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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

/x/ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2001

or

/ / **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission file number: 0-19311

IDEC PHARMACEUTICALS CORPORATION

(Exact name of registrant as specified in its charter)

Delaware	**33-0112644**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

3030 Callan Road, San Diego, CA 92121
(Address of principal executive offices) (Zip code)

(858) 431-8500
(Registrant's telephone number, including area code)

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

As of October 31, 2001 the Registrant had 152,508,055 shares of its common stock, $.0005 par value, issued and outstanding.

IDEC PHARMACEUTICALS CORPORATION
FORM 10-Q—QUARTERLY REPORT
FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2001

TABLE OF CONTENTS

PART I. FINANCIAL INFORMATION		
Item 1.	Financial Statements	
	Condensed Consolidated Statements of Operations—Three months ended September 30, 2001 and 2000 and nine months ended September 30, 2001 and 2000	1
	Condensed Consolidated Balance Sheets—September 30, 2001 and December 31, 2000	2
	Condensed Consolidated Statements of Cash Flows—Nine months ended September 30, 2001 and 2000	3
	Notes to Condensed Consolidated Financial Statements	4
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	7
Item 3.	Quantitative and Qualitative Disclosures About Market Risk	26
PART II. OTHER INFORMATION		
Item 1.	Legal Proceedings	28
Item 2.	Changes in Securities	28
Item 3.	Defaults upon Senior Securities	28
Item 4.	Submission of Matters to a Vote of Stockholders	28
Item 5.	Other Information	28
Item 6.	Exhibits and Reports on Form 8-K	29

PART I—FINANCIAL INFORMATION
Item 1. Financial Statements.

IDEC PHARMACEUTICALS CORPORATION AND SUBSIDIARY
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except per share data)

(unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2001	2000	2001	2000
		Restated		Restated
Revenues:				
Revenues from unconsolidated joint business	$ 68,525	$ 36,778	$ 175,155	$ 89,973
Contract revenues	1,090	4,400	4,597	13,992
License fees	—	1,625	11,250	4,875
Total revenues	69,615	42,803	191,002	108,840
Operating costs and expenses:				
Manufacturing costs	—	—	—	2,134
Research and development	20,751	18,008	63,912	49,768
Selling, general and administrative	12,991	6,576	36,125	19,253
Total operating costs and expenses	33,742	24,584	100,037	71,155
Income from operations	35,873	18,219	90,965	37,685
Interest income, net	6,977	2,788	24,957	7,053
Income before income tax provision and cumulative effect of accounting change	42,850	21,007	115,922	44,738
Income tax provision	(15,893)	(3,609)	(43,005)	(7,718)
Income before cumulative effect of accounting change	26,957	17,398	72,917	37,020
Cumulative effect of accounting change, net of income tax benefit of $487	—	—	—	(9,263)
Net income	$ 26,957	$ 17,398	$ 72,917	$ 27,757
Basic earnings per share:				
Before cumulative effect of accounting change	$ 0.18	$ 0.13	$ 0.49	$ 0.28
Cumulative effect of accounting change	—	—	—	(0.07)
Basic earnings per share	$ 0.18	$ 0.13	$ 0.49	$ 0.21
Diluted earnings per share:				
Before cumulative effect of accounting change	$ 0.16	$ 0.11	$ 0.42	$ 0.24
Cumulative effect of accounting change	—	—	—	(0.06)
Diluted earnings per share	$ 0.16	$ 0.11	$ 0.42	$ 0.18
Shares used in calculation of earnings per share:				
Basic	152,061	134,856	150,142	132,915
Diluted	167,394	158,628	181,278	157,497

See accompanying notes to unaudited condensed consolidated financial statements.

IDEC PHARMACEUTICALS CORPORATION AND SUBSIDIARY
CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands, except par value)

(unaudited)

	September 30, 2001	December 31, 2000
ASSETS		
Current assets:		
Cash and cash equivalents	$ 440,927	$ 401,052
Securities available-for-sale	135,442	180,286
Contract revenue receivables, net	79	1,697
Due from related parties, net	62,464	41,753
Inventories	230	—
Prepaid expenses and other current assets	6,825	6,470

Total current assets	645,967	631,258
Long-term securities available-for-sale	254,811	169,188
Property and equipment, net	92,981	47,514
Investment and other assets	9,294	8,446
	$ 1,003,053	$ 856,406

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:		
Current portion of notes payable	$ —	$ 743
Accounts payable	1,726	1,737
Accrued expenses	20,369	16,071
Deferred revenue	350	4,494
Total current liabilities	22,445	23,045
Notes payable, less current portion	134,193	128,888
Deferred rent	2,852	2,752
Deferred taxes and other long-term liabilities	7,623	7,102
Commitments		
Stockholders' equity:		
Convertible preferred stock, $.001 par value	—	—
Common stock, $.0005 par value	76	73
Additional paid-in capital	747,600	680,602
Accumulated other comprehensive income net unrealized gains on securities available-for-sale, net of taxes	1,920	517
Retained earnings	86,344	13,427
Total stockholders' equity	835,940	694,619
	$ 1,003,053	$ 856,406

See accompanying notes to unaudited condensed consolidated financial statements.

IDEC PHARMACEUTICALS CORPORATION AND SUBSIDIARY
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)

(unaudited)

	Nine Months ended September 30,	
	2001	**2000**
Cash flows from operating activities:		
Net cash provided by operating activities	$ 103,259	$ 42,168
Cash flows from investing activities:		
Purchase of property and equipment	(49,903)	(28,434)
Purchase of securities available-for-sale	(470,536)	(125,204)
Sales and maturities of securities available-for-sale	433,688	132,340
Net cash used in investing activities	(86,751)	(21,298)
Cash flows from financing activities:		
Payments on notes payable	(743)	(1,117)
Proceeds from issuance of common stock	24,110	15,700
Net cash provided by financing activities	23,367	14,583
Net increase in cash and cash equivalents	39,875	35,453
Cash and cash equivalents, beginning of period	401,052	61,404
Cash and cash equivalents, end of period	$ 440,927	$ 96,857

See accompanying notes to unaudited condensed consolidated financial statements.

IDEC PHARMACEUTICALS CORPORATION AND SUBSIDIARY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Note 1. Summary of Significant Accounting Policies

Basis of Presentation: The information at September 30, 2001, and for the three and nine months ended September 30, 2001 and 2000, is unaudited. In the opinion of management, these condensed consolidated financial statements include all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of results for the interim periods presented. Interim results are not necessarily indicative of results for a full year or for any subsequent interim period. These condensed consolidated financial statements should be read in conjunction with our Annual Report on Form 10-K for the year ended December 31, 2000.

Inventories: Inventories are stated at the lower of cost or market. Cost is determined in a manner that approximates the first-in, first-out, or FIFO method. Inventories at September 30, 2001 consist solely of raw materials.

Revenues from Unconsolidated Joint Business: Revenues from unconsolidated joint business consist of our share of the pretax copromotion profits generated from our copromotion arrangement with Genentech Inc., revenue from bulk Rituxan® sales to Genentech through March 2000, reimbursement from Genentech of our Rituxan-related sales force and development expenses and royalty revenue from F. Hoffmann-La Roche Ltd. on sales of Rituximab outside the United States. Revenue from bulk Rituxan sales was recognized when Genentech accepted the bulk Rituxan. Upon acceptance of bulk Rituxan by Genentech the right to return no longer existed and there were no further performance obligations related to bulk Rituxan. We record our royalty revenue from Roche with a one-quarter lag. Rituxan is the trade name in the United States and Japan for the compound Rituximab. Outside the United States and Japan, Rituximab is marketed as MabThera. In our notes to the condensed consolidated financial statements, we refer to Rituximab, Rituxan and MabThera collectively as Rituxan, except where otherwise indicated. Under the copromotion arrangement we share responsibility with Genentech for selling and continued development of Rituxan in the United States. Continued development of Rituxan includes conducting supportive research on Rituxan, post-approval clinical studies and obtaining potential approval of Rituxan for additional indications. Genentech provides the support functions for the commercialization of Rituxan in the United States including marketing, customer service, order entry, distribution, shipping and billing and, as of September 1999, all worldwide manufacturing responsibilities. Under the copromotion arrangement, all U.S. sales of Rituxan and associated costs and expenses are recognized by Genentech and we record our share of the pretax copromotion profits on a quarterly basis, as defined in our collaborative agreement with Genentech. Pretax copromotion profits under the copromotion arrangement are derived by taking the U.S. net sales of Rituxan to third-party customers less cost of sales, third-party royalty expenses, distribution, selling and marketing expenses and joint development expenses incurred by Genentech and us. Our profit-sharing formula with Genentech has two tiers; we earn a higher percentage of the pretax copromotion profits at the upper tier once a fixed pretax copromotion profit level is met. The profit-sharing formula resets annually at the beginning of each year to the lower tier. We began recording our profit share at the higher percentage during the first quarter of 2001 compared to the beginning of the second quarter of 2000.

Cumulative Effect of Accounting Change (Restatement): In the fourth quarter of 2000, we implemented the Securities and Exchange Commission's Staff Accounting Bulletin No. 101, "Revenue Recognition in Financial Statements," or SAB No. 101, effective as of January 1, 2000. SAB No. 101 established new guidelines in applying generally accepted accounting principles to revenue recognition in financial statements. SAB No. 101 provides that nonrefundable up-front fees received under

collaborative agreements be recorded as deferred revenue upon receipt and recognized as revenue over future periods. Prior to the implementation of SAB No. 101, we recognized certain nonrefundable up-front fees upon receipt as license fee revenue. The cumulative effect of this accounting change on years prior to 2000 resulted in a charge of $9,263,000 (net of a $487,000 income tax effect), of which $3,250,000 was recorded as deferred revenue as of December 31, 2000. For the nine months ended September 30, 2001, we recognized $3,250,000 of the related deferred revenue. The results for the three and nine months ended September 30, 2000 have been restated to reflect the adoption of SAB No. 101 as of January 1, 2000 which resulted in $1,625,000 and $4,875,000 being recognized as license fee revenue for the three and nine months ended September 30, 2000, respectively. This accounting change is directly related to the $13,000,000 up-front license fee received from Schering Aktiengesellschaft and recognized as license fee revenue in 1999.

Earnings Per Share: Earnings per share are calculated in accordance with Statement of Financial Accounting Standards No. 128 "Earnings per Share." Basic earnings per share excludes the dilutive effects of options and other convertible securities compared to diluted earnings per share which reflects the potential dilution of options and other convertible securities that could share in our earnings. Calculations of basic and diluted earnings per share use the weighted average number of shares outstanding during the period. All share and earnings per share amounts for the three and nine months ended September 30, 2000 have been restated to reflect our three-for-one stock split effected in January 2001.

	Three months ended September 30,		Nine months ended September 30,	
(In thousands, except per share data)	**2001**	**2000**	**2001**	**2000**
Numerator:				
Net income	$ 26,957	$ 17,398	$ 72,917	$ 27,757
Adjustments for interest, net of income tax effect	—	—	3,434	—
Net income, adjusted	$ 26,957	$ 17,398	$ 76,351	$ 27,757
Denominator:				
Weighted-average shares outstanding	152,061	134,856	150,142	132,915
Effect of dilutive securities:				
Dilutive options	12,452	17,498	13,670	17,667
Convertible preferred	2,881	6,274	3,527	6,915
Convertible promissory notes due 2019	—	—	13,939	—
Dilutive potential common shares	15,333	23,772	31,135	24,582
Weighted-average shares and dilutive potential common shares	167,394	158,628	181,278	157,497
Basic earnings per share	$ 0.18	$ 0.13	$ 0.49	$ 0.21
Diluted earnings per share	$ 0.16	$ 0.11	$ 0.42	$ 0.18

Excluded from the calculation of diluted earnings per share for the three months ended September 30, 2001 were 13,939,000 shares of common stock from the assumed conversion of our 20-year zero coupon subordinated convertible notes, or convertible promissory notes, and 2,871,000 shares of common stock from options because their effect is antidilutive. Excluded from the calculation of diluted earnings per share for the nine months ended September 30, 2001 was 2,371,000 shares of common stock from options because their effect is antidilutive. Excluded from the calculation of diluted earnings per share for the three and nine months ended September 30, 2000 was 13,939,000 shares of common stock from the assumed conversion of our convertible promissory notes and 213,000 shares of common stock from options for the nine months ended September 30, 2000 because their effect was antidilutive.

Comprehensive Income: Comprehensive income is comprised of net income and other comprehensive income. Other comprehensive income includes certain changes in equity that are excluded from net income, such as unrealized holding gains and losses on available-for-sale marketable securities, net of tax. Comprehensive income for the three months ended September 30, 2001 and 2000 was $28,047,000 and $17,720,000, respectively. Comprehensive income for the nine months ended September 30, 2001 and 2000 was $74,319,000 and $37,422,000, respectively.

Note 2. Related Party Arrangements

In March 1995, we entered into a collaborative agreement with Genentech for the clinical development and commercialization of our anti-CD20 monoclonal antibody, Rituxan, for the treatment of certain B-cell non-Hodgkin's lymphomas. Under the agreement, we may be reimbursed by Genentech for other development and regulatory approval expenses under the terms of the collaborative agreement. Genentech may terminate this agreement for any reason, which would result in a loss of Genentech's Rituxan product rights.

We copromote Rituxan in the United States with Genentech under a joint business arrangement whereby we receive a share of the pretax copromotion profits. In September 1999, we transferred all worldwide manufacturing responsibilities for bulk Rituxan to Genentech.

Revenues from unconsolidated joint business for the three and nine months ended September 30, 2001 and 2000 consist of the following (in thousands):

	Three months ended September 30,		Nine months ended September 30,	
	2001	2000	2001	2000
Copromotion profits	$ 62,836	$ 32,761	$ 159,034	$ 74,979
Bulk Rituxan sales	—	—	—	2,078
Reimbursement of selling and development expenses	1,953	2,082	6,453	7,101
Royalty income on sales of Rituximab outside the U.S.	3,736	1,935	9,668	5,815
Total revenues from unconsolidated joint business	$ 68,525	$ 36,778	$ 175,155	$ 89,973

Amounts due from related parties, net at September 30, 2001 and December 31, 2000 consist of the following (in thousands):

	2001	2000
Due from Genentech, copromotion profits	$ 60,318	$ 37,459
Due from Genentech, bulk Rituxan sales	—	2,047
Due from Genentech, selling and development expenses	2,119	2,221
Due from Roche	27	26
Total due from related parties, net	$ 62,464	$ 41,753

During the first quarter of 2000, we recognized the remaining revenues and related manufacturing costs from bulk Rituxan sales to Genentech. Under the terms of separate agreements with Genentech, commercialization of Rituxan outside the United States is the responsibility of Roche, except in Japan where Zenyaku Kogyo Co. Ltd. is responsible for product development, marketing and sales. We receive royalties on Rituxan sales outside the United States.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

OVERVIEW

We are primarily engaged in the commercialization, research and development of targeted therapies for the treatment of cancer and autoimmune and inflammatory diseases.

In December 2000, the Food and Drug Administration, or FDA, accepted our filing of a Biological License Application, or BLA, seeking marketing approval for ZEVALIN™ (Ibritumomab Tiuxetan) radioimmunotherapy for the treatment of low grade, follicular, CD20-positive transformed, relapsed or refractory, B-cell non-Hodgkin's lymphoma, or NHL. In May 2001 we received a Complete Review Letter from the FDA regarding our ZEVALIN BLA. In the Complete Review Letter the FDA outlined additional information and analysis we were required to submit as a result of their review. The information requested related to two areas: Clinical and Chemistry, Manufacturing and Controls, or CMC. The FDA also requested imaging with indium-111 as a part of the ZEVALIN commercial protocol. If approved, we now expect to market ZEVALIN as one product which will be comprised of two components, an imaging component for use with indium-111 and a therapeutic component for use with yttrium-90.

On July 9, 2001, we submitted documentation and analysis to the FDA in response to the May 2001 Complete Review Letter. In August 2001, the FDA acknowledged receipt of our July 2001 resubmission and characterized the resubmission as complete. The FDA noted that the resubmission of our license application was a Class II response to our Complete Review Letter of May 2001. As a Class II response under FDA guidelines, the FDA may approve, not approve, or raise additional questions regarding the BLA at any time within six months from the resubmission date.

In September 2001, the Oncologic Drugs Advisory Committee, or ODAC, of the FDA recommended approval of ZEVALIN for the proposed treatment of rituximab-refractory follicular, B-cell NHL. Members of ODAC also recommended that the FDA consider approval of ZEVALIN for treatment of patients that are not rituximab-refractory; that is, patients with relapsed or refractory, low grade, follicular or CD20-positive transformed, B-cell NHL under the FDA's accelerated approval regulations. The recommendation of ODAC is not binding on the FDA.

The FDA's request from their CMC review included, among other items, pre-approval inspections of our ZEVALIN radioisotope supplier and fill/finish provider. As a result of these inspections, we, along with our radioisotope supplier and fill/finish provider, were required to submit additional documentation and analysis to the FDA. In addition, our fill/finish provider, Catalytica Pharmaceuticals, Inc., a subsidiary of DSM N.V., is subject to a warning letter from the FDA with respect to current Good Manufacturing Practices, or cGMP, not specifically related to ZEVALIN. However, in order to manufacture ZEVALIN, Catalytica must address issues identified in the warning letter and subsequent inspections to the FDA's satisfaction and maintain compliance with cGMP. Catalytica is working with the FDA to implement the necessary improvements to resolve these issues. While we are providing support and consultation to Catalytica, the timing and nature of Catalytica's resolution of cGMP issues will depend on its ability to demonstrate to the FDA's satisfaction the quality and reliability of its manufacturing controls and procedures.

We have retained all U.S. marketing and distribution rights for ZEVALIN and have granted marketing and distribution rights for ZEVALIN outside the U.S. to Schering AG. We are currently responsible for worldwide manufacturing of the ZEVALIN antibody and kits. In January 2001, Schering AG had its Marketing Authorization Application, or MAA, for ZEVALIN accepted for review by the European Medicines Evaluation Agency.

In November 1997, we received FDA approval to market our first product, Rituxan, in the United States. In May 2001, we announced that the FDA approved a supplemental BLA, or sBLA, for Rituxan. The new product labeling includes:

- retreatment with Rituxan after a prior course of Rituxan therapy;
- initial treatment with eight weekly infusions of Rituxan, compared to the prior approved labeling of four weekly infusions; and
- treatment of NHL patients with bulky disease (tumors greater than 10 centimeters).

The sBLA also amended our package insert to update safety information. In addition, a Dear Healthcare Provider letter was sent to physicians to enhance their understanding of adverse events that may be associated with Rituxan use.

In June 1998, Roche, our European marketing partner for Rituxan, was granted marketing authorization for Rituximab in all European Union countries. In May 2001, Roche submitted an application with the European Medicines Evaluation Agency for use of Rituximab in combination with standard chemotherapy, or CHOP, to treat patients with aggressive NHL. In October 2001, the European Committee for Proprietary Medicinal Products, or CPMP, issued a positive opinion recommending the granting of a marketing authorization for Rituximab for this treatment. While the CPMP's recommendation is not binding, its opinions usually serve as the basis for European Commission approvals. In June 2001, Zenyaku, our Japanese marketing partner for Rituxan, was granted marketing authorization for Rituxan in Japan. Rituxan is the trade name in the United States and Japan for the compound Rituximab. Outside the United States and Japan, Rituximab is marketed as MabThera. In this quarterly report, we refer to Rituximab, Rituxan and MabThera collectively as Rituxan, except where we have otherwise indicated.

Rituxan is being copromoted in the United States under a joint business arrangement with Genentech, where we receive a share of the pretax copromotion profits. Under the copromotion arrangement we share responsibility with Genentech for the sale and continued development of Rituxan in the United States. Continued development of Rituxan includes conducting supportive research on Rituxan, post-approval clinical studies and obtaining approval of Rituxan for potential additional indications. Genentech provides the support functions for the commercialization of Rituxan in the United States including marketing, customer service, order entry, distribution, shipping and billing. Since September 1999, Genentech has been responsible for all worldwide manufacturing. Under the terms of separate agreements with Genentech, Roche is responsible for the commercialization of Rituxan outside the United States, except in Japan where Zenyaku is responsible for product development, marketing and sales. We receive royalties on Rituxan sales outside the United States.

