrower and its Subsidiaries for any period, the sum of, without duplication, (a) Consolidated Interest Expense for such period; (b) scheduled mandatory principal payments of Indebtedness; (c) the principal component of any capitalized lease obligations paid by such Person during such period, (d) cash dividends on Capital Stock paid by such Person during such period (excluding dividends paid to

the Borrower or any wholly-owned Subsidiary), all as determined on a consolidated basis in accordance with GAAP.

"CONSOLIDATED INTEREST EXPENSE" shall mean for any period, without duplication, the sum of (a) the interest expense of Borrower and its Subsidiaries for such period as determined on a consolidated basis in accordance with GAAP, including, without limitation, (i) any amortization or accretion of debt discount, (ii) the net cost under any Hedge, (iii) the interest portion of any deferred payment obligation, and (iv) all accrued interest; (b) the interest component of capitalized lease obligations paid, accrued and/or scheduled to be paid or accrued by Borrower and its Subsidiaries during such period as determined on a consolidated basis in accordance with GAAP; (c) that portion of all operating lease rentals representative of an interest factor (which shall be deemed to be equal to 1/3 of all operating lease rentals); (d) the amount of interest expense recorded by a Person whose Indebtedness is guaranteed by the Borrower or its Subsidiaries which relates to the Indebtedness of such Person which is so guaranteed; (e) the amount of any dividends on any Capital Stock which by it terms entitles the holder thereof to specified accruing dividends.

"CONSOLIDATED NET INCOME" shall mean for any period, the consolidated net income (or loss) of Borrower and its Subsidiaries for such period, adjusted, to the extent included in calculating such net income, by excluding, without duplication, (a) all extraordinary gains or losses, (b) the portion of net income (but not losses) of Borrower and its Subsidiaries allocable to minority interests in unconsolidated Persons to the extent that cash dividends or distributions have not actually been received by Borrower or its wholly-owned Subsidiaries, (c) any gain or loss realized upon the termination of any employee pension benefit plan, on an after-tax basis, (d) gains or losses in respect of any asset sales by Borrower or its Subsidiaries, and (e) the net income of any Subsidiary of Borrower to the extent that the declaration of dividends or similar distributions by that Subsidiary of that income is not at the time permitted, directly or indirectly, by operation of the terms of its charter or any agreement, instrument, judgment, decree, order, law, statute, rule or governmental regulation applicable to that Subsidiary or its stockholders. All amounts and determinations under this definition shall be in accordance with GAAP.

"CONTINGENT OBLIGATION" means, for any Person, any direct or indirect liability, contingent or not, of that Person for any indebtedness, lease, dividend, letter of credit or other obligation of another such as an obligation directly or indirectly guaranteed, endorsed, co-made, discounted or sold with recourse by that Person, or for which that Person is directly or indirectly liable; but "Contingent Obligation" does not include endorsements in the ordinary course of business. The amount of a Contingent Obligation is the stated or determined amount of the primary obligation for which the Contingent Obligation is made or, if not determinable, the maximum reasonably anticipated liability for it determined by the Person in good faith; but the amount may not exceed the maximum of the obligations under the guarantee or other support arrangement.

"EQUITY ISSUANCE" means the sale or issuance by Borrower or any of its Subsidiaries or a holding company of Borrower of any of its Capital Stock for cash in a public or private offering

other than (w) in connection with entering into any co-promotion, collaboration or other agreement relating to the joint development, marketing or sale of any products of Borrower if such Capital Stock is issued to one or more of the parties to such Agreement (other than the Borrower or its Subsidiaries) or one of their Affiliates; (x) the sale or issuance of Capital Stock to any employee or director of Borrower or its Subsidiaries pursuant to any stock option plan approved by the board of directors of Borrower prior to the date hereof or any plan adopted after the date hereof containing substantially similar terms; or (y) the sale or issuance of shares of Capital Stock upon the exercise of any warrants or upon the conversion of any convertible preferred stock or other convertible securities outstanding on the date hereof and disclosed in the SEC Reports filed prior to the date hereof or in any schedule hereto; or (z) the sale of Capital Stock by Borrower or any of its Subsidiaries to Borrower, a wholly owned Subsidiary of Borrower or a holding company of Borrower as the case may be; provided that following such transaction, the beneficial owners of the Capital Stock of Borrower own in the same proportion as prior to the transaction the Capital Stock of Borrower or a holding company of Borrower.

"ERISA" is the Employment Retirement Income Security Act of 1974, and its regulations.

"EVENT OF DEFAULT" shall mean the occurrence of any event specified in Section 8 hereof.

"EXCHANGE ACT" shall mean the US Securities Exchange Act of 1934, as amended.

"FINANCIAL ASSET" shall have the same meaning as in the Code.

"GAAP" shall mean generally accepted accounting principles in the United States as consistently applied by Borrower together with the applicable provisions of all accounting rules, regulations, bulletins and requirements (including Regulation S-X) promulgated by the SEC or any division or part thereof.

"GOVERNMENTAL AUTHORITY" shall mean any government and any authority, agency, department, subdivision or instrumentality of any government.

"INDEBTEDNESS" shall mean:

(a) indebtedness for borrowed money;

(b) the deferred price of property or services;

(c) obligations evidenced by notes, bonds, debentures, mortgages or similar instruments;

(d) capital or finance lease obligations or hire purchase arrangements;

(e) Contingent Obligations;

(f) any documentary or standby letter of credit facility or performance bond facility;

(g) Any derivative (as defined in Accounting for Derivative Instruments and Hedging Activities - FASB Statement No. 133 as amended and interpreted, incorporating FASB Statement No. 138 and certain Statement No. 133 implementation issues, and Derivatives Implementation Group Issues);

(h) any amount under bankers acceptances;

(i) any amount raised pursuant to any issue of shares which are expressed to be redeemable;

(j) receivables sold or discounted (other than on a non-recourse basis);

(k) any agreement or option to re-acquire an asset if one of the primary reasons for entering into such agreement or option is to raise finance;

(l) any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing; and

(m) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (a) to (l) above.

"INITIAL LOAN PERIOD" shall mean the period commencing on the calendar day immediately following the US Launch Date and ending on the first anniversary of the US Launch Date.

"INSOLVENCY PROCEEDING" is any proceeding by or against any Person under the United States Bankruptcy Code, or any other bankruptcy or insolvency law, including assignments for the benefit of creditors, compositions, extensions generally with its creditors, or proceedings seeking reorganization, arrangement, or other relief.

"INTEREST PERIOD" shall mean the three month period ended March 31, June 30, September 30 or December 31 except for the first Interest Period which shall commence on the Closing Date and end on the first of the foregoing dates to occur.

"INVESTMENT" in any Person means any direct or indirect advance, loan or other extension of credit (including, without limitation, by way of guarantee or similar arrangement; but excluding advances to customers in the ordinary course of business that are, in conformity with GAAP, recorded as accounts receivable on the balance sheet of the Borrower or its Subsidiaries) or capital contribution to (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others), or any purchase or acquisition of Capital Stock, bonds, notes, debentures or other similar instruments issued by, such Person.

"LENDER EXPENSES" shall mean all costs, fees and expenses (including reasonable attorneys' fees and expenses) for administering, defending and enforcing the Loan Documents (including appeals or Insolvency Proceedings)).

"LIEN" shall mean a mortgage, lien, deed of trust, charge, pledge, security interest or other encumbrance or imposition.

"LOAN DOCUMENTS" shall mean, collectively, this Agreement, the Promissory Note, the Security Agreement, any Account Control Agreement, the Borrower Patent and Trademark Security Agreement, any note, or notes or guaranties executed by Borrower in favor of Lender, and any other present or future agreement between Borrower and, or for the benefit of, Lender in connection with this Agreement other than the License Agreement or the Collaboration Agreement, all as amended, extended or restated.