Our revenues include revenues from unconsolidated joint business, contract revenues and license fees. Until the commercialization of Rituxan, a substantial portion of our revenues had been derived from contract revenues and license fees. However, since the commercialization of Rituxan in November 1997, our revenues have depended primarily upon the sale of Rituxan.

Revenues from unconsolidated joint business include our share of the pretax copromotion profits generated from our copromotion arrangement with Genentech, revenue from bulk Rituxan sales to Genentech through March 2000, reimbursement from Genentech of our Rituxan-related sales force and development expenses and royalty revenue from Roche on sales of Rituximab outside the United States. Revenue from bulk Rituxan sales was recognized when Genentech accepted the bulk Rituxan. We record our royalty revenue from Roche with a one-quarter lag. Under the copromotion arrangement, all U.S. sales of Rituxan and associated costs and expenses are recognized by Genentech and we record our share of the pretax copromotion profits on a quarterly basis, as defined in our collaborative agreement with Genentech. Pretax copromotion profits under the copromotion arrangement are derived by taking U.S. net sales of Rituxan to third-party customers less cost of sales,

third-party royalty expenses, distribution, selling and marketing expenses and joint development expenses incurred by Genentech and us. Our profit-sharing formula with Genentech has two tiers; we earn a higher percentage of the pretax copromotion profits at the upper tier once a fixed pretax copromotion profit level is met. The profit-sharing formula resets annually at the beginning of each year to the lower tier. We began recording our profit share at the higher percentage during the first quarter of 2001 compared to the beginning of the second quarter of 2000.

Contract revenues include nonrefundable research and development funding under collaborative agreements with our strategic partners and other funding under contractual arrangements with other parties. Contract research and development funding generally compensates us for discovery, preclinical and clinical expenses related to our collaborative development programs for our products and is recognized at the time research and development activities are performed under the terms of the collaborative agreements.

License fees include nonrefundable fees from product development milestone payments and nonrefundable fees from the sale of product rights under collaborative development and license agreements with our strategic partners. Nonrefundable up-front fees from the sale of product rights are recorded as deferred revenue upon receipt and recognized as revenue over future periods as required by SAB No. 101. Included in license fees are nonrefundable product development milestone payments which are recognized upon the achievement of product development milestone objectives as stipulated in agreements with our strategic partners. Product development milestone objectives vary in each of our agreements. The achievement of product development milestone objectives that may lead to the recognition of license fee revenues include:

- the achievement of preclinical research and development objectives;
- the initiation of various phases of clinical trials;
- the filing of a BLA, an Investigational New Drug application, or IND, or a New Drug Application, or NDA;
- the filing of drug license applications in foreign territories; and
- obtaining United States or foreign regulatory product approvals.

Contract revenues and license fees may vary from period to period and are in part dependent upon achievement of research and development objectives or the consummation of new corporate alliances. The magnitude and timing of contract revenues and license fees may influence our achievement and level of profitability.

The cost of bulk Rituxan sold to Genentech was recorded as manufacturing costs in our condensed consolidated statements of operations. In September 1999, we transferred all worldwide manufacturing responsibilities for bulk Rituxan to Genentech. Since the transfer of bulk Rituxan manufacturing to Genentech in September 1999, we have been using our manufacturing capacity for production of specification-setting lots and pre-commercial inventory of ZEVALIN antibodies and production of other proteins for clinical trials.

We have incurred increasing annual operating expenses and, with the commercialization of Rituxan and preparation for potential commercialization of ZEVALIN, we expect such trends to continue. Since our inception in 1985 through 1997, we incurred annual operating losses. Our ongoing profitability will be dependent upon the continued commercial success of Rituxan, product development, revenues from the achievement of product development objectives and licensing transactions. As of September 30, 2001, we had retained earnings of $86.3 million.

RESULTS OF OPERATIONS

Revenues from unconsolidated joint business for the three and nine months ended September 30, 2001 and 2000, consist of the following (in thousands):

	Three months ended September 30,		Nine months ended September 30,	
	2001	2000	2001	2000
Copromotion profits	$ 62,836	$ 32,761	$ 159,034	$ 74,979
Bulk Rituxan sales	—	—	—	2,078
Reimbursement of selling and development expenses	1,953	2,082	6,453	7,101
Royalty income on sales of Rituximab outside the U.S.	3,736	1,935	9,668	5,815
Total revenues from unconsolidated joint business	$ 68,525	$ 36,778	$ 175,155	$ 89,973

Under our agreement with Genentech, our pretax copromotion profit-sharing formula has two tiers. We earn a higher percentage of the pretax copromotion profits at the upper tier once a fixed pretax copromotion profit level is met. The profit-sharing formula resets annually at the beginning of each year to the lower tier. We began recording our profit share at the higher percentage during the first quarter of 2001 compared to the beginning of the second quarter of 2000.

Rituxan net sales to third-party customers in the United States recorded by Genentech for the three and nine months ended September 30, 2001 amounted to $205.0 million and $553.0 million, respectively, compared to $115.5 million and $290.2 million for the comparable periods in 2000. This increase was primarily due to increased market penetration in treatments of B-cell NHL and chronic lymphocytic leukemia, or CLL.

Our royalty revenue on sales of Rituximab outside the U.S. is based on Roche's end-user sales and is recorded with a one-quarter lag.

Contract revenues for the three and nine months ended September 30, 2001 totaled $1.1 million and $4.6 million, respectively, compared to $4.4 million and $14.0 million for the comparable periods in 2000. The decrease in contract research revenues for the three and nine months ended September 30, 2001 is primarily the result of decreased funding under our collaboration and license agreements with Schering AG and Taisho Pharmaceuticals Co. Ltd. of Tokyo.

License fees for the nine months ended September 30, 2001 totaled $11.3 million compared to $4.9 million for the comparable period in 2000. The increase in license fee revenue for the nine months ended September 30, 2001 is due to payments received from Eisai Co. Ltd. and Schering AG for the achievement of product development milestone objectives and the receipt of a $5.0 million milestone payment from Schering AG when the European Medicines Evaluation Agency accepted for filing the submission of a MAA for approval of ZEVALIN in Europe. License fees for the three and nine months ended September 30, 2000 is $1.6 million and $4.9 million, respectively, recognized as a result of our adoption of SAB No. 101. The results for the three and nine months ended September 30, 2000 have been restated to reflect the adoption of SAB No. 101 as of January 1, 2000. This accounting change is directly related to the $13.0 million up-front license fee received from Schering AG and recognized as license fee revenue in 1999.

Contract revenues and license fees may vary from period to period and are, in part, dependent upon achievement of certain research and development objectives. The magnitude and timing of contract revenues and license fees may influence our achievement and level of profitability. We continue to pursue other collaborative and license arrangements; however, no assurance can be given that any such arrangements will be realized.

There was no manufacturing costs recorded for the nine months ended September 2001 compared to $2.1 million for the comparable period in 2000. Our manufacturing costs recorded in 2000 relate to production of bulk Rituxan sold to Genentech and were recognized when Genentech accepted the bulk Rituxan inventory. The decrease in manufacturing costs from 2000 is due to the transfer of all worldwide manufacturing responsibilities for bulk Rituxan to Genentech in September 1999. The final lots of bulk Rituxan manufactured by us during the third quarter of 1999 were accepted by Genentech during the first quarter of 2000. Since the transfer of all worldwide manufacturing responsibilities for bulk Rituxan to Genentech, we have been using our manufacturing capacity for production of specification setting lots and pre-commercial inventory of ZEVALIN antibodies and production of other proteins for clinical trials. Those manufacturing expenses have been recorded as research and development expenses.

Research and development expenses totaled $20.8 million and $63.9 million for the three and nine months ended September 30, 2001, respectively, compared to $18.0 million and $49.8 million for the comparable periods in 2000. The increase in research and development expenses in 2001 is primarily due to increased clinical testing of our various products under development, development costs for ZEVALIN, personnel expenses and expansion of our facilities. We expect to continue incurring substantial manufacturing-related expenses as we have begun using our manufacturing capacity for production of pre-commercial inventory of ZEVALIN antibodies and production of other proteins for clinical trials. In the future we expect to continue incurring substantial additional research and development expenses due to:

- completion of our primary development program for ZEVALIN;
- the expansion or addition of research and development programs;
- technology in-licensing;
- regulatory-related expenses;
- the expansion of clinical manufacturing capabilities;
- facilities expansion; and
- preclinical and clinical testing of our various products under development.

Selling, general and administrative expenses totaled $13.0 million and $36.1 million for the three and nine months ended September 30, 2001, respectively, compared to $6.6 million and $19.3 million for the comparable periods in 2000. Selling, general and administrative expenses increased in 2001 primarily due to increased marketing and administrative expenses related to the potential commercialization of ZEVALIN, sales expenses to support Rituxan and general increases in general and administrative expenses to support overall organizational growth. Selling, general and administrative expenses are expected to increase in the foreseeable future to support the following:

- expanded growth of our sales force;
- marketing and administration related to the potential commercialization of ZEVALIN;
- manufacturing capacity;
- clinical trials; and
- research and development.

Interest income totaled $8.8 million and $30.5 million for the three and nine months ended September 30, 2001, respectively, compared to $4.6 million and $12.4 million for the comparable periods in 2000. The increase in interest income in 2001 is primarily due to higher average balances in cash, cash equivalents and securities available-for-sale resulting from the sale of 7.8 million shares of

common stock in November 2000 and cash provided by operations. Interest rate fluctuations can substantially effect the returns on our investments. The average interest rates earned on our investments for the three and nine months ended September 30, 2001 decreased from the average interest rates earned on our investments for the comparable periods in 2000 as a result of declining market interest rates.

Interest expense totaled $1.8 million and $5.5 million for the three and nine months ended September 30, 2001, respectively, compared to $1.8 million and $5.3 million for the comparable periods in 2000. Interest expense in 2001 and 2000 is primarily due to noncash interest charges relating to the convertible promissory notes offering in February 1999.

Our effective tax rate for the three and nine months ended September 30, 2001 was approximately 37% compared to 17% in 2000. Our effective tax rate for the three and nine months ended September 30, 2001 increased primarily due to the utilization in prior years of net operating loss carryforwards for financial reporting purposes. Our effective tax rate for 2000 results from the utilization of net operating loss carryforwards and the reduction of the valuation allowance against the related deferred tax assets. Our net operating loss carryforwards available to offset future taxable income at December 31, 2000 were approximately $211.0 million for federal income tax purposes and begin to expire in 2006. The utilization of our net operating loss carryforwards and tax credits may be subject to an annual limitation under the Internal Revenue Code due to a cumulative change of ownership of more than 50% in prior years. However, we anticipate this annual limitation to result only in a slight deferral in the utilization of our net operating loss carryforwards and tax credits. We expect that our effective tax rate in the future will continue to be closer to the maximum statutory tax rate.

LIQUIDITY AND CAPITAL RESOURCES

We have financed our operating and capital expenditures since inception principally through sales of equity securities, profits from our copromotion arrangement with Genentech related to the sales of Rituxan, license fees, contract revenues, lease financing transactions, debt financing transactions and interest income. We expect to finance our current and planned operating requirements principally through cash on hand, anticipated funds from our copromotion arrangement with Genentech and with funds from existing collaborative agreements and contracts. We believe that these funds will be sufficient to meet our operating requirements for the foreseeable future. Existing collaborative research agreements and contracts, however, could be canceled by the contracting parties. In addition, we may, from time to time seek additional funding through a combination of new collaborative agreements, strategic alliances and additional equity and debt financings or from other sources. Additional funds may not be obtainable through these sources on acceptable terms. If adequate funds are not available from the copromotion arrangement, operations or additional sources of financing, our business could be harmed. Our working capital and capital requirements will depend upon numerous factors, including:

- the continued commercial success of Rituxan;
- financing alternatives available for the construction of our large-scale manufacturing facility;
- the progress of our preclinical and clinical testing;
- fluctuating or increasing manufacturing requirements and research and development programs;
- timing and expense of obtaining regulatory approvals;
- levels of resources that we devote to the development of manufacturing, sales and marketing capabilities, including resources devoted to the potential commercial launch of ZEVALIN;
- technological advances;
- status of competitors; and
- our ability to establish collaborative arrangements with other organizations.

Until required for operations, we invest our cash reserves in bank deposits, certificates of deposit, commercial paper, corporate notes, United States government instruments and other readily marketable debt instruments in accordance with our investment policy.

At September 30, 2001, we had $831.2 million in cash, cash equivalents and securities available-for-sale compared to $750.5 million at December 31, 2000. Sources of cash, cash equivalents and securities available-for-sale during the nine months ended September 30, 2001 included $103.3 million from operations and $24.1 million from the issuance of

common stock under employee stock option and purchase plans. Uses of cash, cash equivalents and securities available-for-sale during the nine months ended September 30, 2001 included $49.9 million used to purchase land and capital equipment.

In September 2001, we purchased approximately 42.6 acres in San Diego for a proposed corporate headquarters and research and development campus. Additional costs we expect to incur in connection with this campus include design, development and construction costs, as well as the purchase and installation of equipment and furnishings for the campus. We estimate these costs at approximately $100 million over a two-year period. We expect to pay for these costs in part from our working capital and we presently intend to finance the remaining costs for this campus through an off balance sheet lease arrangement that will likely involve using cash on hand as collateral. We cannot assure you that lease financing for this campus will be obtained on acceptable terms, if at all. In the third quarter of 2001, we began preliminary site engineering preparations for the campus, which could potentially expand to over 750,000 square feet of facilities. The first phase of construction is expected to be completed in late 2003.

In September 2000, we purchased a 60-acre site in Oceanside, California for approximately $18.9 million in cash. We plan to build a large-scale manufacturing facility at the location, which we anticipate using to commercialize our products currently in clinical trials if they are approved by the FDA. Additional costs we expect to incur in connection with this facility include design, development, construction, validation and start-up costs, as well as the purchase and installation of equipment and furnishings for the facility. We estimate these costs at $300 to $400 million over a four-year period. We expect to pay for these costs in part from our working capital and we presently intend to finance the remaining costs for this facility through an off balance sheet lease arrangement that will likely involve using cash on hand as collateral. We cannot assure you that lease financing for this facility will be obtained on acceptable terms, if at all. In the first quarter of 2001, we began preliminary site engineering preparations for the first phase of development, which is anticipated to be approximately 300,000 square feet. The new facility in Oceanside is anticipated to be completed in early 2004. We expect the facility to be operating by the end of 2005. This expansion will allow us to better control the

manufacture of our products, reducing our reliance on contract manufacturers, as well as to reduce commercial risk.

In February 1999, we raised through the sale of convertible promissory notes approximately $112.7 million, net of underwriting commissions and expenses of $3.9 million. The convertible promissory notes are zero coupon and were priced with a yield to maturity of 5.5 percent annually. Upon maturity, the convertible promissory notes will have an aggregate principal face value of $345.0 million. Each $1,000 aggregate principal face value convertible promissory note is convertible at the holders' option at any time through maturity into 40.404 shares of our common stock at an initial conversion price of $8.36. We are required under the terms of the convertible promissory notes, as of 35 business days after a change in control occurring on or before February 16, 2004, to purchase any convertible promissory note at the option of its holder at a price equal to the issue price plus accrued original issue discount to the date of purchase. Additionally, the holders of the convertible promissory notes may require us to purchase the convertible promissory notes on February 16, 2004, 2009 or 2014 at a price equal to the issue price plus accrued original issue discount to the date of purchase with us having the option to repay the convertible promissory notes plus accrued original issue discount in cash, our common stock or a combination thereof. We have the right to redeem the convertible promissory notes on or after February 16, 2004.

In September 1997, we entered into a development and license agreement with Cytokine Pharmasciences, Inc. under which we may make payments to them totaling up to $10.5 million plus a share of future royalty and development milestone payments received by us from third parties, subject to attainment of product development milestone objectives, of which $3.5 million has been paid through September 30, 2001.

NEW ACCOUNTING STANDARDS

In July 2001, the Financial Accounting Standards Board, or FASB, issued Statement of Financial Accounting Standards No. 141, "Business Combinations," or Statement No. 141, and Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets," or Statement No. 142, which supersedes Accounting Principles Board Opinion 17, "Intangible Assets." Statement No. 141 requires that all business combinations initiated after June 30, 2001 be accounted for under the purchase method. Under Statement No. 142, goodwill and intangible assets with indefinite lives are no longer amortized but are tested at least annually for impairment. It is not anticipated that the financial impact of these statements will have a material effect on our condensed consolidated financial statements.

In August 2001, the FASB issued Statement of Financial Accounting Standards No. 143, "Accounting for Asset Retirement Obligations," or Statement No. 143, which addresses financial accounting and reporting for obligations associated with the retirement of tangible long-lived assets and for the associated asset retirement costs. The standard applies to tangible long-lived assets that have a legal obligation associated with their retirement that results from the acquisition, construction or development or normal use of the assets. We are required and plan to adopt the provisions of Statement No. 143 effective January 1, 2003. It is not anticipated that the financial impact of this statement will have a material effect on our condensed consolidated financial statements.

In October 2001, the FASB issued Statement of Financial Accounting Standards No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," or Statement No. 144, which addresses financial accounting and reporting for the impairment or disposal of long-lived assets, including discontinued operations. While Statement No. 144 supersedes Statement of Financial Accounting Standards No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of," it retains many of the fundamental provisions of that Statement. Statement No. 144 also supersedes the accounting and reporting provisions of Accounting

Principles Board Opinion No. 30, "Reporting the Results of Operations—Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions," or Opinion No. 30, for the disposal of a segment of a business. Statement No. 144 is effective for fiscal years beginning after December 15, 2001. It is not anticipated that the financial impact of this statement will have a material effect on our condensed consolidated financial statements.

FORWARD-LOOKING INFORMATION AND RISK FACTORS THAT MAY AFFECT FUTURE RESULTS

This Form 10-Q contains forward-looking statements based on our current expectations. You should be aware that these statements are projections or estimates as to future events, and actual results may differ materially.

In addition to the other information contained in this Form 10-Q, you should consider the following risk factors which could affect our actual future results and could harm our business, financial condition and results of operations. The risks and uncertainties described below are not the only risks facing us and additional risks and uncertainties may also harm our business.

Our Revenues Rely Significantly on Rituxan Sales

Our revenues currently depend largely upon continued sales of a single commercialized product, Rituxan. For the three and nine months ended September 30, 2001, 98% and 92%, respectively, of our revenues were derived from our Rituxan copromotion arrangement with Genentech. We cannot be certain that Rituxan will continue to be accepted in the United States or in any foreign markets or that Rituxan sales will continue to increase. A number of factors may affect the rate and level of market acceptance of Rituxan, including:

- the perception by physicians and other members of the healthcare community of its safety and efficacy or that of competing products, if any;
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- the effectiveness of our and Genentech's sales and marketing efforts in the United States and the effectiveness of Roche's sales and marketing efforts outside the United States and Japan;
- unfavorable publicity concerning Rituxan or similar drugs;
- its price relative to other drugs or competing treatments;
- the availability and level of third-party reimbursement; and
- regulatory developments related to the manufacture or continued use of Rituxan.

We incurred annual operating losses from our inception in 1985 through fiscal 1997. Given our current reliance on Rituxan as the principal source of our revenue, any material adverse developments with respect to the commercialization of Rituxan may cause us to incur losses in the future.

Our Operating Results Are Subject to Significant Fluctuations

Our quarterly revenues, expenses and operating results have fluctuated in the past and are likely to fluctuate significantly in the future. Fluctuation may result from a variety of factors, including:

- our achievement of product development objectives and milestones;
- demand and pricing for Rituxan;
- timing and nature of contract manufacturing and contract research and development payments and receipts;
- hospital and pharmacy buying decisions;

- clinical trial enrollment and expenses;
- research and development and manufacturing expenses;
- physician acceptance of our products;
- government or private healthcare reimbursement policies;
- our manufacturing performance and capacity and that of our partners;
- the amount and timing of sales orders of Rituxan by Genentech for customers in the United States and by Roche for customers outside the United States and Japan;
- rate and success of product approvals;
- timing of FDA approval, if any, of competitive products and the rate of market penetration of competing products;
- collaboration obligations and copromotion payments we make or receive;
- interest rate fluctuations;
- foreign currency exchange rates; and
- overall economic conditions.

Our operating results during any one quarter do not necessarily suggest the anticipated results of future quarters. These results fluctuate periodically because our revenues are driven by the occurrence of events, for example, the achievement of product development milestones and the applicable profit-sharing allocation between us and Genentech, based upon our copromotion arrangement.