"LOAN PERIOD" shall mean the Initial Loan Period and the Second Loan Period collectively.

"MATERIAL ADVERSE EFFECT" shall mean a material adverse effect on (x) the business, assets, liabilities, condition (financial or otherwise) or results of operations of Borrower and its Subsidiaries taken as a whole or (y) the validity or enforceability of, or the ability of Borrower to perform its obligations under this Agreement or any of the other Loan Documents.

"MATURITY DATE" shall mean the third anniversary of the US Launch Date.

"NET CASH EQUITY ISSUANCE PROCEEDS" means, with respect to any Equity Issuance, the excess of the gross cash proceeds received by such Person for such Equity Issuance after deduction of all reasonable and customary transaction expenses (including, without limitation, underwriting discounts and commissions and/or placement agent fees) actually and directly incurred in connection with such Equity Issuance.

"NET WORTH" means the assets minus the liabilities of the Borrower and its Subsidiaries on a consolidated basis as determined in accordance with GAAP.

"NOTICE OF BORROWING" is the Notice of Borrowing substantially in the form of EXHIBIT B attached hereto.

"OBLIGATIONS" shall mean debts, penalties, principal, interest, Lender Expenses and other amounts Borrower owes Lender pursuant to the Loan Documents now or later, including interest accruing after Insolvency Proceedings have begun.

"PERFECTION CERTIFICATE" is the Perfection Certificate substantially in the form of EXHIBIT G attached hereto.

"PERMITTED INDEBTEDNESS" is:

(a) Borrower's Obligations to Lender under this Agreement or the Loan Documents;

(b) Indebtedness existing on the date hereof which is reflected in the most recent financial statements of Borrower filed in an SEC Report;

(c) Indebtedness to trade creditors incurred in the ordinary course of business consistent with past practices so long as either (x) payment is made within ninety (90) days of the date payment is first due or (y) the payment is the subject of a bona fide dispute being pursued in good faith with a trade creditor that is a contract research organization;

(d) Indebtedness incurred directly to finance Approved Capital Expenditures;

(e) Indebtedness of Borrower to any of its Subsidiaries and Contingent Obligations of any Subsidiary of Borrower with respect to obligations of Borrower (provided that the primary obligations are not prohibited hereby), and Indebtedness of any Subsidiary of Borrower to any other Subsidiary of Borrower and Contingent Obligations of any Subsidiary of Borrower with respect to obligations of any other Subsidiary of Borrower (provided that the primary obligations are not prohibited hereby);

(f) additional Indebtedness incurred by Borrower or any of its Subsidiaries in an aggregate principal amount at any one time outstanding not to exceed $10,000,000;

(g) Any derivative that qualifies as hedge under U.S. Generally Accepted Accounting Principles currently set forth in Accounting for Derivative Instruments and Hedging Activities - FASB Statement No. 133, as amended and interpreted, and incorporating FASB Statement No. 138 and Statement No. 133 implementation issues and, Derivatives Implementation Group issues as promulgated by the FASB Derivatives Implementation Group from time to time;

(h) Indebtedness incurred prior to the Closing Date in the form of capital leases obligations not to exceed $10,000,000 in the aggregate; and

(i) any other Indebtedness not described in clauses (a) to (h) if such Indebtedness is Subordinated Indebtedness and if immediately after giving effect to the incurrence of such Indebtedness and giving pro forma effect to the incurrence of such Indebtedness (x) the Consolidated Fixed Charge Coverage Ratio is at least equal to 3.5:1 and (y) Borrower shall have Tangible Net Worth in excess of an amount equal to 75% of all Indebtedness of Borrower (including any amount of outstanding Advances hereunder) immediately after giving effect to the incurrence of such Indebtedness and giving pro forma effect to the incurrence of such Indebtedness.

"PERMITTED INVESTMENTS" are (i) Investments in any Subsidiary which is wholly owned, directly or indirectly, by Borrower; and (ii) Investments by Borrower in any one or more of the following:

(a) United States treasury bills which are backed by the full faith and credit of the US federal government;

(b) United States federal government coupon issues which are backed by the full faith and credit of the US federal government;

(c) obligations of agencies of the United States federal government which are backed by the full faith and credit of the US federal government;

(d) deposits, certificates of deposit or bankers acceptances denominated in US dollars or Euro of any bank or trust company organized under the laws of the United States of America (or any state thereof) or any member state of the European Union, having combined capital and surplus and undivided profits of not less than $100,000,000 or its equivalent and has outstanding debt which is rated `A' (or such similar equivalent rating) or higher by at least one nationally recognized statistical rating organization (as defined in Rule 436 under the Securities Act);

(e) debt obligations (including master notes, medium term notes or commercial paper) of any corporation;

(f) collateralized mortgage obligations;

(g) repurchase agreements;

(h) asset backed securities;

(i) Capital Stock, or securities (A) received in the settlement of debts which were created in the ordinary course of business of the Borrower and were owing to Borrower or any of its Subsidiaries if such settlement is pursuant to a bankruptcy, reorganization or other similar general settlements or compromise or arrangement of debts with the creditors of a Person other than the Borrower or its Subsidiaries or (B) received pursuant to any judgment of a court or arbitral tribunal;

(j) other Investments in any Person having at any time an aggregate fair market value, when taken together with all other Investments made pursuant to this clause (j), not to exceed $2,500,000;

(k) Investments in all or a portion of the Capital Stock of a Person or in joint ventures if (i) the aggregate consideration for all acquisitions of Capital Stock or property or assets by Borrower and its Subsidiaries and the aggregate of Borrower's and its Subsidiaries' investments in such joint ventures completed after the date hereof (whether before or after the

Closing Date) does not exceed $125,000,000 (the value of the consideration paid or investment is to be determined in the same manner as under Section 7.3); (ii) either (A) Borrower and its Subsidiaries together own at least all or substantially all of the Capital Stock of such acquired Person or (B) the acquisition of less than all or substantially all of the Capital Stock of a Person was accomplished pursuant to, or in connection with, a co-promotion, licensing or collaboration agreement with a Person engaged in the pharmaceutical industry and Borrower or its Subsidiaries grant a first priority perfected security interest in such Capital Stock to Lender upon the later of (x) the completion of such acquisition or (y) the Closing Date; and (iii) such acquisition or joint venture was not completed in violation of Section 7.3 hereof; and

(l) Investments existing on the date hereof and listed on Schedule 13.1; provided that with respect to clauses (a) to (h):

(a) such Investments are rated at least A2/P2 or A by at least one nationally recognized statistical rating organization (as defined in Rule 436 under the Securities Act);

(b) all asset backed securities are rated at least AA+ by at least one nationally recognized statistical rating organization (as defined in Rule 436 under the Securities Act);

(c) the maximum maturity of any single Investment shall not exceed 44 months;

(d) the maximum average maturity of all Permitted Investments must not exceed 40 months;

(e) all Permitted Investments in any one Person (other than the US federal government or any agency thereof) with a rating of at least AA by at least one nationally recognized statistical rating organization (as defined in Rule 436 under the Securities Act) at time the time such Permitted Investment is made shall not exceed 10% of the market value of all Permitted Investments at any time;

(f) all Permitted Investments in any one Person (other than the US federal government or any agency thereof) with a rating less than AA by at least one nationally recognized statistical rating organization (as defined in Rule 436 under the Securities Act) at the time such Permitted Investment is made shall not exceed 5% of the market value of all Permitted Investments at any time;

(g) the market value of Investments in collateralized mortgage obligations shall not exceed 5% of the market value of all Permitted Investments at any time.