We Face Uncertain Results of Clinical Trials of Our Potential Products

Our future success depends in large part upon the results of clinical trials designed to assess the safety and efficacy of our potential products. We cannot be certain that patients enrolled in our clinical trials will respond to our products, that any product will be safe and effective or that data derived from the trials will be suitable for submission to the FDA, satisfactorily support a BLA, sBLA, or NDA or be sufficient for approval.

The completion rate of clinical trials depends significantly upon the rate of patient enrollment. Factors that affect patient enrollment include:

- size of patient population for the targeted disease;
- eligibility criteria;
- proximity of eligible patients to clinical sites;
- clinical trial protocols; and
- the existence of competing protocols, including competitive financial incentives for patients and clinicians, and existing approved drugs, including Rituxan.

Our inability to enroll patients on a timely basis could result in increased expenses and product development delays, which could harm our business. Even if a trial is fully enrolled, significant uncertainties remain as to whether it will prove successful.

In addition, the length of time necessary to complete clinical trials and submit an application for marketing and manufacturing approvals varies significantly and may be difficult to predict. Failure to comply with extensive FDA regulations may result in delay, suspension or cancellation of a trial or the FDA's refusal to accept test results. The FDA may also suspend our clinical trials at any time if it

concludes that the participants are being exposed to unacceptable risks. Consequently, we cannot ensure that Phase I, Phase II, Phase III or Phase IV post-marketing testing will be completed timely or successfully, if at all, for any of our potential or existing products. Furthermore, success in preclinical and early clinical trials does not ensure that later phase or large scale trials will be successful.

We May be Unable to Develop and Commercialize New Products

Our future results of operations will depend to a large extent upon our ability to successfully commercialize new products in a timely and competitive manner. As a result, we must continue to develop, test and manufacture new products and must meet regulatory standards and obtain regulatory approvals for any new products. Our products currently in development may not receive the regulatory approvals necessary for marketing in a timely manner, if at all.

For example, we submitted a BLA for ZEVALIN on November 1, 2000. Additionally, a supplemental filing has been submitted by our third-party radioisotope supplier. In May 2001, we received a Complete Review Letter from the FDA regarding our ZEVALIN BLA, requesting additional information and analysis. On July 9, 2001, we submitted documentation and analysis to the FDA in response to the Complete Review Letter. We cannot be sure that the FDA will approve our BLA in a timely manner, if at all.

The FDA may request additional information and analysis of previously submitted information prior to final approval of ZEVALIN. In addition, the FDA must approve the labeling and package insert for ZEVALIN prior to commercialization. Moreover, the FDA has conducted pre-approval inspections of our radioisotope supplier and fill/finish provider. Our failure or the failure of our radioisotope supplier or fill/finish provider to meet FDA requirements, including those noted during FDA inspections, would delay or preclude us from selling ZEVALIN, which would harm our business.

The development and approval process is time-consuming and costly, and we cannot be certain that any of our products, if and when developed and approved, will be successfully commercialized or competitive in the marketplace. Delays or unanticipated costs in any part of the process, or our inability to obtain regulatory approval for or effectively commercialize our products, especially ZEVALIN, could harm our business.

We Have Limited Manufacturing Experience and Rely Heavily On Contract Manufacturers

We rely heavily upon third-party manufacturers to manufacture significant portions of our products and product candidates. Our current manufacturing capacity is limited. Our manufacturing experience to date has been limited to the production of preclinical and clinical quantities of product candidates and to approximately three years of commercial production of bulk Rituxan. We have no fill/finish experience or capacity, and we do not have experience manufacturing in the field of chelates or radioisotopes, which are required for our production of ZEVALIN. Therefore, we rely entirely upon third parties for fill/finish services as well as the manufacture of product components. Consequently, we cannot ensure that either our manufacturing facilities or our ability to sustain ongoing production of our products will be able to meet our expectations. If our current third-party manufacturers or service providers fail to meet our expectations, we cannot be certain that we will be able to enter into satisfactory agreements with other third-party manufacturers or service providers. Poor performance or coordination on our part or that of our third-party manufacturers or fill/finish service providers could harm our business.

ZEVALIN has multiple components that require successful coordination among several third-party contract manufacturers and suppliers. We may not be able to integrate and coordinate successfully our contract manufacturers and suppliers. In addition, our contract manufacturers and suppliers are required to maintain compliance with cGMP and are subject to inspections by the FDA to confirm this compliance. Their inability to demonstrate ongoing cGMP compliance and produce ZEVALIN

components could delay commercialization of ZEVALIN and impact our ability to meet our worldwide supply obligations. For example, if Catalytica is not able to timely resolve the cGMP issues raised in its warning letter and in subsequent inspections to the satisfaction of the FDA, approval and/or commercialization of ZEVALIN could be delayed.

In September 1999, we transferred all manufacturing of bulk Rituxan to Genentech. We rely upon Genentech for all Rituxan manufacturing to meet worldwide requirements. We cannot ensure that Genentech will manufacture and fill/finish Rituxan in sufficient quantities and on a timely and cost-effective basis or that Genentech will obtain and maintain all required manufacturing approvals. Genentech's failure to manufacture and fill/finish Rituxan or obtain and maintain required manufacturing approvals could harm our business.

We are converting our current manufacturing facility to a multi-product facility. From this facility, we have manufactured and will continue to manufacture our own commercial requirements of the antibody for ZEVALIN upon the receipt of approval, if any, from the FDA to manufacture and market the antibody. We cannot be certain that our manufacturing performance will meet our expectations. Also, we may not receive all necessary regulatory approvals for a multi-product facility, or, even if we do receive these approvals, they may not be obtained within our budgeted time and expense estimations. Our inability to receive FDA approval of our manufacturing facility for ZEVALIN would harm our ability to timely produce commercial supplies of the ZEVALIN antibody. To the extent we cannot produce our own biologics, we will need to rely on third-party manufacturers, of which there are only a limited number capable of manufacturing biologics products as contract suppliers. We cannot be certain that we could reach agreement on reasonable terms, if at all, with those manufacturers.

We Rely Heavily on a Limited Number of Suppliers

Some materials used in our products and potential products, including Rituxan and ZEVALIN, are currently available only from a single supplier or a limited number of suppliers. Some of these suppliers are subject to ongoing FDA approvals or other governmental regulations. Any interruption or delay in our supply of materials required to sell our products could harm our business if we were unable to obtain an alternative supplier for these materials in a cost-effective and timely manner. Additional factors that could cause interruptions

or delays in our source of materials include limitations on the availability of raw materials or manufacturing performance experienced by our suppliers and a breakdown in our commercial relations with one or more suppliers. These factors may be completely out of our control.

In addition, we have entered into an agreement with MDS Nordion Inc., the commercial supplier of the radioisotope for our product ZEVALIN. Prior to the commercialization of ZEVALIN, this supplier will be required to obtain FDA approvals. We rely upon this supplier to meet our clinical and commercial requirements. If this supplier were unable to obtain and maintain FDA approvals, or if we were unable to receive the supply of this radioisotope for any other reason, including those described above, we would be unable to commercialize ZEVALIN unless we were to obtain a new supplier. We are aware of other entities that can provide the radioisotope that we need for the commercialization of ZEVALIN and we believe that these suppliers would be required to apply for additional governmental approvals to provide this radioisotope to us. The process of establishing a relationship with another supplier and the process of obtaining the required governmental approvals would be time-consuming and uncertain. There is no guarantee that we could reach an agreement with another supplier in a timely manner and, on commercially reasonable terms, or at all. As a result of these concerns, if we were to lose our supply or were unable to receive sufficient quantities of the radioisotope from our sole supplier, our ability to sell ZEVALIN could be harmed which, in turn, could significantly harm our business.

We Have Limited Sales and Marketing Experience

We have limited experience with commercial sales and marketing, based entirely upon our launch and subsequent sales of Rituxan. Outside the United States, our strategy is to pursue and to rely solely upon collaborations with established pharmaceutical companies for marketing, distribution and sale of our products. We currently have no plans to directly market outside the United States. Given that we currently rely upon our copromotional partner to market Rituxan in the United States and rely exclusively on a third party outside the United States, we cannot be certain that our products will be marketed and distributed in accordance with our expectations or that our market research or sales forecasts will be accurate. We also cannot be certain that we will ever be able to develop our own sales and marketing capabilities to an extent that we would not need to rely on third-party efforts, or that we will be able to maintain satisfactory arrangements with the third parties on whom we rely.

ZEVALIN, if approved, will be our first product to be marketed exclusively by us in the United States. We have no marketing support service experience and, therefore, we will be dependent on outside contractors to meet those needs. We rely upon a third-party logistics distributor to provide customer service, order entry, shipping, billing, customer reimbursement assistance and managed care sales support. We cannot be certain that the integration of these marketing support services can be successfully coordinated.

Our Industry is Intensely Competitive

The biotechnology industry is intensely competitive and we may not be able to produce or acquire rights to new products with commercial potential. We compete with biotechnology and pharmaceutical companies that have been established longer than we have, have a greater number of products on the market, have greater financial and other resources and have other technological or competitive advantages. We also compete in the development of technologies and processes and in acquiring personnel and technology from academic institutions, government agencies, and other private and public research organizations. We cannot be certain that one or more of our competitors will not receive patent protection that dominates, blocks or adversely affects our product development or business; will benefit from significantly greater sales and marketing capabilities; or will not develop products that are accepted more widely than ours. We are aware that a competitor, Corixa Corporation, formerly Coulter Pharmaceuticals, Inc., has filed a revised BLA for Bexxar, trademark, (tositumomab, Iodine I 131 tositumomab) a radiolabeled murine antibody product for the treatment of non-Hodgkin's lymphomas, which may compete with Rituxan and ZEVALIN, if approved. We are also aware of other potentially competitive biologic therapies for non-Hodgkin's lymphomas in development.

We May be Unable to Adequately Protect or Enforce Our Intellectual Property Rights or Secure Rights to Third-Party Patents and We are Involved in Patent Litigation.

Our ability and the abilities of our partners to obtain and maintain patent and other protection for our products will affect our success. We are assigned, have rights to, or have exclusive licenses to a number of U.S. and foreign patents and patent applications. However, these patent applications may not be approved and, even if approved, our patent rights may not be upheld in a court of law if challenged. The patent positions of pharmaceutical and biotechnology companies can be highly uncertain and involve complex legal and factual questions. Our patent rights may not provide competitive advantages for our products and may be challenged, infringed upon or circumvented by our competitors.

Because of the large number of patent filings in the biopharmaceutical field, our competitors may have filed applications or been issued patents and may obtain additional patents and proprietary rights relating to products or processes competitive with or similar to ours. We cannot be certain that U.S. or foreign patents do not exist or will not issue that would harm our ability to commercialize our products and product candidates.

In September 1999, an interference to determine priority of inventorship was declared and is ongoing in the United States Patent and Trademark Office between Dartmouth University's patent application, which has been exclusively licensed to us, and Columbia University's patent, which we believe has been exclusively licensed to Biogen, Inc., relating to anti-CD40L antibodies. We, along with other companies, have filed oppositions to a Japanese patent assigned to Immunex Corporation relating to anti-CD40L antibodies. We are also aware that oppositions have been filed in the European Patent Office to granted European applications that have been licensed to us. Each of these applications contain claims relating to the use of anti-CD40L antibodies as a therapeutic. Also, we are aware of an opposition that was filed to a granted European patent application which names us as the applicant and which relates to PROVAX and therapeutic use thereof. If the outcome of the interference or any of the oppositions is adverse, in whole or in part, it could result in the scope of some or all of the granted claims being limited, some or all of the granted claims being lost, the granted patent application not proceeding to a patent or, our competitors having patent claims that may be asserted against us.

We are aware of several third-party patents and patent applications, to the extent they issue as patents, that if successfully asserted against us, may adversely affect our ability to make, use, offer to sell, sell and import our products. These third-party patents and patent applications may include:

- three U.S. patents assigned to Glaxo SmithKline plc, or Glaxo, and foreign counterparts relating to therapeutic uses of CHO-glycosylated human chimeric, CDR-grafted or bi-specific antibodies;
- two U.S. patents assigned to Glaxo and foreign counterparts directed to methods of growing CHO cells in media that is free from components obtained directly from an animal source;
- six U.S. patents assigned to Corixa Corporation (formerly Coulter Pharmaceutical, Inc.) and the Regents of the University of Michigan; two that relate to compositions comprising radiolabeled antibodies directed to CD20 antigen; a third which relates to methods of treating lymphoma with anti-CD20 antibodies in combination with an anti-CD20 radiolabeled antibody, an apoptosis-inducing agent, external beam radiation, or a chemotherapeutic agent; a fourth directed to methods of treating lymphoma comprising imaging the distribution of a radiolabeled anti-CD20 antibody followed by the administration of radiolabeled antibodies directed to the CD20 antigen in non myelo-suppressive doses; and the fifth and sixth are directed to methods for establishing optimal radiation doses in the radiotheraputic treatment of disease.
- a U.S. patent and foreign counterparts filed by Bristol-Myers Squibb Company that relate to ligands to a B7.1 antigen;
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two U.S. patents assigned to Columbia University and a Japanese patent assigned to Immunex, which we believe have been exclusively licensed to Biogen, related to monoclonal antibodies to the 5C8 antigen found on T cells and methods of their use. We believe the 5C8 antigen and CD40L, the target for our IDEC-131 antibody, are both expressed on the surface of activated T cells; and

- a number of issued U.S. and foreign patents that relate to various aspects of radioimmunotherapy of cancer and to methods of treating patients with anti-CD4 antibodies.

The owners, or licensees of the owners of these patents, or any foreign patents, and patent applications, to the extent they issue as patents, may assert that one or more of our products infringe one or more claims of these patents. If legal action is commenced against us or our partners to enforce any of these patents and patent applications, to the extent they issue as patents, and the plaintiff in such action prevails, we could be prevented from practicing the subject matter claimed in such patents.

For example, on September 10, 2001, we filed a complaint against GlaxoSmithKline and another complaint against Corixa Corporation, Coulter Pharmaceutical, Inc., and the Regents of the University

of Michigan, in federal court in the southern district of California. We are seeking declaratory judgment that Zevalin, our radiolabeled antibody for which we are currently seeking approval for use in the treatment of lymphoma, does not infringe patents held by the defendants and/or that such patents are invalid. On September 12, 2001, Corixa, Coulter and GlaxoSmithKline filed a lawsuit against us in federal court in the district of Delaware alleging that Zevalin infringes their patents. The lawsuit against us seeks to permanently enjoin us from commercializing Zevalin. The plaintiffs are also seeking compensatory and statutory damages. We intend to vigorously prosecute and defend these lawsuits. However, it is not possible to predict or determine the outcome of this litigation and accordingly there can be no assurance that we will prevail. An unfavorable outcome could have a material adverse impact on our business.

On May 28, 1999, Glaxo filed a patent infringement lawsuit against Genentech. On September 14, 2000, Glaxo filed a second patent infringement lawsuit against Genentech. These suits assert that the manufacture, use, and sale of Rituxan infringes U.S. patents owned by Glaxo. The trial for the first of these suits concluded on May 4, 2001 with the jury unanimously finding that Rituxan does not infringe patents held by Glaxo. The jury also unanimously found that all of the patent claims that Glaxo asserted against Genentech were invalid. Glaxo has appealed this ruling. The judge has rescheduled the trial for the second suit to begin June 2002. To date we have not been named in either of these suits.

If Glaxo were to prevail in the second suit or on appeal of the first suit, it could be awarded a variety of remedies, including damages for past sales, requiring Genentech to obtain a license from Glaxo or obtaining an injunction against the sale of Rituxan. Because we rely on sales of Rituxan for substantially all of our revenue, an injunction would significantly harm our business. Further, if Genentech were required to obtain a license from Glaxo, our operating results in a particular quarter could be harmed as a result of any payment required for past royalties. Additionally, our long-term profitability could be harmed by reduced profit sharing under our collaboration agreement with our partner Genentech as a result of future royalties and other payments to Glaxo.

Glaxo has also sued Roche in Germany asserting that Rituxan infringes Glaxo's patents. On October 26, 2000, a German court handling the infringement phase of the suit issued a decision holding that the manufacture, use and sale of Rituxan infringes patents held by Glaxo. Roche has appealed the decision and the appeal is pending before the Court of Appeal. If Glaxo elects to enforce the decision, it must post a $6.4 million bond. A second German court considering the validity of the Glaxo patents has to date not issued a decision. Additionally, Roche has filed oppositions in the European Patent Office to several of the Glaxo patents. Although we were not named in the suit, if Glaxo obtains an injunction precluding further sale of Rituxan in Europe, our business could be harmed.

In addition to patents, we rely on trade secrets and proprietary know-how that we seek to protect, in part, through confidentiality agreements with our partners, employees and consultants. These parties may breach our agreements and courts may not enforce the agreements, leaving us without adequate remedies. Further, our trade secrets may become known or be independently developed or patented by our competitors.

If it were ultimately determined that our claimed intellectual property rights are unenforceable, or that our use of our products infringes on the rights of others, we may be required or may desire to obtain licenses to patents and other intellectual property held by third parties to develop, manufacture and market our products. We may not be able to obtain these licenses on commercially reasonable terms, if at all, and any licensed patents or intellectual property that we may obtain may not be valid or enforceable. In addition, the scope of intellectual property protection is subject to scrutiny and challenge by courts and other governmental bodies. Litigation and other proceedings concerning patents and proprietary technologies can be protracted, expensive and distracting to management and companies may sue competitors as a way of delaying the introduction of competitors' products. Any litigation, including any interference proceeding to determine priority of inventions, oppositions to patents in foreign countries or litigation against our partners, may be costly and time-consuming and could harm our business.

Failure to Obtain Product Approvals or Comply with Government Regulations Could Harm Our Business

As pharmaceutical manufacturers, we as well as our partners, contract manufacturers and suppliers are subject to extensive, complex, costly and evolving governmental rules, regulations and restrictions administered by the FDA, by other federal and state agencies, and by governmental authorities in other countries. In the United States, our products cannot be marketed until they are approved by the FDA. Rituxan is our only product that has received FDA approval, and we cannot be certain that ZEVALIN or any of our product candidates will be approved either in the United States or in other countries in a timely fashion, if at all.

Obtaining FDA approval involves the submission, among other information, of the results of preclinical and clinical studies on the product, and requires substantial time, effort and financial resources. Before approval of an NDA or BLA, the FDA will also perform prelicensing inspections of our facility and our contract manufacturers, suppliers and fill/finish providers facilities to determine compliance with cGMP. Our failure or the failure of our partners, contract manufacturers or suppliers, in particular our radioisotope supplier or fill/finish provider, to meet FDA requirements would delay or preclude our ability to sell ZEVALIN which would harm our business.

Even assuming FDA approval, we, as well as our partners, contract manufacturers and suppliers, are subject to numerous FDA requirements covering, among other things, testing, manufacturing, quality control, labeling and continuing promotion of drugs, and to government inspection at all times. Failure to meet or comply with any rules, regulations or restrictions of the FDA or other agencies could result in:

- fines;
- unanticipated expenditures;
- product delays;
- non-approval or product recall or seizure;

- interruption of production; and
- criminal prosecution.

Although we have instituted internal compliance programs and continue to address compliance issues raised from time to time by the FDA, we may not be able to meet regulatory agency standards and any lack of compliance may harm our business.

We May be Unable to Maintain Third-Party Research and Development Relationships

Funding of research and development efforts depends largely upon various arrangements with strategic partners and others who provide us with funding and who perform research and development with respect to our products. These strategic partners may generally terminate their arrangements with us at any time. These parties may develop products that compete with ours, and we cannot be certain that they will perform their contractual obligations or that any revenues will be derived from such arrangements. If one or more of our strategic partners fail to achieve product development objectives, this failure could harm our ability to fund related programs and develop products.

Our Business Exposes Us to Product Liability Claims

Our design, testing, development, manufacture and marketing of products involve an inherent risk of exposure to product liability claims and related adverse publicity. Insurance coverage is expensive and difficult to obtain, and we may be unable to obtain coverage in the future on acceptable terms, if at all. Although we currently maintain product liability insurance for our products in the amounts we believe to be commercially reasonable, we cannot be certain that the coverage limits of our insurance policies or those of our strategic partners will be adequate. If we are unable to obtain sufficient insurance at an acceptable cost or if a successful product liability claim is made against us, whether fully covered by insurance or not, our business could be harmed.

Future Transactions May Harm Our Business or the Market Price of Our Securities

We regularly review potential transactions related to technologies, products or product rights and businesses complementary to our business. These transactions could include:

- mergers;
- acquisitions;
- strategic alliances;
- off-balance sheet financings;
- licensing agreements; and
- copromotion agreements.

We may choose to enter into one or more of these transactions at any time, which may cause substantial fluctuations to the market price of securities that we have issued. Moreover, depending upon the nature of any transaction, we may experience a charge to earnings, which could also harm the market price of securities that we have issued.

We May Not be Able to Successfully Develop and Commence Operations of Our New Manufacturing Facility

We have recently purchased a 60-acre parcel of land on which we intend to develop a manufacturing facility. We have limited experience in developing manufacturing facilities and may not be able to successfully develop or commence operations at this facility. We may encounter difficulties in designing, constructing and initiating our manufacturing facility, including:

- governmental regulation of our manufacturing facility, specifically, FDA approvals required for the commercial manufacture of our products currently in clinical trials;
- public opinion regarding the impact of the facility on nearby communities;
- construction delays, including obtaining necessary governmental approvals and permits;

- cost overruns;
- delays in design, shipment and installation of equipment for our facility;
- other unforeseeable factors inherent in the construction process; and
- obtaining financing we may need to complete the facility.

Even if we are able to successfully develop this manufacturing facility, we may not be able to do so in a cost-effective manner or in a time frame that is consistent with our expected future manufacturing needs.

Volatility of Our Stock Price

The market prices for our common stock and for securities of other companies engaged primarily in biotechnology and pharmaceutical development, manufacture and distribution are highly volatile. For example, the market price of our common stock fluctuated between $32.63 per share and $75.00 per share during the eight months ended October 31, 2001. The market price of our common stock will likely continue to fluctuate due to a variety of factors, including:

- material public announcements;
- the announcement and timing of new product introductions by us or others;
- technical innovations or product development by us or our competitors;
- regulatory approvals or regulatory issues;
- developments relating to patents, proprietary rights and orphan drug status;
- actual or potential clinical results with respect to our products under development or those of our competitors;
- political developments or proposed legislation in the pharmaceutical or healthcare industry;
- economic and other external factors, disaster or crisis;
- hedge and/or arbitrage activities by holders of our convertible promissory notes;
- period-to-period fluctuations in our financial results or results which do not meet or exceed analyst expectations; and
- market trends relating to or affecting stock prices throughout our industry, whether or not related to results or news regarding us or our competitors.

We are Subject to Uncertainties Regarding Healthcare Reimbursement and Reform

Our ability to commercialize products depends in part on the extent to which patients are reimbursed by governmental agencies, private health insurers and other organizations, such as health maintenance organizations, for the cost of such products and related treatments. Our business could be harmed if healthcare payers and providers implement cost-containment measures and governmental agencies implement healthcare reform.

Our Business Involves Environmental Risks

Our business and the business of several of our strategic partners, including Genentech, involve the controlled use of hazardous materials, chemicals, biologics and radioactive compounds. Biologics manufacture is extremely susceptible to product loss due to microbial or viral contamination, material equipment failure, or vendor or operator error. Although we believe that our safety procedures for handling and disposing of such materials complies with state and federal standards, there will always be

the risk of accidental contamination or injury. In addition, microbial or viral contamination may cause the closure of the respective manufacturing facility for an extended period of time. By law, radioactive materials may only be disposed of at state-approved facilities. We currently store our radioactive materials on-site because the approval of a disposal site in California for all California-based companies has been delayed indefinitely. If and when a disposal site is approved, we may incur substantial costs related to the disposal of these materials. If we were to become liable for an accident, or if we were to suffer an extended facility shutdown, we could incur significant costs, damages and penalties that could harm our business.

We Face Increased Energy Costs and May Face Power Outages as a Result of the Energy Crisis Currently Being Experienced in California

In late 2000, and continuing into 2001, the State of California has been subject to a deterioration in the ability of major utilities to provide energy for State's needs. Throughout California, the crisis has resulted in "rolling blackouts" where certain areas are not provided with any electricity for periods of up to two hours. To date the most immediate impact has been the significant increase in power rates for most users, including us. In addition, the loss of electrical power of "blackouts" for any significant periods could harm our ability to manufacture the clinical and commercial requirements of our products, including the ZEVALIN antibody, and could result in significantly higher manufacturing costs.

We Rely upon Key Personnel

Our success will depend, to a great extent, upon the experience, abilities and continued services of our executive officers and key scientific personnel. If we lose the services of any of these officers or key scientific personnel, our business could be harmed. Our success also will depend upon our ability to attract and retain other highly qualified scientific, managerial, sales and manufacturing personnel and our ability to develop and maintain relationships with qualified clinical researchers. Competition for these personnel and relationships is intense and we compete with numerous pharmaceutical and biotechnology companies as well as with universities and non-profit research organizations. We may not be able to continue to attract and retain qualified personnel or develop and maintain relationships with clinical researchers.

We May Be Unable to Raise Additional Capital or to Repurchase Our Convertible Promissory Notes

We expend and will likely continue to expend substantial funds to complete the research, development, manufacturing and marketing of our potential future products. Consequently, we may seek to raise capital through collaborative arrangements, strategic alliances or equity and debt financings or from other sources. We may need to raise additional funds or borrow funds to complete the construction of our planned Oceanside facility. We may be unable to raise additional capital on commercially acceptable terms, if at all, and if we raise capital through equity financing, existing stockholders may have their ownership interests diluted. Our failure to be able to generate adequate funds from operations or from additional sources would harm our business.

If we undergo events constituting a change of control prior to February 16, 2004, we will be obligated to repurchase all our outstanding convertible promissory notes at the option of the holder. We may not have sufficient funds at that time or may not be able to raise sufficient funds to make these repurchases.

Our Convertible Promissory Notes Leverage Us Considerably

As a result of issuing our convertible promissory notes in February 1999, we raised approximately $112.7 million, net of underwriting commissions and expenses of $3.9 million, by incurring indebtedness

of $345.0 million at maturity in 2019. As a result of this indebtedness, our principal and interest obligations increased substantially. The degree to which we are leveraged could harm our ability to obtain future financing and could make us more vulnerable to industry downturns and competitive pressures. Our ability to meet our debt obligations will be dependent upon our future performance, which will be subject to financial, business and other factors affecting our operations, many of which are beyond our control. The holders of the convertible promissory notes may require us to purchase the convertible promissory notes on February 16, 2004, 2009, and 2014 at a price equal to the issue price plus accrued original issue discount to the date of purchase. We have the option to repay our convertible promissory notes plus accrued original issue discount in cash, our common stock or a combination thereof. We have the right to redeem the convertible promissory notes on or after February 16, 2004.

In addition, in the event of our insolvency, bankruptcy, liquidation, reorganization, or dissolution or upon our default in payment with respect to any indebtedness or an event of default with respect to such indebtedness resulting in the acceleration thereof, our assets will be available to pay the amounts due on our convertible promissory notes only after all our senior indebtedness has been paid in full. Moreover, holders of common stock would only receive the assets remaining after payment of all indebtedness and preferred stock, if any.

We Have Adopted Several Anti-takeover Measures and Our Convertible Promissory Notes May Have A Further Anti-takeover Effect

We have taken a number of actions that could discourage a takeover attempt that might be beneficial to stockholders who wish to receive a premium for their shares from a potential bidder. For example, we reincorporated into Delaware, which subjects us to Section 203 of the Delaware General Corporation Law, providing that we may not enter into a business combination with an interested stockholder for a period of three years after the date of the transaction in which the person became an interested stockholder, unless the business combination is approved in the manner prescribed in the code section. In addition, we have adopted a stockholder rights plan that was amended and restated as of July 26, 2001 that would cause substantial dilution to a person who attempts to acquire us on terms not approved by our board of directors. In addition, our board of directors has the authority to issue, without vote or action of stockholders, up to 8,000,000 shares of preferred stock and to fix the price, rights, preferences and privileges of those shares. Any series of preferred stock could contain dividend rights, conversion rights, voting rights, terms of redemption, redemption prices, liquidation preferences or other rights superior to the rights of holders of common stock. Although we currently have 48,014 shares of non-voting convertible preferred stock outstanding, which were convertible into 2,880,840 shares of common stock as of September 30, 2001, the board of directors has no present intention of issuing any additional shares of preferred stock. However, the board of directors may issue additional series of preferred stock in the future. In addition, our copromotion arrangement with Genentech provides Genentech with the option to buy the rights to Rituxan in the event that we undergo a change of control, which may limit our attractiveness to potential acquirers.

We are required by the terms of our convertible promissory notes, as of 35 business days after a change in control occurring on or before February 16, 2004, to purchase any convertible promissory note at the option of its holder and at a price equal to the issue price plus accrued original issue discount to the date of repurchase. This feature of our convertible promissory notes may have an anti-takeover effect.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

We are exposed to a variety of risks, including changes in interest rates affecting the return on our investments and the cost of our debt.

At September 30, 2001, we maintained a portion of our cash and cash equivalents in financial instruments with original maturities of three months or less. We also maintained an investment portfolio containing financial instruments in which the majority have original maturities of greater than three months but less than twenty-four months. These financial instruments, principally comprised of corporate obligations and to a lesser extent foreign and U.S. government obligations, are subject to interest rate risk and will decline in value if interest rates increase. A hypothetical ten percent change in interest rates during the nine months ended September 30, 2001, would have resulted in approximately a $3.0 million change in pretax income. We have not used derivative financial instruments in our investment portfolio.

Our long-term debt totaled $134.2 million at September 30, 2001 and was comprised solely of the convertible promissory notes. Our long-term debt obligation bears interest at a weighed average interest rate of 5.5%. Due to the fixed rate nature of the convertible promissory notes, an immediate ten percent change in interest rates would not have a material effect on our financial condition or results of operations.

Underlying market risk exists related to an increase in our stock price or an increase in interest rates which may make conversion of the convertible promissory notes to common stock beneficial to the convertible promissory notes holder. Conversion of the convertible promissory notes would have a dilutive effect on our earnings per share and book value per common share.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings.

(a)

On September 10, 2001, we filed a complaint against GlaxoSmithKline and another complaint against Corixa Corporation, Coulter Pharmaceutical, Inc., and the Regents of the University of Michigan, in federal court in the Southern District of California. We are seeking declaratory judgment that Zevalin, our radiolabeled antibody for which we are currently seeking approval for use in the treatment of lymphoma does not infringe patents held by the defendants and/or that such patents are invalid. On September 12, 2001, Corixa, Coulter and GlaxoSmithKline filed a lawsuit against us in federal court in the district of Delaware alleging that Zevalin infringes their patents. The lawsuit against us seeks to permanently enjoin us from commercializing Zevalin. The plaintiffs are also seeking compensatory and special damages. We intend to vigorously prosecute and defend these lawsuits. However, it is not possible to predict or determine the outcome of this litigation and accordingly there can be no assurance that we will prevail. An unfavorable outcome could have a material adverse impact on our business.

In addition, we are involved in certain other legal proceedings generally incidental to our normal business activities. While the outcome of any such proceedings cannot be accurately predicted, we do not believe the ultimate resolution of any such existing matters would have a material adverse effect on our business or financial condition.

(b)

No material legal proceedings were terminated in the third quarter of 2001.

Item 2. Changes in Securities.

None

Item 3. Defaults upon Senior Securities.

None

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

None

Item 5. Other Information.

None

Item 6. Exhibits and Reports on Form 8-K.

(a)

Exhibits referenced

Exhibit Number	Description
10.10*	Purchase and Sale Agreement and Escrow Instructions between San Dieguito Partnership, L.P. and IDEC Pharmaceuticals Corporation, dated July 17, 2001, and the First, Second and Third Amendments to the Purchase and Sale Agreement and Escrow Instructions dated August 17, 2001, August 24, 2001 and August 29, 2001, respectively.
10.11*	Supply Agreement between Catalytica Pharmaceuticals, Inc. and IDEC Pharmaceuticals Corporation dated August 8, 2001.
10.12*	Collaborative Development Agreement between IDEC Pharmaceuticals Corporation and Mitsubishi Pharma Corporation, formerly Mitsubishi-Tokyo Pharmaceuticals, Inc., dated September 21, 2001.
10.13	Amended and Restated IDEC Pharmaceuticals Corporation Deferred Compensation Plan dated September 5, 2001.

* Confidential treatment requested as to certain portions of this agreement.

(b)

Reports on Form 8-K. None

Signatures

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

IDEC PHARMACEUTICALS CORPORATION

Date: November 14, 2001 By: /s/ William H. Rastetter

William H. Rastetter
Chairman of the Board, President and
Chief Executive Officer
(Principal Executive Officer)

Date: November 14, 2001 By: /s/ Phillip M. Schneider

Phillip M. Schneider
Senior Vice President and
Chief Financial Officer
(Principal Financial and Accounting Officer)

CONDENSED CONSOLIDATED BALANCE SHEETS

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

FORWARD-LOOKING INFORMATION AND RISK FACTORS THAT MAY AFFECT FUTURE RESULTS
PART II—OTHER INFORMATION

Item 1. Legal Proceedings.
Item 2. Changes in Securities.
Item 3. Defaults upon Senior Securities.
Item 4. Submission of Matters to a Vote of Security Holders.
Item 5. Other Information.
Item 6. Exhibits and Reports on Form 8-K.

Signatures

CONFIDENTIAL TREATMENT REQUESTED: PAGES WHERE CONFIDENTIAL TREATMENT HAS BEEN REQUESTED ARE MARKED "CONFIDENTIAL TREATMENT REQUESTED" AND APPROPRIATE SECTIONS, WHERE TEXT HAS BEEN OMITTED, ARE NOTED WITH "[CONFIDENTIAL TREATMENT REQUESTED]." AN UNREDACTED VERSION OF THIS DOCUMENT HAS BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.

PURCHASE AND SALE AGREEMENT

AND ESCROW INSTRUCTIONS

BY AND BETWEEN

SAN DIEGUITO PARTNERSHIP, L.P.,

A CALIFORNIA LIMITED PARTNERSHIP,

AND THE INDIVIDUALS AND ENTITIES LISTED ON SCHEDULE "1"

("SELLER")

AND

IDEC PHARMACEUTICALS CORPORATION

("BUYER")

DATED AS OF JULY 17, 2001

CONFIDENTIAL TREATMENT

ARTICLE 1 RECITALS....1
1.1 Ownership and Description....1
1.2 The Settlement Agreement....1
1.3 Intention....2
1.4 Assignment....2
1.5 Rights and Interests....2
1.6 Mitigation Land....2

ARTICLE 2 AGREEMENT OF SALE....2
2.1 Purchase Price....2
2.2 Reimbursement....3

ARTICLE 3 OPENING OF ESCROW....3

ARTICLE 4 INVESTMENT OF DEPOSIT....3

ARTICLE 5 TITLE....4
5.1 Preliminary Title Report....4
5.2 Grant Deed....4
5.3 Title Review....4
5.4 Extended Closing Date....5

ARTICLE 6 CONDITIONS PRECEDENT AND COVENANTS....6
6.1 Buyer's Conditions....6
6.2 Non-Satisfaction of Buyer's Conditions - Refund of Deposit and Waiver....7
6.3 Seller's Conditions....8
6.4 Non-Satisfaction of Seller's Conditions....8

ARTICLE 7 OBLIGATIONS AND DISCLOSURES....9
7.1 Escrow Non-Liability....9
7.2 Definitions....9
7.3 Due Diligence Investigation....10
7.4 Property Documents....10
7.5 Right of Entry....11
7.6 Right of Inquiry....11
7.7 Hold Harmless and Buyer Indemnity....12
7.8 Hold Harmless and Seller Indemnity....13
7.9 Assignments....13
7.10 Wetland Restoration....13
7.11 License Agreement - Garden Communities....14
7.12 Other Agreements....14

ARTICLE 8 SELLER'S DELIVERIES TO ESCROW....15
8.1 Seller's Grant Deed....15

CONFIDENTIAL TREATMENT

8.2 Non-Foreign Certificate....15
8.3 Assignments....15
8.4 Assignment of Easement....15
8.5 Termination of Memorandum of Tenancy-In-Common Agreement....15

ARTICLE 9 BUYER'S DELIVERIES TO ESCROW....16
9.1 Cash....16
9.2 Joining in Assignments....16

ARTICLE 10 CLOSE OF ESCROW....16
10.1 Closing Date....16

ARTICLE 11 THE CLOSING....16
11.1 Closing Procedure....16

ARTICLE 12 PRORATION, FEES AND COSTS....17
12.1 Taxes....17
12.2 Seller's Payment of Charges and Fees....17
12.3 Buyer's Payment of Charges and Fees....17

ARTICLE 13 ESCROW AGENT'S DELIVERY OF FUNDS AND DOCUMENTS....17
13.1 Recordation of Documents....17
13.2 Delivery of Documents....18
13.3 Delivery of Funds....18

ARTICLE 14 SELLER'S WARRANTIES....18
14.1 Seller's Power, Authority and Authorization....18
14.2 Notice of Violation....19
14.3 No Pending Actions....19
14.4 Leases....19
14.5 No Liens....19
14.6 Agreements Affecting the Property....19
14.7 No Default....19
14.8 True Information....20
14.9 Contracts....20
14.10 Agreement Enforceable....20
14.11 Future Action....20
14.12 Undisclosed Assessments....20
14.13 Hazardous Materials....20
14.14 No Bankruptcy....20
14.15 Cost Liens....21
14.16 Settlement Agreement....21
14.17 Wetlands Restoration....21
14.18 Change in Representation or Warranty....21

ARTICLE 15 BUYER'S WARRANTIES....22
15.1 Authority....22

15.2 Satisfaction and Warranty....22

ARTICLE 16 SURVIVAL....22

ARTICLE 17 ASSIGNMENT AND INDEMNIFICATION BY BUYER....22
17.1 Assignment....22
17.2 Effect of Assignment....23

ARTICLE 18 LIQUIDATED DAMAGES; REMEDIES....23
18.1 Escrow Non-Liability....23
18.2 Liquidated Damages....23
18.3 Buyer's Remedies....24

ARTICLE 19 REAL ESTATE COMMISSION....24

ARTICLE 20 NOTICES....25

ARTICLE 21 TAX-FREE EXCHANGE....26
21.1 Buyer Cooperation in Tax Deferred Exchange....26

ARTICLE 22 EXTENT OF ESCROW AGENT'S RESPONSIBILITIES....26
22.1 Escrow Agent Liability....26
22.2 Informing Parties....26
22.3 Responsibility for Documents....26
22.4 Conflicting Demands and Claims....26
22.5 Reporting of Transaction....26

ARTICLE 23 GENERAL PROVISIONS....27
23.1 Breach....27
23.2 Captions....27
23.3 Cash Defined....27
23.4 Confidentiality....27
23.5 Construction....27
23.6 Counterparts....27

23.7 Entire Agreement.....27
23.8 Escrow Defined.....27
23.9 Exhibits.....27
23.10 Gender.....28
23.11 Good Faith.....28
23.12 Attorneys' Fees.....28
23.13 Modification.....28
23.14 Possession.....28
23.15 Severability.....28
23.16 Successors.....28
23.17 Survival.....28
23.18 Time of Essence.....28

23.19 Rule of Construction.....28
23.20 Waiver.....28

Exhibit "A" - Real Property Description

Exhibit "B" - Plat Map

Exhibit "C" - Mitigation Land Legal Description

Exhibit "D" - Mitigation Land Plat Map

Exhibit "E" - Title Report

Exhibit "F" - Grant Deed

Exhibit "G" - Assignment Agreement

Exhibit "H" - Assignment and Assumption of Contracts

Exhibit "I" - Assignment of Rights Under Settlement Agreement

Exhibit "J" - Property Documents

Exhibit "K" - Affidavit [Non-Foreign Affidavit Pursuant to FIRPTA]

Exhibit "L" - Withholding Exemption Certificate and Nonresident Waiver Request for Real Estate Sales (Form 597-W)

Exhibit "M" - Assignment of Easements

Exhibit "N" - Remaining Settlement Agreement Actions

Exhibit "O" - Estoppel Certificate

PURCHASE AND SALE AGREEMENT AND ESCROW INSTRUCTIONS

THIS AGREEMENT ("Agreement") dated as of the 17th day of July, 2001, by and between SAN DIEGUITO PARTNERSHIP, L.P. ("PARTNERSHIP"), A CALIFORNIA LIMITED PARTNERSHIP, AS TO AN UNDIVIDED 28.1083629% INTEREST, TOGETHER WITH THE INDIVIDUALS AND ENTITIES LISTED ON SCHEDULE "1" ATTACHED HERETO, herein collectively referred to as "Seller" and IDEC PHARMACEUTICALS CORPORATION, A DELAWARE CORPORATION, herein referred to as "Buyer" is entered into with reference to the recitals set forth in Article 1 [Recitals] below and constitutes (a) a contract of purchase-and-sale between the parties; and (b) escrow instructions to CHICAGO TITLE COMPANY, 925 "B" Street, San Diego, CA 92101 ("Escrow Agent"), the consent of which appears at the end hereof.