"PERMITTED LIENS" shall mean:

(a) Liens arising under this Agreement or other Loan Documents;

(b) Liens for taxes, fees, assessments or other government charges or levies, either not delinquent or being contested in good faith and for which Borrower maintains adequate reserves on Borrower's Books;

(c) Purchase money Liens securing Indebtedness described in clauses (d) and (h) of the definition of "Permitted Indebtedness" if the Lien is confined solely to the subject property and improvements;

(d) Landlord and materialman's liens and inchoate liens arising by operation of law to secure claims for the purchase of labor, services, materials, equipment or supplies to the extent that payment thereof shall not at the time be required to be made;

(e) Liens created by or resulting from any litigation or legal proceeding which is being contested in good faith by appropriate proceedings; provided that adequate reserves with respect thereto are maintained on Borrower's Books;

(f) easements, rights of way or other such Liens incidental to the normal conduct of the business of Borrower or its Subsidiaries which do not secure Indebtedness and which do not in the aggregate materially impair the use of such property in the operation of the business of the Borrower and its Subsidiaries taken as a whole or the value of such property for the purposes of such business;

(g) other Liens incidental to the normal conduct of the business of Borrower or its Subsidiaries which do not secure Indebtedness and which do not in the aggregate materially impair the use of such property in the operation of the business of the Borrower and its Subsidiaries or the value of such property;

(h) subject to compliance with or a waiver of Section 7.3, (i) any Lien on property existing on such property at the time of acquisition thereof, whether or not the Indebtedness secured thereby is assumed by Borrower or any Subsidiary thereof; provided that such Lien does not attach to any other property of Borrower or its Subsidiaries other than the specific property so acquired, or (ii) any Lien existing on the property of a Person at the time such Person is merged into or consolidated with Borrower or any Subsidiary thereof; provided that such Lien does not attach to any existing or after acquired property of Borrower or any of its Subsidiaries but only to the actual property of such Person at the time of such merger or consolidation; provided further that in the case of both (i) and (ii) such Lien was not created in anticipation of or in connection with such acquisition, merger or consolidation;

(i) pledges and deposits made in the ordinary course of business in connection with workers compensation, unemployment insurance and other social security laws or regulations;

(j) deposits to secure the performance of bids, trade contracts, statutory obligations, surety and appeal bonds, performance bonds and other obligations of a like manner,

and Liens of assets relating to customer deposits and advances (including progress payments) in each case in the ordinary course of business; and

(k) Liens existing on the date hereof and disclosed on Schedule 13.2 hereto.

"PERSON" shall mean any individual, sole proprietorship, partnership, limited liability company, joint venture, company, trust, unincorporated organization, association, corporation, institution, public benefit corporation, firm, joint stock company, estate, entity or Governmental Authority.

"POTENTIAL EVENT OF DEFAULT" shall mean any event, circumstance, situation or omission which could with the giving of notice, lapse of time or otherwise become an Event of Default.

"PRIME RATE" shall mean the variable per annum rate of interest equal at all times to the rate of interest established and quoted by Citibank N.A. as its prime rate, such Prime Rate to change contemporaneously with each change in such established and quoted rate by Citibank N.A. In the event that Citibank N.A. shall abolish or abandon its practice of establishing and quoting a prime rate, or should the same or any Replacement Prime Rate (as defined below) become unavailable or unascertainable, the Lender shall select any alternative rate which in its reasonable judgment is substantially equivalent to the Prime Rate (or Replacement Prime Rate, as the case may be) being replaced, expressed as a per annum rate, and effective as of the date the Lender notifies the Borrower of its selection such selected alternative rate of interest (the "Replacement Prime Rate") shall become the Prime Rate.

"PROMISSORY NOTE" means a Promissory Note from Borrower in favor of Lender substantially in the form of EXHIBIT A attached hereto, dated as of the Closing Date, together with all renewals, amendments, modifications and substitutions, therefor.

"RESPONSIBLE OFFICER" shall mean each of the Chief Executive Officer and the Chief Financial Officer of the Borrower.

"SECOND LOAN PERIOD" shall mean the period commencing on the calendar day immediately following the last day of the Initial Loan Period and ending on that date which is one (1) day prior to the Maturity Date.