ARTICLE 1

RECITALS

1.1 OWNERSHIP AND DESCRIPTION. Seller owns and holds fee title to the real property ("Nobel Land") described in Exhibit "A" and depicted in Exhibit "B." As used herein, the "Property" means the Nobel Land together with: (a) all easements and other rights appurtenant thereto, including Seller's interest (if any) in appurtenant water and mineral rights; and (b) Seller's entire right, title and interest in and to all governmental permits, entitlements and approvals applicable to development, construction, operation and use of the Nobel Land, all soils tests and reports, maps, surveys, engineering reports, environmental reports, drawings or specifications, the name "Nobel Research

Park", and all contracts, contract rights or other intellectual or intangible property of any type whatsoever relating in any way to the Nobel Land, or the development, use or operation thereof, and all other contracts or agreements including without limitation the Settlement Agreement (defined herein below) with respect to the Nobel Land that are approved in writing by Buyer. Concurrently with the Closing, Seller shall cause San Dieguito Valley, Inc. to convey its right, title and interest in and to the Easement as described in Section 7.10.

1.2 THE SETTLEMENT AGREEMENT. On November 16, 1998, San Dieguito Partnership, L.P. and San Dieguito Valley, Inc., collectively as plaintiffs (collectively referred to as "SDP"), and the City Council of the City of San Diego and the City of San Diego (the "City"), collectively as defendants, entered into a settlement agreement which was thereafter amended by that certain First Amendment to Settlement Agreement dated December 21, 1999, and further evidenced by that certain Letter Agreement between SDP and the City, dated December 21, 1999 resolving certain issues relating to the settlement agreement (the settlement agreement, First Amendment, and Letter Agreement are collectively referred to as the "Settlement Agreement").

1.3 INTENTION. Buyer desires to purchase and Seller desires to sell the Property pursuant to the terms and conditions set forth in this Agreement.

1.4 ASSIGNMENT. Seller desires to assign to Buyer all of its right, title and interest to the Property and any rights relating thereto in and under the Settlement Agreement, and any rights or benefits incident thereto, including but not limited to any rights of Seller in, under or to those certain development permits, governmental approvals, consents, orders, agreements or the like issued with respect to the Property, pursuant to the Assignment Agreement and the Assignment of Rights Under Settlement Agreement attached hereto as Exhibit "G" and Exhibit "I", respectively, and incorporated herein by reference.

1.5 RIGHTS AND INTERESTS. The Property to be purchased and sold pursuant to this Agreement shall also include all of Seller's right, title and interest in and to all rights, interests and privileges appertaining to the Property including all land use entitlements, development rights, and permits subject to the conditions and limitations set forth in this Agreement.

1.6 MITIGATION LAND. The Partnership owns and holds fee simple title to that certain real property comprising approximately 17 gross acres located in the City and County of San Diego ("County") legally described on Exhibit "C" and depicted on Exhibit "D" attached hereto (the "Mitigation Land"). As used herein, the "Mitigation Property" means the Mitigation Land together with: (a) all easements and other rights appurtenant thereto, including the Partnership's interest (if any) in appurtenant water and mineral rights; and (b) the Partnership's entire right, title and interest in and to all governmental permits, entitlements and approvals applicable to the Mitigation Land, and all other contracts or agreements with respect to the Mitigation Land that are approved in writing by Buyer. On or before expiration of the Due Diligence Period, as a condition to Buyer's obligations, Buyer and Seller shall execute and deliver a Purchase and Sale Agreement and Joint Escrow Instructions under a separate escrow with Escrow Agent for the purchase and sale of the Mitigation Property (the "Mitigation Property Agreement"). The Purchase Price for the Mitigation Property shall be [CONFIDENTIAL TREATMENT REQUESTED].

ARTICLE 2

AGREEMENT OF SALE

2.1 PURCHASE PRICE. Seller hereby agrees to sell, and Buyer hereby agrees to purchase, through Escrow, the Property for a total purchase price of [CONFIDENTIAL TREATMENT REQUESTED] ("Total Purchase Price"), subject to the terms and conditions set forth herein. The Total Purchase Price shall be payable in cash on or before the Close of Escrow as follows:

2.1.1	Deposit to Escrow within one (1) business day after the Opening of Escrow (the "Deposit"):	[CONFIDENTIAL TREATMENT REQUESTED]

2.1.2	The balance of the Total Purchase Price to Escrow on the business day preceding the Closing Date:	[CONFIDENTIAL TREATMENT REQUESTED]
TOTAL:		[CONFIDENTIAL TREATMENT REQUESTED]

2.2 REIMBURSEMENT. At the Close of Escrow Buyer shall reimburse Seller [CONFIDENTIAL TREATMENT REQUESTED].

ARTICLE 3

OPENING OF ESCROW

Concurrent with the execution of this Agreement, Buyer and Seller agree that Seller shall cause an escrow ("Escrow") for the purpose of the sale of the Property to be opened at Chicago Title Company, 925 "B" Street, San Diego, CA 92101. This Agreement shall constitute Escrow instructions. Buyer and Seller shall also promptly sign such other general instructions which Escrow Agent may require provided such general instructions are not inconsistent with this Agreement. The Escrow shall be deemed open ("Opening of Escrow") upon Buyer's and Seller's execution and delivery of a copy of this Agreement, and Escrow Agent's execution of the Consent of Escrow Agent attached to this Agreement.

ARTICLE 4

INVESTMENT OF DEPOSIT

Escrow Agent shall invest Buyer's Deposit in any federally-insured interest bearing account, certificate of deposit or bond insured by the United States government provided that all such investments shall be subject to Buyer's reasonable approval, collectable upon demand and, if applicable, have a maturity date before the Closing Date set forth in Article 10.1 [Closing Date]. Buyer and Seller shall cooperate in the execution of any additional instructions required by Escrow Agent for the investment of the Deposit provided such contemplated investments comply with this Article. All accrued interest earned on such invested Deposit shall belong to Buyer, shall be an offset or credit to the sums to be paid by Buyer set forth in Article 2.1 [Purchase Price], and shall be returned to Buyer whenever this Agreement provides for a return of the Deposit to Buyer, provided that if Escrow is terminated because of a default of Buyer, then in such event all such accrued interest together with the Deposit shall be liquidated damages to Seller pursuant to Article 18.2.

CONFIDENTIAL TREATMENT

ARTICLE 5

TITLE

5.1 PRELIMINARY TITLE REPORT. Attached hereto as Exhibit "E" is Chicago Title Company's ("Title Insurer") Preliminary Title Report No. 13048042 - U16 ("Updated Report") for the Property showing the condition of title to the Property as of 7:30 a.m., June 25, 2001.

5.2 GRANT DEED. Seller shall convey title to the Property to Buyer by Grant Deed through Escrow in the form attached hereto as Exhibit "F" ("Grant Deed"). Subject to Buyer's review and approval pursuant to Article 5.3, title to the Nobel Land shall be subject only to the following permitted matters ("Permitted Matters"):

5.2.1 Printed exceptions and exclusions from coverage set forth in the Title Policy described in Article 11.1.3 [Title Policy];

5.2.2 Item Nos. 1, 4, 5, 6, 7, 9 and 10 as shown on Schedule "B" of the Updated Report;

5.2.3 Matters shown on that ALTA Survey, dated June 7, 2001, prepared by Rick Engineering (the "Survey"); and

5.2.4 Any voluntary lien or encumbrance imposed by Buyer.

5.3 TITLE REVIEW.

5.3.1 DELIVERY TO BUYER. Seller has delivered to Buyer the Updated Report, together with copies of all underlying documents referred to therein, and the Survey. Escrow Agent shall cause the Title Insurer: (a) to review the Survey and to conduct a physical inspection for purposes of issuing the Title Policy described in Article 11.1.3; and (b) to identify any additional title exceptions resulting from the Title Insurer's review of such Survey and physical inspection in a supplement to the Updated Report. Buyer shall have a right to review and approve any such supplement in accordance with the procedure described below.

5.3.2 TIME TO OBJECT. Buyer shall have until the date which is fifteen (15) days after the Opening of Escrow [and seven (7) days after Buyer's receipt of any supplement thereto containing exceptions not set forth in the original Updated Report, and the Closing Date shall be extended as necessary to accommodate such review period and the response periods set forth in subsections 5.3.4 and 5.3.5], to notify Escrow Agent (with a copy to Seller), in writing, of its objection to any exceptions and legal descriptions in the Updated Report and any other matters indicated as Permitted Matters in Section 5.2 or to any new matters shown in such supplemental report.

5.3.3 NO OBJECTION. If Buyer's written approval is not received by Escrow Agent within the applicable time period set forth in 5.3.2 above, Buyer

shall be deemed to have disapproved the Updated Report, or supplement thereto, all exceptions indicated therein and the Survey, and to have elected to terminate this Agreement and the Escrow, in which event neither

party shall have any further rights or obligations hereunder except for any obligations which survive such termination under the provisions of this Agreement, and Buyer's Deposit and all interest earned thereon shall be returned to Buyer.

5.3.4 TIME TO ELIMINATE EXCEPTIONS. If Buyer timely objects to one or more exceptions indicated in the Updated Report, the Permitted Matters or a supplemental report, Seller may, at its option, cure such objection by delivering written notice to Escrow Agent (with a copy to Buyer) within ten (10) days after Seller's receipt of Buyer's objection to any matters shown in the Updated Report or to any Permitted Matters (or within five (5) days after receipt of Buyer's objection to any matters shown in a supplemental report), indicating that Seller agrees to cure such exception(s) by the Closing Date. As used herein, "cure" means either: (1) removing the matter as an exception set forth in Schedule B of the Title Policy; or (2) modifying the Title Policy to include an endorsement ensuring against risks related to such exception or an indemnity of the Title Insurer, on terms and conditions approved by Buyer in writing. If Seller delivers such written election to cure disapproved exceptions, Seller shall complete such cure on or before the Closing Date. If Seller fails to deliver such written notice, Seller shall be deemed to have elected not to cure the disapproved exceptions.

5.3.5 RIGHT TO CANCEL OR PERFORM. If Seller does not elect to cure each exception to which Buyer has objected, Buyer shall elect one of the following, by delivering written notice to Escrow Agent (with a copy to Seller) within five (5) days after receipt of notice of Seller's election or expiration of the cure period described in 5.3.4 above (whichever occurs first): (1) to waive its objections, take title subject to such exceptions, and proceed with Close of Escrow; or (2) to terminate this Agreement and the Escrow, in which event neither party shall have any further rights or obligations hereunder except for any obligations which survive such termination under the provisions of this Agreement, and Buyer's Deposit and all interest earned thereon shall be returned to Buyer. If Buyer fails to deliver written notice of its election within said 5-day period, Buyer will be deemed to have elected to terminate pursuant to subsection (2) above.

5.4 EXTENDED CLOSING DATE. If Escrow Agent is unable to procure the Title Policy specified in 11.1.3 [Title Policy] because of a defect in title or a non-Permitted Matter recorded against the Property after the date of the Updated Report by a third party not affiliated with any person or entity comprising Seller and disapproved by Buyer (collectively a "Defect"), Seller in its sole discretion may extend the Closing Date for a period not exceeding 90 days by notifying Escrow Agent and Buyer in writing before the scheduled Closing Date of Seller's desire to extend the Closing Date for said period ("Extended Closing Date"). If Seller extends the Closing Date, Seller shall use its reasonable best efforts to cure the Defect within said 90 day period but nothing herein shall require Seller to expend in excess of $50,000 to cure the Defect. As used herein, the term Defect shall not include (1) a monetary lien or encumbrance (other than non-delinquent real property taxes) which shall be removed by Seller concurrently with or before the Closing Date, (2) the exercise of a Purchase Right (as defined in Article 6.1.8), or (3) an exception recorded by or at the request of Seller. If Seller cures such Defect within said 90 day period, the Closing Date shall be on or before twenty (20) days after Seller and the Title Insurer provide confirmation reasonably acceptable to Buyer that the Defect has been cured. If Seller is unable to cure the Defect within the period set forth above, Buyer shall have the option, on or before 5:00 p.m. of the second business day following the Extended Closing Date, to

unilaterally waive its objection to the Defect by delivery of written notice thereof to Escrow Agent and Seller and take title to the Property subject to said Defect without, however, any decrease, diminution or offset of or against the Total Purchase Price. In the event Buyer does waive such objection, then the Closing shall be on or before 5:00 p.m. of the 20th day following the Extended Closing Date ("Buyer's Extended Closing Date"). In the event of no waiver by Buyer of such objection, then Escrow shall be terminated as provided in Article 6.2 [Non-Satisfaction of Buyer's Conditions - Refund of Deposit and Waiver]. Provided Seller complies with its obligations under this Article 5.4, said failure to cure a Defect shall not be a breach of this Agreement by Seller. Recordation of any instrument pertaining to an exercise of a Purchase Right on or after Opening of Escrow shall constitute a default by Seller under this Agreement and shall entitle Buyer to those remedies set forth in Article 18 below.

ARTICLE 6

CONDITIONS PRECEDENT AND COVENANTS

6.1 BUYER'S CONDITIONS. Buyer's obligations to purchase the Property and consummate the Close of Escrow shall be contingent upon satisfaction or waiver by Buyer of each of the following conditions:

6.1.1 TITLE POLICY. Commitment by the Title Insurer during the Due Diligence Period described in Article 7.3 [Due Diligence Investigation] to issue as of the Closing Date set forth in Article 10 [Close of Escrow] the Title Policy described in Article 11.1.3 [Title Policy].

6.1.2 ASSIGNMENT OF INTERESTS. Execution and delivery by Seller to Escrow Agent before the Closing Date of the Assignments described in Article 7.09 [Assignments]. Such Assignments shall be in the form attached hereto as Exhibits "G", "H" and "I" signed by Buyer and Seller.

6.1.3 DUE DILIGENCE SATISFACTION. Delivery by Buyer to Escrow Agent during the Due Diligence Period described in Article 7.3 [Due Diligence Investigation] of Buyer's written satisfaction as to all matters to be investigated by Buyer.

6.1.4 MITIGATION PROPERTY. The Partnership and Buyer shall have executed and delivered the Mitigation Property Agreement and opened a separate escrow with Escrow Agent for the purchase and sale of the Mitigation Property upon mutually acceptable terms and conditions prior to expiration of the Due Diligence Period. Buyer's obligation to purchase the Property shall not be contingent upon Buyer's purchase of the Mitigation Property from the Partnership.

6.1.5 APPROVAL BY BOARD OF DIRECTORS OF BUYER. Delivery by Buyer to Escrow Agent and Seller on or before July 18, 2001 of a resolution certified by Buyer setting forth the unconditional approval by Buyer's Board of Directors of this Agreement and the transactions set forth herein.

6.1.6 REPRESENTATIONS, WARRANTIES AND COVENANTS OF SELLER. Seller shall have duly performed each and every covenant to be performed by Seller pursuant to this Agreement as

of the Close of Escrow, and Seller's representations, warranties and covenants set forth in Articles 7 and 14 hereof shall be true and correct in all material respects as of the Close of Escrow.

6.1.7 NO MATERIAL CHANGES. As of the Close of Escrow, there shall have been no material adverse changes in the physical condition of the Property as it existed at the Opening of Escrow.

6.1.8 RIGHTS OF FIRST REFUSAL/BUY/SELL RIGHTS. Prior to Opening of Escrow, Seller shall have delivered to Buyer and the Title Insurer written evidence satisfactory to Buyer and the Title Insurer that any and all rights of first refusal and buy/sell rights pursuant to the partnership agreements for the Partnership and any other similar agreements among the partners, persons and other entities directly or indirectly comprising the Partnership and Seller and held by the persons or entities comprising Seller or their constituent partners, members, trustors, trustees and beneficiaries (herein "Purchase Rights") have been waived, terminated or satisfactorily resolved so as to enable Seller to sell the Property to Buyer pursuant to the terms of this Agreement without any exceptions to coverage under the Title Policy with respect to any such Purchase Rights.

6.1.9 SELLER BOARD APPROVAL. Prior to the Opening of Escrow Seller has delivered to Escrow Agent and Buyer the resolutions adopted by the Board of Directors of San Dieguito Valley, Inc. ("General Partner"), the sole General Partner of the Partnership, setting forth the unconditional approval by such General Partner and the Partnership of this Agreement and the transactions set forth herein.

6.2 NON-SATISFACTION OF BUYER'S CONDITIONS - REFUND OF DEPOSIT AND WAIVER. Subject to Article 5.4 [Extended Closing Date], in the event any condition set forth in Article 6.1 [Buyer's Conditions] is neither satisfied nor waived by Buyer within the time specified therefor, as the same may be extended, Buyer, provided it is not then in default, may terminate this Agreement and the Escrow by written demand therefor delivered to Seller and Escrow Agent. The making of such demand shall be optional, not mandatory; no delay in the making of such demand shall affect the rights of Buyer hereunder. In the event such demand is made:

6.2.1 If Buyer is not in breach of its obligation under this Agreement, then Escrow Agent shall return to each party the funds, including Buyer's Deposit and all accrued interest thereon to Buyer, and documents theretofore deposited by such party unless Escrow Agent decides (in its uncontrolled discretion) the protection of its interest requires otherwise; in which case Escrow Agent may interplead the deposited funds and documents in a Court of competent jurisdiction.

6.2.2 Each party shall pay one-half (1/2) of Escrow Agent's fees and incurred expenses, if any.

6.2.3 If this Agreement and the Escrow are terminated as provided

in this Article (except as a result of Seller's breach or default), Buyer shall promptly, upon such termination, deliver to Seller copies of all items delivered to Buyer set forth in Article 7.4 [Property Documents]. The sole remedy of Buyer arising as a result of a failure (other than a

failure arising out of the default of a party under this Agreement) of any of the conditions precedent to Buyer's obligations shall be the termination of Escrow and this Agreement and the return to Buyer of Buyer's Deposit and all interest accrued thereon.

6.3 SELLER'S CONDITIONS. Seller's obligations to sell the Property and consummate the Close of Escrow shall be contingent upon satisfaction or waiver by Seller of each of the following conditions:

6.3.1 TITLE POLICY. The Title Insurer shall have issued or committed to issue to Buyer the Title Policy described in Section 11.1.3 as of the Closing.

6.3.2 REPRESENTATION, Warranties and Covenants of Buyer. Buyer shall have duly performed each and every covenant to be performed by Buyer pursuant to this Agreement as of the Close of Escrow, and Buyer's representations, warranties and covenants set forth in Article 15 hereof shall be true and correct in all material respects as of the Close of Escrow.

6.3.3 RIGHTS OF FIRST REFUSAL/BUY/SELL RIGHTS. Prior to Opening of Escrow, Seller shall have delivered to Buyer and the Title Insurer written evidence satisfactory to Buyer and the Title Insurer that the Purchase Rights have been waived, terminated or satisfactorily resolved so as to enable Seller to sell the Property to Buyer pursuant to the terms of this Agreement without any exceptions to coverage under the Title Policy with respect to any such Purchase Rights.

6.3.4 SELLER BOARD APPROVAL. Prior to the Opening of Escrow Seller has delivered to Escrow Agent and Buyer the resolutions adopted by the Board of Directors of San Dieguito Valley, Inc. ("General Partner"), the sole General Partner of the Partnership, setting forth the unconditional approval by such General Partner and the Partnership of this Agreement and the transactions set forth herein.

6.4 NON-SATISFACTION OF SELLER'S CONDITIONS. Subject to Article 5.4 [Extended Closing Date], in the event any of the conditions set forth in Article 6.3 [Seller's Conditions] is neither satisfied nor waived by Seller within the time specified therefore, as the same may be extended, Seller, provided it is not then in default, may elect to terminate this Agreement and the Escrow by written demand therefore delivered to Buyer and Escrow Agent. The making of such demand shall be optional, not mandatory; no delay in the making of such demand shall affect the rights of Seller hereunder. In the event such demand is made:

6.4.1 If Buyer is not breach of its obligations under this Agreement, then Escrow Agent shall return to Buyer its Deposit and all accrued interest thereon to Buyer, and return to the parties such other funds and documents theretofore deposited by such party unless Escrow Agent decides (in its uncontrolled discretion) the protection of its interest requires otherwise; in which case Escrow Agent may interplead the deposited funds and documents in a Court of competent jurisdiction.

6.4.2 Each party shall pay one-half of Escrow Agent's fees and incurred expenses, if any.

6.4.3 If this Agreement and Escrow is terminated as provided in this Article 6.4 (except as a result of Seller's breach or default) Buyer shall promptly, upon such termination, deliver to Seller copies of all items delivered to Buyer set forth in Article 7.4 [Property Documents]. The sole remedy of Seller arising as a result of a failure (other than a failure arising out of the default by Buyer under this Agreement) of any of the conditions precedent to Seller's obligations shall be the termination of Escrow and this Agreement.

ARTICLE 7

OBLIGATIONS AND DISCLOSURES

7.1 ESCROW NON-LIABILITY. Escrow Agent shall have no concern with or liability or responsibility for this Article.

7.2 DEFINITIONS. For purposes of this Article 7 and Article 14 (Seller's Warranties), the following terms shall have the meanings set forth below.

7.2.1 LAWS. "Laws" means all governmental laws, statutes, ordinances, resolutions, rules, regulations, restrictions and requirements applicable to the Property, as amended or supplemented from time to time prior to the Closing Date.

7.2.2 ENVIRONMENTAL LAWS. "Environmental Laws" means all Laws applicable to the physical condition of the Property or the presence of any substance thereon, including without limitation the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. Sections 9601 et seq.), the Resource Conservation and Recovery Act (42 U.S.C. Sections 6901 et seq.), the Clean Water Act (33 U.S.C. Sections 466 et seq.), the Safe Drinking Water Act (14 U.S.C. Sections 300f et seq.), the Hazardous Materials Transportation Act (49 U.S.C. Sections 5101 et seq.), the Toxic Substances Control Act (15 U.S.C. Sections 2601 et seq.), the California Hazardous Waste Control Act (California Health and Safety Code Sections 25100 et seq.), the California Hazardous Substances Account Act (California Health and Safety Code Sections 25300 et seq.), the Safe Drinking Water and Toxic Enforcement Act ("Proposition 65") (California Health and Safety Code Sections 25249.5 et seq.), and the Porter-Cologne Water Quality Control Act (California Health and Safety Code Sections 13000 et seq.), and any similar federal, state or local Laws, all regulations and publications implementing or promulgated pursuant to the foregoing, as any of the foregoing may be amended or supplemented from time to time.

7.2.3 HAZARDOUS MATERIALS. "Hazardous Materials" means substances which are flammable; explosive; corrosive; radioactive; toxic; and any substances defined or regulated as hazardous substances, hazardous materials, toxic substances or hazardous wastes in any of the Environmental Laws.

7.2.4 SELLER'S KNOWLEDGE. The phrases "to the best of Seller's knowledge," "Seller's knowledge" or similar phrases used in this Agreement mean actually or constructively known or disclosed to any officer or director of the General Partner, and excludes all other members of Seller, including, but not limited to, all tenants in common; trusts and the trustees

and beneficiaries thereof; and limited liability companies and officers, directors and managers thereof as set forth in Schedule 1 attached hereto.

7.3 DUE DILIGENCE INVESTIGATION. For a period commencing upon the Opening of Escrow and ending thirty (30) days thereafter ("Due Diligence Period"), Buyer shall have the right to conduct investigations and retain consultants as it deems necessary to investigate the Property to determine its suitability for development for Buyer's intended purposes. Buyer shall have the right during the Due Diligence Period to examine and approve all things concerning the Property which Buyer deems material to its purchase, use and development of the Property, including, but not limited to, topography, geology, condition of the soil, the presence, storage, discharge, or use of toxic or hazardous materials on the Property, condition of title to the Property, availability and capacity of utilities and sanitary facilities including, without limitation, water, sewer, electricity, gas, telephone, cable television, suitability for intended use, feasibility of development, zoning, fire and police protection, the possibility of moratoria, governmental land use regulations and government fees, fee increases, threatened and endangered species mitigation, and the feasibility and availability of building permits and other entitlements from any governmental agency for the development of the Property including but not limited to any and all applications, fees, procedures and approvals necessary to complete land use entitlement and the final subdivision map for the Property. Buyer understands and agrees that Seller does not, in any respect, guaranty, warrant or represent that any development of the Property will be permitted. As part of Buyer's due diligence investigation, Buyer may seek to obtain the City's execution of an Estoppel Certificate concerning the Settlement Agreement in the form of Exhibit O attached hereto. Seller shall reasonably cooperate with Buyer in seeking to obtain the City's execution of such an Estoppel Certificate. The City's execution of such an Estoppel Certificate shall not be a condition to Close of Escrow. Subject to satisfaction or waiver of the conditions to the Close of Escrow set forth herein, Buyer shall accept the Property in an "as is" condition, and acknowledges that, except as expressly set forth in this Agreement, Seller has not made and does not make any warranty or representation whatsoever as to the physical condition or suitability for intended use of the Property, whether express or implied. Buyer acknowledges and agrees that Buyer is purchasing the Property solely in reliance on Buyer's own investigation (and the representations and warranties of Seller set forth in this Agreement) and that Buyer shall be responsible at its cost and expense to complete the land use entitlement process and final subdivision map for the Property and, except as expressly provided otherwise in this Agreement (including the exhibits hereto), to comply at its expense with all obligations imposed by any agreement, permit or land use entitlement relating to the Property.

7.4 PROPERTY DOCUMENTS. Prior to the Opening of Escrow, Seller has delivered or caused to be delivered to Buyer copies of those documents relating or applicable to the Property more particularly described in Exhibit "J" ("Property Documents"). Within fourteen (14) days from the Opening of Escrow, Seller shall deliver or cause to be delivered to Buyer copies of all of the following documents within its possession or control relating or applicable to the Mitigation Property (collectively, "Mitigation Land Documents"): a preliminary title report and underlying exception documents; all surveys, geotechnical, soils or grading investigations or reports, environmental, biological, or hazardous materials investigations, reports, assessments or studies, zoning and development permits, licenses, or other approvals,

correspondence with federal, state and local government agencies regarding use of the Mitigation Land as mitigation

CONFIDENTIAL TREATMENT REQUESTED

property for the development of the Nobel Land; copies of any property tax bills; and any other documents which materially affect the value or use of the Mitigation Property as mitigation land. Seller specifically represents that to the best of Seller's knowledge the Property Documents and the Mitigation Land Documents include all soils/geotechnical reports, engineering reports, plans and specifications, and hazardous materials or environmental reports relating to the Property or the Mitigation Land, as applicable, which are in Seller's possession or under its reasonable control, and all commitments to, agreements with, or approvals by all federal, state and local governmental agencies, public utilities or other parties affecting the Property or the Mitigation Land, as applicable. Seller has no knowledge or reason to believe that the documents are incomplete or incorrect but Seller makes no warranty or representation of any kind that said documents are accurate or complete. Seller warrants that as to each of said documents there are no unpaid liens or costs for consultant fees for which Buyer would be liable. To the extent that any of said documents are proprietary to the consultant who prepared such documents or require the payment of additional fees for reuse, [CONFIDENTIAL TREATMENT REQUESTED] shall pay all such proprietary and additional fees which arise or accrue from and after Close of Escrow.

7.5 RIGHT OF ENTRY. During the term of the Escrow, Buyer and its representatives, employees, agents and independent contractors shall have the right, [CONFIDENTIAL TREATMENT REQUESTED], to enter on to the Property for the purpose of obtaining any and all information regarding the Property as Buyer deems appropriate, including, but not by way of limitation, environmental, engineering and survey studies and soils tests. Buyer shall, [CONFIDENTIAL TREATMENT REQUESTED], obtain all governmental approvals and permits necessary to conduct its investigation. Buyer agrees to and does hereby hold Seller harmless from and against any loss, liability or damage resulting from the activities of Buyer, its representatives, agents and independent contractors, or anyone acting pursuant to authorization from Buyer, in relation to the Property and from and against any mechanics' liens or claims of lien resulting therefrom; provided, however, that Buyer shall not be liable or responsible for (a) damage to the Property which is reasonably necessary to the investigation of its physical characteristics, including soils tests and surveying, or (b) any pre-existing conditions or any losses, damages or liabilities resulting or arising therefrom. Buyer shall, however, [CONFIDENTIAL TREATMENT REQUESTED], return the Property as nearly as is practicable to its physical condition immediately prior to its activities thereon and shall repair any physical damage resulting from its activities thereon.

7.6 RIGHT OF INQUIRY. During the term of this Escrow, Buyer and its representatives, employees, agents and independent contractors shall have the right, [CONFIDENTIAL TREATMENT REQUESTED], to (a) meet with all City, County, district, State, Federal, and other governmental entities and agencies, subject to Buyer providing Seller with reasonable prior notice of the time and place of such meetings, and with all persons or other entities with whom Seller or others have contractual arrangements in connection with or relating to the Property; (b) discuss with any such entities, agencies or persons the terms of this Agreement, the terms of any contractual arrangements between Seller and any such entity, agency or person and Buyer's proposed development of the Property; and (c) make any applications to any appropriate governmental agency provided the same will not, in the event Escrow does not close, commit Seller or the Property to any matter so applied for.

CONFIDENTIAL TREATMENT

7.7 HOLD HARMLESS AND BUYER INDEMNITY.

7.7.1 Buyer hereby holds all Sellers described in Schedule 1 including but not limited to as respects the persons and entities listed in Schedule 1 the partners whether general or limited of any partnership or the members of any limited liability company, the officers, directors, shareholders of any corporation, the trustor, trustee and beneficiary of any trust, and the respective agents, employees, attorneys, and attorneys in fact of each of them (collectively "Seller Indemnified Parties"), free and harmless and hereby indemnifies the Seller Indemnified Parties from any and all claims, including any claim of any owner or would be purchaser, demands, causes of action and damages, including reasonable attorneys fees, arising from and after Close of Escrow and arising from or relating to all work performed on the Property by or for Buyer, onsite and offsite, or in the vicinity of the Property, including without limitation, claims premised on construction or design defects, after Close of Escrow, and all other acts and events occurring or arising from and after Close of Escrow.

7.7.2 In addition to the foregoing, Buyer hereby holds the Seller Indemnified Parties free and harmless and hereby indemnifies the Seller Indemnified Parties from any and all claims, demands, causes of action and damages, including reasonable attorneys fees, arising under any land use entitlement, permit or any agreement relating to the Property, occurring or

arising from and after the Close of Escrow.

The foregoing indemnities of Buyer to the Seller Indemnified Parties shall be subject to each of the following:

(i) Prior payment of a claim or loss shall not be required of the Seller Indemnified Parties.

(ii) If any of the Seller Indemnified Parties receives a complaint, claim or other notice of any loss, claim, damage or liability which may give rise to an indemnified loss, such Seller Indemnified Party shall promptly notify the indemnitor of such complaint, claim or other notice; provided, however, the omission to so notify the indemnitor shall not relieve the indemnitor from any liability under this Agreement except to the extent liability could have been avoided had such notice been promptly given. In no event, however, shall the indemnitor be obligated to indemnify any of the Seller Indemnified Parties for any settlement of any claim or action effected without the indemnitor's prior written approval.

(iii) In the event any claim is made or action brought against any of the Seller Indemnified Parties for which a Seller Indemnified Party may be indemnified by the indemnitor under this Agreement the indemnitor shall retain counsel of its choice reasonably acceptable to the Seller Indemnified Party to defend such claim or action and shall permit the Indemnified Party to monitor the defense of such claim or action. The indemnitor shall have the right to defend, compromise, settle, counter-sue, and appeal all such claims and actions.

(iv) Nothing expressed or referred to in this Article is intended or shall be construed to give any person other than the Seller Indemnified Parties any legal or equitable right, remedy or claim to indemnification under or in respect to this Agreement.

CONFIDENTIAL TREATMENT REQUESTED

7.8 HOLD HARMLESS AND SELLER INDEMNITY. Seller hereby holds Buyer, and Buyer's officers, directors, members, shareholders, partners, employees, successors and assigns (collectively "Buyer Indemnified Parties"), and each of them, free and harmless and hereby indemnifies the Buyer Indemnified Parties, and each of them, from any and all claims, demands, liabilities, causes of action and damages, including reasonable attorneys' fees ("Claims"), arising prior to the Close of Escrow and arising from or relating to the Property, including, without limitation, all acts and events occurring prior to the Close of Escrow, and any breach by Seller of the representations, warranties and covenants of Seller set forth in this Agreement; provided, however, that, except for Claims arising from a breach by Seller of its representations, warranties and covenants set forth in this Agreement (for which there is no maximum liability), Seller's liability under this Article 7.8 shall not exceed the sum of [CONFIDENTIAL TREATMENT REQUESTED].

The obligations of Seller to the Buyer Indemnified Parties under this Article 7.8 shall include and be subject to each of the following:

(i) Prior payment of a claim or loss shall not be required of the Buyer Indemnified Parties.

(ii) If any of the Buyer Indemnified Parties receives a complaint, claim or other notice of any loss, claim, damage or liability which may give rise to an indemnified loss hereunder, such Buyer Indemnified Party shall promptly notify Seller of such complaint, claim or other notice; provided, however, the omission to so notify Seller shall not relieve Seller from any liability under this Agreement except to the extent liability could have been avoided had such notice been promptly given. In no event, however, shall Seller be obligated to indemnify any of the Buyer Indemnified Parties for any settlement of any claim or action effected without Seller's prior written approval.

(iii) In the event any claim is made or action brought against any of the Buyer Indemnified Parties for which a Buyer Indemnified Party is indemnified by Seller under this Agreement, Seller shall retain counsel of its choice reasonably acceptable to the Buyer Indemnified Party to defend such claim or action and shall permit the Buyer Indemnified Party to monitor the defense of such claim or action. Seller shall have the right to defend, compromise, settle, counter-sue, and appeal all such claims and actions.

(iv) Nothing expressed or referred to in this Article is intended or shall be construed to give any person other than the Buyer Indemnified Parties any legal or equitable right, remedy or claim to indemnification under or in respect to this Agreement.

7.9 ASSIGNMENTS. Buyer acknowledges and agrees that upon the Close of Escrow it shall become the assignee of those certain matters described in and subject to the terms and conditions of the Assignment Agreement, Assignment and Assumption of Contracts, and Assignment of Rights Under Settlement Agreement (the "Assignments") attached hereto as Exhibit "G", Exhibit "H" and Exhibit "I", respectively.

7.10 WETLAND RESTORATION. Seller warrants and represents to Buyer that, upon the Close of Escrow, San Dieguito Valley, Inc. shall execute and record in

favor of Buyer an

assignment, in the form of Exhibit "M" attached hereto ("Assignment of Easements"), of all of San Dieguito Valley, Inc.'s right, title and interest under that certain easement (the "Easement") for the purpose of Access and Wetlands Restoration described in that Amended and Restated Grant of Easements recorded in the Office of the San Diego County Recorder on December 15, 2001, (document no. 2000-0683653) ("Grant of Easements") as part of the consideration set forth in Article 2.1 [Purchase Price]. Said Easement is located upon a portion of an approximate 27 acre subdivision located in the San Dieguito Valley ("Villas Property") as described in the Grant of Easements, is located in the Coastal Zone and is subject to the jurisdiction of the California Coastal Commission, and benefits the Property as set forth in the CONCEPTUAL WETLAND HABITAT RESTORATION PLAN FOR NOBEL RESEARCH PARK prepared by RECON (no. 3068B) dated May 12, 1999 ("Restoration Plan"), and as set forth in City of San Diego Mitigated Negative Declaration LDR No. 99-0034, pursuant to the approval by the City of San Diego of the aforementioned Mitigated Negative Declaration and Planned Industrial Development/Resource Protection Ordinance Permit No. 99-0034. Said Grant of Easements, a copy of which has been provided to Buyer with the Property Documents, sets forth the terms and conditions under which the grantee of such Easement may enter upon the easement and perform the work and activity required under the foregoing Mitigated Negative Declaration and the Planned Industrial Development/Resource Protection Ordinance Permit ("Wetland Habitat Restoration Activities"). A copy of Coastal Development Permit Amendment 6-98-154-A1 authorizing the Wetland Habitat Restoration Activities has been provided to Buyer, which Permit shall be assigned by Seller to Buyer as set forth in Article 7.09 [Assignments]. Seller represents to Buyer and Buyer acknowledges that Seller has entered into that certain contract amendment with RECON dated January 3, 2001 for the grading, restoration, monitoring, repair, reinstallation and/or reestablishment of Wetland Habitat Restoration Activities upon the Easement as set forth in the above referenced Mitigated Negative Declaration and the Planned Industrial Development/Resource Protection Ordinance Permit. The Title Policy shall include coverage of Buyer's easement rights pursuant to the Assignment of Easements, on terms and conditions acceptable to Buyer.

7.11 LICENSE AGREEMENT - GARDEN COMMUNITIES. Pursuant to the terms and conditions of that certain license agreement, dated January 26, 2001, as amended (the "License Agreement"), a limited license has been granted by Seller to La Jolla Crossroads, an affiliate of Garden Communities, for the purpose of temporary haul road access generally along and within the Judicial Drive right of way by the licensee to the development site located adjacent to the northwest boundary of the Property. A copy of the License Agreement has been delivered to Buyer as part of the Property Documents. Pursuant to its terms, the license granted under the License Agreement has expired; and Seller agrees to obtain Buyer's prior written approval of any modification or extension of the License Agreement, other than an extension up to the Closing Date.

7.12 OTHER AGREEMENTS. Buyer acknowledges that Seller, as a part of the process of gaining approvals and entitlements for the development of the Property, provided certain assurances and promises to the City of San Diego University Planning Group, which subsequently endorsed approval of the development of the Property, as follows:

(a) The developer of the Nobel Research Park shall, if so requested by the University Planning Group, provide signal light access to the City proposed Nobel Athletic Field by way of addition of a fourth "leg" to the signal light to be constructed at the intersection of Street "A" (entry to the proposed development on the Property) and Judicial Drive.

(b) The developer of the Nobel Research Park shall enhance landscaping to the reasonable satisfaction of the University Planning Group at the slope location on the east side of Judicial Drive, north of Street "A".

Buyer agrees and covenants to implement the above assurances and promises if and when requested by the University Planning Group in the development and construction of improvements on the Property.

ARTICLE 8

SELLER'S DELIVERIES TO ESCROW

Seller shall deliver to Escrow Agent prior to the Closing Date, the following:

8.1 SELLER'S GRANT DEED. The Grant Deed in the form of Exhibit "F" attached hereto, conveying the Property to Buyer, executed and acknowledged by Seller and/or such other persons as the Title Insurer may require in order to issue the Title Policy.

8.2 NON-FOREIGN CERTIFICATE. Certificates pursuant to IRC Section 1445

and California Form 597-W, in form and content set forth in Exhibit "K" and Exhibit "L", signed by each Seller (except [CONFIDENTIAL TREATMENT REQUESTED]), certifying that the certifying Seller is or is not a non-resident alien or foreign corporation, foreign partnership, foreign trust or foreign estate, as the case may be. With respect to [CONFIDENTIAL TREATMENT REQUESTED], Seller shall cause to be delivered to Escrow Agent evidence, reasonably satisfactory to Escrow Agent and Buyer, of written agreements having been entered into between [CONFIDENTIAL TREATMENT REQUESTED], the Internal Revenue Service and the Franchise Tax Board regarding payment, or the provision for payment, of taxes by [CONFIDENTIAL TREATMENT REQUESTED] with respect to this transaction; otherwise, Escrow Agent shall withhold from distributions to Seller, for the benefit of [CONFIDENTIAL TREATMENT REQUESTED], such amounts as are required by law to provide for payment of taxes to such taxing authorities in respect of [CONFIDENTIAL TREATMENT REQUESTED] ownership interests in the Property.

8.3 ASSIGNMENTS. The Assignments described in Article 7.09 [Assignments] fully executed by Seller.

8.4 ASSIGNMENT OF EASEMENT. The Assignment of Easements for the Wetland Habitat Restoration area described in Article 7.10 [Wetland Restoration] in the form of Exhibit "M" duly executed and acknowledged by San Dieguito Valley, Inc. ("Assignment of Easements").