"SECURITIES" shall mean financial assets and investment property each as defined in the Code.

"SECURITIES ACCOUNT" shall have the same meaning as in the Code.

"SECURITIES INTERMEDIARY" shall have the same meaning as in the Code.

"SUBORDINATED INDEBTEDNESS" shall mean Indebtedness (x) the maturity date of which or the earliest date upon which repayment can be demanded is after the Maturity Date and (y) which has been subordinated in right of payment to the Obligations owing to Lender hereunder

pursuant to a subordination agreement providing that the holder thereof (i) may not exercise any remedies against Borrower or its Subsidiaries without the consent of Lender and (ii) will pay over to Lender any amounts it receives which it is not entitled to receive under the terms of such subordination agreement or pursuant to a subordination agreement containing terms otherwise acceptable to Lender.

"SUBSIDIARY" shall mean for any Person, joint venture, or any other business entity of which more than fifty percent (50%) of the stock or other equity interests is owned or controlled, directly or indirectly, by the Person or one or more Affiliates of the Person.

"TANGIBLE NET WORTH" shall mean, as of any date, (a) the amount of any capital stock, paid-in capital and similar equity accounts (other than with respect to any Capital Stock which by its terms is mandatorily redeemable) plus (or minus in the case of a deficit) the capital surplus and retained earnings of Borrower on a consolidated basis and the amount of any foreign currency translation adjustment account shown as a capital account of Borrower, less (b) the net book value of all items of the following character which are included in the assets of Borrower: (i) goodwill, including without limitation, the excess of cost over book value of any asset, (ii) organization or experimental expenses, (iii) unamortized debt discount and expense, (iv) patents, trademarks, trade names and copyrights, (v) treasury stock, (vi) deferred taxes (but only to the extent that the deferred taxes shown as an asset on the Borrower's consolidated balance sheet exceeds the deferred taxes shown as a liability on the Borrower's consolidated balance sheet) and deferred charges, (vii) franchises, licenses and permits, and (viii) other assets which are deemed intangible assets under GAAP; provided that "Tangible Net Worth" shall not include any positive amount attributable to any revaluation of any asset after the date hereof.

"TAX" (and, with correlative meaning, "Taxes") shall mean any federal, state, local or foreign income, gross receipts, property, sales, use, license, excise, franchise, employment, payroll, premium, withholding, alternative or added minimum, ad valorem, value added, inventory, transfer or excise tax, or any other tax, custom, duty, governmental fee or other like assessment or charge of any kind whatsoever, together with any interest or penalty.

"US", "U.S." OR "UNITED STATES" shall mean the geographic territory of any state of the United States of America or any territory or possession of the federal government of the United States of America.

"US LAUNCH DATE" shall mean the first date on which a Product is first shipped in commercial quantities for commercial sale to unaffiliated third parties located in the United States.

[SIGNATURES ARE ON THE FOLLOWING PAGE]

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

BORROWER:

NEUROCRINE BIOSCIENCES, INC.

By: /s/ Gary A. Lyons

Name: Gary A. Lyons
Title: President and Chief Executive Officer

Address and Fax Number for Notices:

LENDER:

PFIZER INC.

By: /s/ Henry A. McKinnell

Name: Henry A. McKinnell
Title: Chairman of the Board and
Chief Executive Officer

Address and Fax Number for Notices:

Exhibit 99.1

FOR IMMEDIATE RELEASE:
Contact at Neurocrine Biosciences:
Paul Hawran or Elizabeth Foster
858-658-7600
Contact at Pfizer:
Mariann Caprino
212-733-4554

NEUROCRINE, PFIZER ANNOUNCE WORLDWIDE AGREEMENT TO DEVELOP, PROMOTE INSOMNIA TREATMENT

INDIPLON IN PHASE III DEVELOPMENT FOR MULTIPLE ASPECTS OF INSOMNIA

San Diego, CA, and New York, December 19, 2002 - Neurocrine Biosciences, Inc. (NASDAQ: NBIX) and Pfizer Inc (NYSE: PFE) today announced a global agreement for the exclusive worldwide development and commercialization of indiplon, Neurocrine's Phase III compound for the treatment of insomnia. In addition, Neurocrine will have the opportunity to detail Pfizer's antidepressant Zoloft(R) (sertraline HCl).