8.5 TERMINATION OF MEMORANDUM OF TENANCY-IN-COMMON AGREEMENT. A document in a form approved by the Title Insurer duly executed and acknowledged by Seller to

eliminate the Memorandum of Tenancy-In-Common Agreement recorded upon the Property on March 27, 2000, as document no. 2000-0151333, as an exception to the Title Policy.

ARTICLE 9

BUYER'S DELIVERIES TO ESCROW

Buyer shall deliver to Escrow Agent prior to the Closing Date, the following:

9.1 CASH. Cash pursuant to Article 2.1 [Purchase Price] and Article 2.2 [Reimbursement], and such sums as are necessary to pay Buyer's Escrow and other charges pursuant to Article 12 [Proration, Fees and Costs].

9.2 JOINING IN ASSIGNMENTS. Buyer shall promptly join in the execution and if required acknowledgment of all documents within the scope of Article 8.3 [Assignments] so as not to delay the Close of Escrow.

ARTICLE 10

CLOSE OF ESCROW

10.1 CLOSING DATE. Escrow shall close on a date (the "Closing Date") designated by Buyer which is on or before forty-five days following the Opening of Escrow as provided in Article 3 [Opening of Escrow], unless the Closing Date is extended pursuant to the provisions of Articles 5.3.2 or 5.4 [Extended Closing Date]. "Close of Escrow" or "Closing" means the date Escrow Agent records the Grant Deed in favor of Buyer and delivers the Total Purchase Price to Seller.

ARTICLE 11

THE CLOSING

11.1 CLOSING PROCEDURE. Escrow Agent shall close the Escrow by recording the following documents in the following order: (a) Grant Deed; (b) such other documents as may be necessary to procure the Title Policy; and (c) the Assignment of Easements, and delivering funds and documents as set forth in Article 13 entitled "Escrow Agent's Delivery of Funds and Documents" if, AND ONLY IF, each of the following conditions have been satisfied:

11.1.1 DELIVERY OF FUNDS AND INSTRUMENTS. All funds and instruments described in Article 8 [Seller's Deliveries to Escrow] and Article 9 [Buyer's Deliveries to Escrow] have been delivered to Escrow Agent.

11.1.2 SATISFACTION OF CONDITIONS. The conditions set forth in Article 6.1 [Buyer's Conditions] and Article 6.3 [Seller's Conditions] have been, or upon such Closing shall be, satisfied or waived.

11.1.3 TITLE POLICY. Escrow Agent has procured from Title Insurer an ALTA Owner's policy of title insurance (Form B-1970) with liability in the amount of the Total

Purchase Price, insuring that fee title to the Property vests in Buyer subject only to those matters approved, or deemed approved, by Buyer pursuant to Article 5.3 and containing such endorsements as Buyer may have requested and the Title Insurer shall have committed during the Due Diligence Period to issue as of the Closing (the "Title Policy").

ARTICLE 12

PRORATION, FEES AND COSTS

12.1 TAXES. Escrow Agent will prorate (i.e., apportion) between the parties, in cash, to the Close of Escrow, non-delinquent County, City and special district (if any) taxes, based on the latest information available to Escrow Agent. Prorations shall be made on the basis of a thirty (30) day month and a three hundred sixty (360) day year. If any supplemental real estate taxes are, pursuant to California Revenue and Taxation Code Section 75 and following, levied for any period preceding the Close of Escrow, the parties will, immediately after (i) the Close of Escrow or (ii) the issuance of the supplemental real estate tax bill (whichever occurs last) prorate between themselves in cash, without interest, to the date of the Close of Escrow, the supplemental real estate tax as shown by said bill with Seller responsible for the portion of such taxes attributable to the period prior to and including the Closing Date, and Buyer responsible for the portion of such taxes attributable to the period after the Closing Date.

Escrow Agent shall not be liable or responsible for the proration or collection of supplemental taxes, if any, assessed pursuant to Chapter 498, Statute of 1983 of the State of California.

12.2 SELLER'S PAYMENT OF CHARGES AND FEES. Seller will pay [CONFIDENTIAL TREATMENT REQUESTED]. -

12.3 BUYER'S PAYMENT OF CHARGES AND FEES. Buyer will pay [CONFIDENTIAL TREATMENT REQUESTED].

ARTICLE 13

ESCROW AGENT'S DELIVERY OF FUNDS AND DOCUMENTS

13.1 RECORDATION OF DOCUMENTS. Escrow Agent will cause the County Recorder of San Diego County to mail the Grant Deed and Assignment of Easements (and each other

document which is herein expressed to be, or by general usage is, recorded) after recordation, to the grantee or beneficiary acquiring rights under said document.

13.2 DELIVERY OF DOCUMENTS. Escrow Agent will, at Close of Escrow, deliver by United States Mail (or will hold for personal pickup, if requested) each non-recorded document received hereunder by Escrow Agent to the party acquiring rights under said document.

13.3 DELIVERY OF FUNDS. Escrow Agent will, at the Close of Escrow, deliver by United States Mail (or will hold for personal pickup, if requested) (a) to Seller, or order, any funds and documents Seller will be entitled to; and (b) to Buyer, or order, any excess funds theretofore delivered to Escrow Agent will be entitled to Buyer.

ARTICLE 14

SELLER'S WARRANTIES

In addition to any other express representations, warranties and agreements of Seller contained in this Agreement, the matters set forth in this Article constitute representations and warranties by Seller which are now and shall at the Close of Escrow be true and correct and which shall survive the Close of Escrow and recordation of Seller's Grant Deed.

14.1 SELLER'S POWER, AUTHORITY AND AUTHORIZATION.

14.1.1 Each of the entities comprising Seller has the legal power, right and authority to enter into this Agreement and the instruments referenced therein, and to consummate the transactions contemplated herein. All requisite action (whether by partnership, corporation, trust or by limited liability company, as applicable) has been taken by each entity comprising Seller to duly and validly authorize the entity's execution, delivery and performance of this Agreement and the transactions contemplated herein. The individuals executing this Agreement and the instruments referenced therein on behalf of an entity comprising Seller have been duly authorized to execute this Agreement. Each of the Partnership and the General Partner (San Dieguito Valley, Inc.) is duly formed, validly existing and in good standing under the laws of the State of California.

14.1.2 The execution, delivery and performance of this Agreement and the instruments referenced therein will not violate the terms and conditions of the organizational documents of any entity comprising Seller or the terms and

conditions of any agreement or obligation to which the entity is a party or by which it is bound. Neither the execution, delivery and performance of this Agreement, and the instruments referenced herein, by Seller, nor the assignment of Buyer's right, title and interest in and to this Agreement as permitted by the terms and conditions hereof, will violate or activate any of the Purchase Rights, and all such Purchase Rights have been irrevocably waived, expired or terminated with respect to this Agreement and the transactions contemplated hereby pursuant to written consents, waivers and/or approvals heretofore executed by all holders thereof and delivered to Escrow Agent and Buyer prior to the Opening of Escrow. Seller has not received written notice of any proposed transfer by a partner of its interest in the Partnership pursuant to Section 15.1 of the limited partnership agreement of

the Partnership, as amended; and Seller has not received any Election Notice which is still pending pursuant to Section 16.3 of said partnership agreement.

14.1.3 The persons and entities set forth on Schedule "1" attached hereto constitute all persons and entities having an ownership interest in the Property, and such persons and entities, collectively, hold fee title to all of the Property.

14.1.4 Seller represents that neither Seller nor any person or entity comprising Seller, is a party to nor bound by any other agreement to sell or offer to sell the Property or any portion thereof to any other party, and that any other prior agreements which Seller (or any of them) may have been subject to or otherwise bound by have been terminated and the other parties thereunder have no further rights or interests under any such agreements with respect to the Property.

14.2 NOTICE OF VIOLATION. To the best of Seller's knowledge, Seller has not received any notices from governmental authorities pertaining to violations of Laws with respect to the Property or the Easement with which Seller has not fully complied with or corrected, and there are no known violations of Laws with respect to the Property.

14.3 NO PENDING ACTIONS. There are no actions, proceedings, investigations or condemnation or eminent domain proceedings pending or threatened, in writing, against Seller or the Property, before or by any court, arbitrator, administrative agency or other governmental authority. To the best of Seller's knowledge, there are no actions, proceedings, investigations or condemnation or eminent domain proceedings that are expected to be brought against or with respect to Seller or the Property or the Easement which would materially and adversely affect the ability of Seller to convey the Property to Buyer. To the best of Seller's knowledge, there are no actions or proceedings pertaining to the Property or the Easement which have been threatened or are being contemplated by the City, County, or state or federal agencies or bodies having jurisdiction over the Property.

14.4 LEASES. There are no oral or written leases, subleases, occupancies or tenancies in effect pertaining to the Property, and no parties other than Seller are in possession of the Property, except as provided in Article 7.11 [License Agreement - Garden Communities].

14.5 NO LIENS. To the best of Seller's knowledge, there are no liens, encumbrances, covenants, conditions, reservations, restrictions, easements or other matters affecting the Property except as disclosed in the Updated Report and this Agreement.

14.6 AGREEMENTS AFFECTING THE PROPERTY. To the best of Seller's knowledge, and except as disclosed to Buyer in writing or pursuant to this Agreement, there are no commitments to or agreements with any federal, state or local governmental agencies, public utilities or other parties affecting or binding upon Seller or the Property or the Easement to pay or contribute property or money to construct, install, maintain or provide any improvements on the Property or off-site in connection with the development of the Property.

14.7 NO DEFAULT. To the best of Seller's knowledge, Seller is not in default, and will not be in default as of the Closing Date, with respect to any of its obligations or liabilities pertaining to the Property or the Easement, nor are there any facts, circumstances, conditions or

events which, but for notice or lapse or time or both, would constitute or result in any such default.

14.8 TRUE INFORMATION. To the best of Seller's knowledge, all documents, instruments and information delivered to by Buyer, pursuant to the terms hereof, are complete and true copies of such documents or original counterparts thereof and Seller is aware of no inaccuracy in or misrepresentation of the matters contained therein. To the best of Seller's knowledge, none of the representations or warranties of Seller in this Agreement, nor any document, statement, certificate, schedule or other information furnished or to be

furnished by Seller to Buyer pursuant to this Agreement or in connection with the transaction contemplated herein contains, or will as of the Close of Escrow contain, any untrue statement of a material fact or omits, or omit any material fact necessary to make the statement of facts contained therein not misleading.

14.9 CONTRACTS. There are no material contracts affecting the Property except as set forth in Exhibit "G", Exhibit "H" and Exhibit "I".

14.10 AGREEMENT ENFORCEABLE. No consent, approval or other authorization of, or registration, declaration or filing with, any court or governmental agency or commission is required for the due execution and delivery of this Agreement or for the validity or enforceability thereof against Seller.

14.11 FUTURE ACTION. During the term of this Escrow, without the prior written consent of Buyer, which consent may not be unreasonably withheld, Seller (or any of them) shall not execute or consent to the execution of any document, agreement or other instrument which may affect, modify, limit or terminate any permits, approvals or entitlements affecting the Property, result in an alteration of the condition of title to the Property or the Easement as approved by Buyer, extend the Closing Date or impair the ability of Seller to deliver title to and possession of the Property to Buyer in accordance with the terms of this Agreement.

14.12 UNDISCLOSED ASSESSMENTS. Other than as set forth in the Updated Report, as supplemented from time to time, and the Property Documents, to the best of Seller's knowledge there are no pending or proposed assessments nor any understanding or agreement with any taxing authority respecting the imposition or deferment of any taxes or assessments respecting the Property.

14.13 HAZARDOUS MATERIALS. To the best of Seller's knowledge (1) the Property and the Easement are not in violation of any Environmental Laws; (2) neither Seller nor any third party has used, manufactured, generated, treated, stored, disposed of, or released any Hazardous Materials on, under or about the Property or the Easement or transported any Hazardous Materials over the Property or the Easement; and (3) there has been no presence, use, generation, storage, transportation, release or discharge of Hazardous Materials on, beneath, above or in the vicinity of the Property or the Easement prior to the Closing Date.

14.14 NO BANKRUPTCY. The persons and entities comprising Seller have neither filed nor been the subject of any filing of a petition under the Federal Bankruptcy Law or any federal

or state insolvency laws or laws for composition of indebtedness or for the reorganization of debtors.

14.15 COST LIENS. All costs associated with any improvements to, or for the benefit of, the Property have been fully paid and, to the best of Seller's knowledge, there is no basis for any mechanics' or materialmen's lien or any lien for professional services affecting the Property or the Easement as a result of work or services performed or materials provided to Seller or for the benefit of the Property prior to the Close of Escrow.

14.16 SETTLEMENT AGREEMENT. To the best of Seller's knowledge with respect to the Settlement Agreement:

14.16.1 Except as more particularly set forth on Exhibit "N" (to be attached hereto by Seller within ten (10) days from Opening of Escrow [Settlement Agreement Actions]) all respective obligations and conditions to such obligations, of the parties to the Settlement Agreement pertaining to the Property have been fully satisfied and performed in accordance with the terms thereof;

14.16.2 The City has no rights under the Settlement Agreement to acquire or reacquire any portion of the Property, nor any interest therein; and

14.16.3 Neither Seller nor the City has any right to rescind any provisions contained in, or actions heretofore taken under the Settlement Agreement pertaining to the Property and the use, entitlement and development thereof.

14.16.4 Neither Seller nor the City is in breach or default of its respective obligations under the Settlement Agreement, and no event has occurred which with notice or lapse of time would constitute an event of default by Seller or the City under the Settlement Agreement.

14.17 WETLANDS RESTORATION. Except as set forth in the Restoration Plan, the Coastal Development Permit Amendment 6-98-154-A1 or as otherwise disclosed in Article 7.10 [Wetland Restoration], to the best of Seller's knowledge, there is no restriction upon or other impediment to implementation of the Restoration Plan and use of the Easement for purposes of wetlands restoration as set forth in the Restoration Plan.

14.18 CHANGE IN REPRESENTATION OR WARRANTY. The representations of Seller set forth above in this Article 14 are made as of the date of execution of this Agreement and are intended to be true and correct as of the Close of Escrow. If,

subsequent to the date of this Agreement and prior to the Close of Escrow, Seller determines that, as a result of facts or subsequent events discovered or arising after execution of this Agreement, any of such representations (except for those set forth in Section 14.1) [the "Section 14.1 Representations"] are no longer true and correct as of such subsequent date, Seller shall not be in breach of this Agreement, provided that Seller shall promptly notify Buyer in writing ("Change Notice") of such facts or subsequent events and the effect on the applicable representation and provided further that such subsequent event was not caused or consented to by Seller. Seller shall have the option, but not the obligation, to take steps to cure or correct the situation so that the affected representation and any

Section 14.1 Representation will be true and correct as of the Close of Escrow, and, if Seller exercises such option, Seller shall identify the corrective action in the Change Notice. If Seller elects to undertake corrective action such that the affected representation will be true and correct as of the Close of Escrow, the parties shall proceed with performance under this Agreement and the Closing, Seller shall complete such corrective action, and the Closing Date shall be extended for the time reasonably required by Seller to complete such cure, not to exceed thirty (30) days. If Seller does not elect to undertake such corrective action, then, within fifteen (15) days after Buyer's receipt of the Change Notice, but in no event later than the Closing Date, Buyer shall elect, by delivering written notice to Escrow Agent (with a copy to Seller) either to: (1) proceed with performance of this Agreement and the Closing; or (2) terminate this Agreement and the Escrow for non-satisfaction of a condition. In the event of termination pursuant to this Section, Buyer's Deposit (plus interest earned thereon) shall be returned to Buyer and except for termination resulting from (A) the failure of a representation to be true as a result of a subsequent event caused or consented to by Seller, or (B) the failure of Section 14.1 Representation to be true as of the Closing, neither party shall have any further obligation hereunder except for any obligations which survive termination under the provisions of this Agreement.

ARTICLE 15

BUYER'S WARRANTIES

15.1 AUTHORITY. Buyer warrants that, subject to satisfaction of the conditions set forth in Article 6.1.5 (Approval by Board of Directors of Buyer), Buyer has the authority to enter into this Agreement and to complete the purchase of the Property as set forth in this Agreement.

15.2 SATISFACTION AND WARRANTY. Buyer warrants to Seller that Buyer is purchasing the Property in its "as is" condition and based upon Buyer's examination, inspection, and satisfaction as to the physical condition of the Property and all land use and development rights, entitlements and permits.

ARTICLE 16

SURVIVAL

All of the covenants, representations and warranties of Buyer and Seller set forth in this Agreement, including, without limitation, any and all waivers, hold harmless and indemnity covenants of Buyer and Seller shall survive the Close of Escrow and shall remain in full force and effect.

ARTICLE 17

ASSIGNMENT AND INDEMNIFICATION BY BUYER

17.1 ASSIGNMENT. Buyer shall have the right to assign its rights hereunder ("Permitted Assignment") to (i) any entity that is controlled by, controls, or is under common control with Buyer, provided that such assignee has the financial capacity to consummate the transactions contemplated hereunder, or (ii) a to-be-identified third party financial institution for purposes of

structuring the purchase of the Property as a synthetic lease ("Synthetic Lease Entity"). Seller agrees to cooperate with Buyer if Buyer elects to structure the purchase of the Property as a synthetic lease transaction, provided that Seller shall incur no additional third party costs (except as reimbursed by Buyer) or liabilities thereby. Buyer shall indemnify and hold Seller harmless from and against any and all claims asserted by any such Synthetic Lease Entity with respect to any assignment or otherwise arising from the transactions between Buyer, the Synthetic Lease Entity or any other financial institution involved in the proposed synthetic lease transaction, except to the extent any such claim results from Seller's failure to perform its obligations, or a breach of Seller's representations and warranties as set forth in this Agreement and further excepting any other claims which Buyer would have against Seller had Buyer purchased the Property directly from Seller. Except for a Permitted Assignment, Buyer shall not have the right to otherwise assign its rights hereunder without first having obtained Seller's written approval which Seller

may approve or deny in its sole and absolute discretion, except that Seller's approval shall not be unreasonably withheld if the original Buyer remains liable for consummating the Close of Escrow pursuant to this Agreement ("Requested Assignment"). Any Permitted Assignment or request for a Requested Assignment shall be submitted to Seller in writing, accompanied by (a) financial statement of the proposed assignee, prepared by a certified public accountant in accordance with generally accepted accounting principles so as to reflect the assignee's financial condition as of a date not earlier than three (3) months prior to the date of such written request; (b) a statement of the proposed assignee's qualification to become the assignee of Buyer's rights; and (c) a written agreement executed by the assignee obligating the assignee to perform the assignor's obligations hereunder in a form reasonably satisfactory to Seller. Approval of any Requested Assignment shall not constitute a waiver of Seller's right to approve or disapprove any subsequent proposed Requested Assignment.

17.2 EFFECT OF ASSIGNMENT. In the event of any Permitted Assignment or approved Requested Assignment, the assignee shall be and become obligated under the terms of this Agreement as (i) the grantee of the Seller's Grant Deed and any other grant of rights contemplated hereunder, whether by assignment or deed, (ii) the insured under the Title Policy, (iii) the person(s) having the right or obligation to (a) deliver statements, (b) deliver documents, (c) give approvals, (d) waive conditions, or (e) make demands, all as may be permitted or required by this Agreement.