Under terms of the collaboration, which is subject to government approval, Neurocrine will receive an initial payment of $100 million and up to $300 million in milestone payments. Pfizer will fund the ongoing development of indiplon and pay royalties on worldwide sales and co-promotion fees in the United States. The companies will collaborate on the clinical development of indiplon and co-promote the product in the United States; Pfizer will hold an exclusive license to develop and market indiplon outside the United States.

Pfizer also will support the creation of a 200-member Neurocrine sales force to reach psychiatrists and sleep specialists. This sales force will detail Zoloft(R) to U.S. psychiatrists after Neurocrine submits the indiplon New Drug Application (NDA) to the U.S. Food and Drug Administration (FDA), which could be as early as year-end 2003. Following the U.S. launch of indiplon, Pfizer will grant Neurocrine a staged $175 million secured short-term credit facility.

"We are excited to have the world's leading pharmaceutical company as our partner in developing and bringing this important new treatment option to patients," said Gary Lyons, President and Chief Executive Officer of San Diego-based Neurocrine. "Indiplon has the potential to become the first sleep medication indicated for multiple features of insomnia."

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"Further, detailing Zoloft(R) in the United States will allow Neurocrine's new sales force to establish relationships with psychiatrists before the launch of indiplon," he said. "As many patients with sleep disorders also suffer from psychiatric conditions, psychiatrists are key providers of care to these patients."

While the prevalence of insomnia is unknown, surveys suggest that up to 50 percent of adults have difficulty sleeping from time to time. The vast majority of people who regularly suffer from the inability to initiate and maintain sleep are untreated and undiagnosed. Insomnia often has a serious impact on a patient's general health and quality of life, including impaired daytime functioning and decreased work productivity.

Indiplon, which Neurocrine licensed from DOV Pharmaceuticals, is a non-benzodiazepine that acts on a specific site of the GABA-A receptor. Indiplon is being studied in both immediate release and modified release formulations to address the problems of sleep initiation and maintenance as well as middle of the night awakenings.

Data have shown that indiplon is both efficacious and well tolerated in achieving rapid sleep induction without next-day residual effects.

"Getting patients to sleep through the night and awake rested and refreshed is the key objective of treatment," said Hank McKinnell, Pfizer chairman and chief executive officer. "We are very pleased to be able to work with Neurocrine on this innovative treatment option. Indiplon has been shown to address the unmet needs of patients who can't fall asleep as well as those who wake in the night."

Neurocrine Biosciences Inc. is a product-based biopharmaceutical company focused on neurological and endocrine diseases and disorders. The company's product candidates address some of the largest pharmaceutical markets in the world, including insomnia, anxiety, depression, malignant brain tumors and peripheral cancers, diabetes, multiple sclerosis, irritable bowel syndrome, eating disorders, pain, stroke, and certain female health disorders.

Pfizer Inc discovers, develops, manufactures and markets leading prescription medicines for humans and animals, and many of the world's best-known consumer brands.

DISCLOSURE NOTICE: The information contained in this document is as of December 19, 2002. Pfizer assumes no obligation to update any forward-looking statements contained in this document as a result of new information or future events or developments.

This document contains forward-looking information about a product in development that involves inherent uncertainties. The success of this research and development project and the speed with which regulatory authorizations and the launch of the product may be achieved, as well as competitive factors, could affect the actual outcome of this collaboration.

A further list and description of the risks, uncertainties and other matters that could cause the Pfizer's description contained herein to differ materially can be found in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2001, and in its periodic reports on Forms 10-Q and 8-K (if any).

SOURCE Pfizer Inc; Neurocrine Biosciences, Inc.