ARTICLE 18

LIQUIDATED DAMAGES; REMEDIES

18.1 ESCROW NON-LIABILITY. Escrow Agent shall have no concern with or liability or responsibility for this Article.

18.2 LIQUIDATED DAMAGES. THE PARTIES ACKNOWLEDGE AND AGREE THAT SELLER WILL SUFFER SUBSTANTIAL DAMAGES IF THE CLOSING DOES NOT OCCUR AS A RESULT OF A DEFAULT BY BUYER. GIVEN FLUCTUATIONS IN LAND VALUES, THE UNPREDICTABLE STATE OF THE ECONOMY AND OF GOVERNMENTAL REGULATIONS, THE FLUCTUATING MONEY MARKET FOR REAL ESTATE LOANS, AND OTHER FACTORS WHICH DIRECTLY AFFECT THE VALUE AND MARKETABILITY OF THE PROPERTY, THE PARTIES REALIZE THAT IT WILL

BE EXTREMELY DIFFICULT AND IMPRACTICAL, IF NOT IMPOSSIBLE, TO ASCERTAIN WITH ANY DEGREE OF CERTAINTY THE ACTUAL AMOUNT OF SELLER'S DAMAGES IN THE EVENT OF SUCH FAILURE TO PERFORM BY BUYER. THEREFORE, THE PARTIES HEREBY AGREE THAT BUYER'S DEPOSIT [CONFIDENTIAL TREATMENT REQUESTED] AND ALL INTEREST ACCRUED THEREON WHILE HELD BY ESCROW AGENT REPRESENTS A REASONABLE ESTIMATE OF SUCH DAMAGES, CONSIDERING ALL THE CIRCUMSTANCES EXISTING ON THE DATE OF EXECUTION OF THIS AGREEMENT, AND THAT SELLER SHALL HAVE THE RIGHT TO RECEIVE AND RETAIN THE FULL AMOUNT OF THE DEPOSIT AND ACCRUED INTEREST AS LIQUIDATED DAMAGES PURSUANT TO CALIFORNIA CIVIL CODE SECTION 1671, AS SELLER'S SOLE AND EXCLUSIVE REMEDY AS A RESULT OF BUYER'S DEFAULT. SELLER WAIVES ALL RIGHTS AND REMEDIES SELLER OTHERWISE MAY HAVE BASED UPON SUCH DEFAULT, INCLUDING, WITHOUT LIMITATION, ANY RIGHT PURSUANT TO CALIFORNIA CIVIL CODE SECTION 3389 TO SPECIFICALLY ENFORCE THIS AGREEMENT. IF THE CLOSE OF ESCROW FAILS TO OCCUR FOR ANY REASON OTHER THAN BUYER'S DEFAULT UNDER THIS AGREEMENT, BUYER AND SELLER SHALL PROMPTLY GIVE WRITTEN INSTRUCTIONS TO ESCROW AGENT TO IMMEDIATELY RETURN TO BUYER THE DEPOSIT, TOGETHER WITH ALL INTEREST ACCRUED THEREON. BY SIGNING THEIR INITIALS BELOW, EACH PARTY CONFIRMS ITS CONSENT TO AND AGREEMENT WITH THE PROVISIONS OF THIS PARAGRAPH:

Seller's Initials	Buyer's Initials

The parties agree that a single initial by Archie Wright III, in his capacity as attorney in fact for any of the entities comprising Seller, shall for purposes of this Article 18 be effective as to all such entities.

18.3 BUYER'S REMEDIES. In the event of a default by Seller, and in addition to the return of the Deposit and interest accrued thereon and the right to terminate this Agreement, Buyer shall have the right to recover damages or to pursue any other remedy available at law or in equity.

ARTICLE 19

REAL ESTATE COMMISSION

Each party warrants to the other that the warranting party has incurred no obligation for a real estate broker's or salesman's commission by reason of this Agreement or the transaction contemplated hereby for which the other party would be liable.

ARTICLE 20

NOTICES

Unless otherwise specifically provided herein, all notices, demands or other communications given hereunder shall be in writing and shall be deemed delivered as of actual personal delivery or except as to Escrow Agent who may use regular mail, as of the second business day after mailing by United States registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to Seller, to:	San Dieguito Partnership, LP San Dieguito Valley, Inc., General Partner Roy B. Collins, President 656 Fifth Avenue, Suite B San Diego, CA 92101 Telephone: (619) 232-6599 Fax: (619) 232-6592
with copy to:	Baker & McKenzie Clark H. Libenson, Esq. 101 West Broadway, 12th Floor San Diego, CA 92101 Telephone: (619) 235-7778 Fax: (619) 236-0429
If to Buyer, to:	IDEC Pharmaceuticals Corporation Attn: Phillip Schneider, and Corporate Secretary 3030 Callan Road San Diego, CA 92121 Telephone: (858) 431-8500 Fax: (858) 431-8887
with copy to:	Allen Matkins Leck Gamble & Mallory LLP Attn: Ellen B. Spellman, Esq. 501 West Broadway, Ninth Floor San Diego, CA 92101 Telephone: (619) 233-1155 Fax: (619) 233-1158
If to Escrow Agent, to:	Chicago Title Company Attn: Shelva Molm 925 "B" Street San Diego, CA 92101 Telephone: (619) 544-6250 Fax: (619) 544-6229

or such other address or to such other person as any party shall designate to the others for such purpose in the manner hereinabove set forth.

CONFIDENTIAL TREATMENT

ARTICLE 21

TAX-FREE EXCHANGE

21.1 BUYER COOPERATION IN TAX DEFERRED EXCHANGE. Buyer shall cooperate with any Seller desiring to exchange its undivided ownership interest in the Property so as to effectuate a tax-free exchange under the provisions of Section 1031 of the Internal Revenue Code. Buyer shall cooperate with Seller by the execution of such documents as are reasonably necessary to effectuate the exchange provided the same (i) does not delay the Close of Escrow (ii) is without any liability, cost or expense to Buyer; and (iii) Buyer is not required thereby to hold title to any property other than the Property.

ARTICLE 22

EXTENT OF ESCROW AGENT'S RESPONSIBILITIES

22.1 ESCROW AGENT LIABILITY. Escrow Agent shall not be liable for any of its acts or omissions unless the same shall constitute negligence or willful misconduct.

22.2 INFORMING PARTIES. Escrow Agent shall have no obligation to inform any party of any other transaction or of facts within Escrow Agent's knowledge, even though the same concerns the Property, provided such matters do not prevent Escrow Agent's compliance with this Agreement.

22.3 RESPONSIBILITY FOR DOCUMENTS. Escrow Agent shall not be responsible for (a) the sufficiency or correctness as to form or the validity of any document deposited with Escrow Agent; (b) the manner of execution of any such deposited document, unless such execution occurs in Escrow Agent's premises and under its supervision; or (c) the identity, authority, or rights of any persons executing any document deposited with Escrow Agent.

22.4 CONFLICTING DEMANDS AND CLAIMS. Should Escrow Agent receive or become aware of conflicting demands or claims with respect to the Escrow, the rights of any party hereto, or funds, documents or property deposited with Escrow Agent, Escrow Agent shall have the right to discontinue any further acts until such conflict is resolved to its satisfaction, and it shall have the further right to commence or defend any action for the determination of such

conflict. The parties shall, immediately after demand therefor by Escrow Agent, reimburse Escrow Agent (in such respective proportions as the Court shall determine) any reasonable attorney's fees and court costs incurred by Escrow Agent pursuant to this Paragraph.

22.5 REPORTING OF TRANSACTION. As the party responsible for closing the transaction contemplated by this Agreement, Escrow Agent will take all steps necessary to report this transaction to the Internal Revenue Service as required by section 6045 of the Internal Revenue Code of 1986. Buyer and Seller will provide Escrow Agent with all documents reasonably required by Escrow Agent to satisfy this reporting requirement.

ARTICLE 23

GENERAL PROVISIONS

23.1 BREACH. The failure of any condition precedent set forth in Article 6, [Conditions Precedent and Covenants] to be satisfied shall not constitute a breach of this Agreement by either Buyer or Seller provided that the failure of a condition to be satisfied is not the result of a default in the performance of any obligation of the defaulting party.

23.2 CAPTIONS. Captions in this Agreement are inserted for convenience of reference only and do not define, or limit the scope or the intent of this Agreement or any of the terms hereof.

23.3 CASH DEFINED. Whenever used in this Agreement the term "cash" means currency, cashier's checks, or Federal Funds wire transferred into Escrow Agent's bank account.

23.4 CONFIDENTIALITY. Until the Close of Escrow, Seller and Buyer agree to maintain, and cause their respective brokers and representatives to maintain, the confidentiality of their negotiations with one another, and the transactions contemplated by this Agreement. In addition, until the Close of Escrow, Buyer agrees to maintain the confidentiality of all material and/or information respecting the Property received from Seller to the extent such information has been designated by Seller as confidential and is not otherwise within the public domain. Buyer and Seller shall be permitted to disclose the terms of this Agreement and such Property information to its employees, consultants, lenders, partners, attorneys and/or agents responsible for working on this transaction. Buyer and Seller shall also be permitted to disclose the terms of this Agreement to the extent required by law applicable to such party such as, without limitation, in the case of Buyer, reporting requirements of federal and state securities laws and regulations. Seller and Buyer shall also coordinate and consult with one another prior to making any public statements, or any statements that may become public regarding this transaction. At the request of Buyer or Seller, the documentary transfer tax shall be reported in a separate document which shall not be recorded with the Grant Deed.

23.5 CONSTRUCTION. This Agreement shall be construed and enforced in accordance with the laws of the State of California.

23.6 COUNTERPARTS. This Agreement may be executed in duplicate originals or in any number of counterparts, and the signature pages of each counterpart may be removed and attached to one agreement which shall be deemed an original, and shall constitute one instrument.

23.7 ENTIRE AGREEMENT. This Agreement contains the entire agreement between the parties relating to the transaction contemplated hereby and all prior or contemporaneous agreements, understandings, representations and statements, oral or written, are merged herein.

23.8 ESCROW DEFINED. Whenever used in this Agreement the term "Escrow" shall mean the Escrow created by this Agreement.

23.9 EXHIBITS. All exhibits referred to herein and attached hereto are a part hereof.

23.10 GENDER. The use herein of (a) the neuter gender includes the masculine and the feminine; and (b) the singular number includes the plural, whenever the context so requires.

23.11 GOOD FAITH. Seller and Buyer agree to execute all such instruments and documents and to take all actions as may be required in order to consummate the purchase and sale contemplated herein, and to use their best efforts to accomplish the close of this Escrow in accordance with the provisions hereof.

23.12 ATTORNEYS' FEES. In the event either party commences litigation relating to or arising out of this Agreement, including any action or proceeding for the judicial interpretation, enforcement or rescission hereof, the prevailing party shall be entitled to a judgment against the other for an amount

including reasonable attorneys' fees and court and other costs incurred, including attorney fees and court and other costs incurred in and from any appeal resulting therefrom.

23.13 MODIFICATION. No modification, waiver, amendment, discharge or change of this Agreement shall be valid unless the same is in writing and signed by the owner(s) against which the enforcement of such modification, waiver, amendment, discharge or change is or may be sought.

23.14 POSSESSION. Possession of the subject Property will be delivered to Buyer as of the close of Escrow.

23.15 SEVERABILITY. In the event any term, covenant, condition, provision or agreement herein contained is held to be invalid or void by any court of competent jurisdiction, the invalidity of any such term, covenant, condition, provision or agreement shall in no way affect any other term, covenant, condition, provision or agreement herein contained.

23.16 SUCCESSORS. All terms of this Agreement shall be binding upon and inure to the benefit of and be enforceable by the parties hereto and their respective legal representatives, successors, assigns, trusts and beneficiaries thereof.

23.17 SURVIVAL. All obligations referred to herein to be performed at a time or times after the close of the Escrow, and all warranties and representations contained herein, shall survive the close of the Escrow and the delivery of Seller's Grant Deed.

23.18 TIME OF ESSENCE. Time is of the essence of this Agreement.

23.19 RULE OF CONSTRUCTION. The terms of this Agreement have been negotiated in any statute or rule of construction that ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement.

23.20 WAIVER. The failure of a party to insist upon another party's strict adherence to any term of this Agreement on any occasion will not be construed as a waiver or deprive that party of the right thereafter to insist upon strict adherence to that term or any other term of this Agreement.

THIS AGREEMENT has been executed in San Diego, California, as of the date set forth at the beginning hereof.

"SELLER"

SAN DIEGUITO PARTNERSHIP, L.P., a California limited liability company

By: SAN DIEGUITO VALLEY, INC., a California corporation,
its sole General Partner

By: /s/ Roy B. Collins

Roy B. Collins, President

JOHN R. BENSON AND BARBARA B. MEYER,
Co-Trustees of the Henrietta Benson Trust UDT 1/30/67

/s/ Archie T. Wright III

John R. Benson, by Archie T. Wright III,
as his Attorney-in-Fact

/s/ Archie T. Wright III

Barbara B. Meyer, by Archie T. Wright III,
as her Attorney-in-Fact

JOHN V. HANNON AND MARGARET E. HANNON,
Co-Trustees of the John V. Hannon Living Trust UDT 1/26/95

/s/ Archie T. Wright III

John V. Hannon, by Archie T. Wright III,
as his Attorney-in-Fact

/s/ Archie T. Wright III

Margaret E. Hannon, by Archie T. Wright III,
as her Attorney-in-Fact

JOSEPH S. HANNON AND MATTIE SUE HANNON,
Co-Trustees of the Joseph S. Hannon Living Trust UDT 8/8/95

/s/ Archie T. Wright III

Joseph S. Hannon, by Archie T. Wright III,
as his Attorney-in-Fact

/s/ Archie T. Wright III

Mattie Sue Hannon, by Archie T. Wright III,
as her Attorney-in-Fact

MARY S. BAKER,
Trustee of the Mary S. Baker Living Trust UDT 5/14/92

/s/ Archie T. Wright III

Mary S. Baker, by Archie T. Wright III,
as her Attorney-in-Fact

GUSTAF O. ARRHENIUS AND JENNY L. ARRHENIUS, Co-Trustees of the
Arrhenius Family Trust UDT 10/11/79

/s/ Archie T. Wright III

Gustaf O. Arrhenius, by Archie T. Wright III,
as his Attorney-in-Fact

/s/ Archie T. Wright III

Jenny L. Arrhenius, by Archie T. Wright III,
as her Attorney-in-Fact

PIA BARONE, a married woman

/s/ Archie T. Wright III

Pia Barone, by Archie T. Wright III,
as her Attorney-in-Fact

CONFIDENTIAL TREATMENT

LOUIS J. PETERSON AND AGNES F. PETERSON,
Co-Trustees of the Louis J. Peterson and Agnes F. Peterson
Revocable Trust UDT 4/5/96

/s/ Archie T. Wright III

Louis J. Peterson, by Archie T. Wright III,
as his Attorney-in-Fact

/s/ Archie T. Wright III

Agnes F. Peterson, by Archie T. Wright III,
as her Attorney-in-Fact

WILLIAM R. REVELLE,
Trustee of the William R. Revelle Trust UDT 4/28/89

/s/ Archie T. Wright III

William R. Revelle, by Archie T. Wright III,
as his Attorney-in-Fact

REVELLE FAMILY REAL ESTATE LIMITED LIABILITY COMPANY, a
Delaware limited liability company

By: /s/ Archie T. Wright III

William R. Revelle, by Archie T. Wright III, as his
Attorney-in-Fact
Its: Managing Member

"BUYER"

IDEC PHARMACEUTICALS CORPORATION, a Delaware corporation

By: /s/ Phillip Schneider

Its: SENIOR VICE PRESIDENT & CHIEF FINANCIAL OFFICER

SCHEDULE "1"

NOBEL RESEARCH PARK OWNERSHIP
APN: 345-010-45; 345-011-25

February 1, 2001

SUPERVISING CO-TENANT:	
SAN DIEGUITO PARTNERSHIP	28.1083629%
CO-TENANTS:	
Revelle Family Real Estate LLC, a Delaware limited liability company	
John R. Benson and Barbara B. Meyer, Co-Trustees of the Henrietta Benson Trust UDT 1/30/67	22.7398393%
John V. Hannon and Margaret E. Hannon, Co-Trustees of the John V. Hannon Living Trust UDT 1/26/95	11.6067898%
Joseph S. Hannon and Mattie Sue Hannon, Co-Trustees of the Joseph S. Hannon Living Trust UDT 8/8/95	
Mary S. Baker, Trustee of the Mary S. Baker Living Trust UDT 5/14/92	
Gustaf O. Arrhenius and Jenny L. Arrhenius, Co-Trustees of the Arrhenius Family Trust UDT 10/11/79	
Pia Barone, a married woman	
Louis J. Peterson and Agnes F. Peterson, Co-Trustees of the Louis J. Peterson and Agnes F. Peterson Revocable Trust UDT 4/5/96	
William R. Revelle, Trustee of the William R. Revelle Trust UDT 4/28/89	
	71.8916371%
	100.0000000%

CONSENT OF ESCROW AGENT

The undersigned Escrow Agent hereby agrees to (a) accept the foregoing Agreement and Instructions; (b) be escrow agent under said Agreement and Instructions for the fees therein specified; and (c) be bound by said Agreement and Instructions in the performance of its duties as Escrow Agent; provided, however, the undersigned shall have no obligations, liability or responsibility under this Consent or otherwise, unless and until (a) said Agreement and Instructions, fully signed by the parties, have been delivered to the undersigned; and (b) any amendment to said Agreement and Instructions unless and until the same shall be accepted by the undersigned in writing.

Dated : July __, 2001 CHICAGO TITLE COMPANY

By:

EXHIBIT "A"

NOBEL RESEARCH PARK

REAL PROPERTY DESCRIPTION

EXHIBIT "B"

NOBEL RESEARCH PARK

PLAT MAP

Refer to ALTA Survey, dated June 7, 2001, prepared by Rick Engineering

EXHIBIT "B"
-1-

CONFIDENTIAL TREATMENT

EXHIBIT C

MITIGATION LAND LEGAL DESCRIPTION

EXHIBIT "C"
-2-

CONFIDENTIAL TREATMENT

EXHIBIT D

MITIGATION LAND PLAT MAP

EXHIBIT "D"
-1-

CONFIDENTIAL TREATMENT

EXHIBIT "E"

TITLE REPORT

(CHICAGO TITLE COMPANY, DATED JUNE 25, 2001)

EXHIBIT "E"
-1-

CONFIDENTIAL TREATMENT

EXHIBIT "F"

GRANT DEED

RECORDING REQUESTED BY)
AND WHEN RECORDED MAIL TO:)
)
IDEC Pharmaceuticals Corporation)
Attention: Mr. Phillip Schneider)
3030 Callan Road)
San Diego, CA 92121)
)
MAIL TAX STATEMENTS TO:)
)
SAME AS ABOVE)
)

- ---

(Space Above For Recorder's Use)

TAX ASSESSOR' PARCEL NO.

Amount of Documentary Transfer Tax shown on attached paper -- not for public record.

GRANT DEED

FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, SAN DIEGUITO PARTNERSHIP, L.P., a California limited partnership, and the undersigned persons and entities (collectively "Grantor"), hereby grant to IDEC PHARMACEUTICALS CORPORATION, a Delaware corporation ("Grantee"), the real property located in the City of San Diego, County of San Diego, State of California, described as follows and hereinafter referred to as the "Property":

[INSERT LEGAL DESCRIPTION]

SUBJECT TO:

(1) All general and special real property taxes and assessments, not delinquent; and

(2) All other conditions, covenants, liens, restrictions and

other encumbrances and matters of record in the Official Records of San Diego County, California.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

CONFIDENTIAL TREATMENT

[Signature Page to Grant Deed]

IN WITNESS WHEREOF, Grantor has executed this Grant Deed on

- ----------

GRANTOR: SAN DIEGUITO PARTNERSHIP, L.P.,
a California limited liability company

By: San Dieguito Valley, Inc.,
a California corporation, General Partner

By:

Title:

JOHN R. BENSON AND BARBARA B.
MEYER, Co-Trustees of the Henrietta Benson
Trust UDT 1/30/67

John R. Benson, by Archie T. Wright III,
as his Attorney-in-Fact

Barbara B. Meyer, by Archie T. Wright III,
as her Attorney-in-Fact

JOHN V. HANNON AND MARGARET E.
HANNON, Co-Trustees of the John V. Hannon
Living Trust UDT 1/26/95

John V. Hannon, by Archie T. Wright III,
as his Attorney-in-Fact

Margaret E. Hannon, by Archie T. Wright III,
as her Attorney-in-Fact

CONFIDENTIAL TREATMENT

JOSEPH S. HANNON AND MATTIE SUE
HANNON, Co-Trustees of the Joseph S. Hannon
Living Trust UDT 8/8/95

Joseph S. Hannon, by Archie T. Wright III,
as his Attorney-in-Fact

Mattie Sue Hannon, by Archie T. Wright III,
as her Attorney-in-Fact

MARY S. BAKER, Trustee of the Mary S. Baker
Living Trust UDT 5/14/92

Mary S. Baker, by Archie T. Wright III,
as her Attorney-in-Fact

CONFIDENTIAL TREATMENT

GUSTAF O. ARRHENIUS AND JENNY L.
ARRHENIUS, Co-Trustees of the Arrhenius
Family Trust UDT 10/11/79

Gustaf O. Arrhenius, by Archie T. Wright III,
as his Attorney-in-Fact

Jenny L. Arrhenius, by Archie T. Wright III,
as her Attorney-in-Fact

PIA BARONE, a married woman

Pia Barone, by Archie T. Wright III,
as her Attorney-in-Fact

LOUIS J. PETERSON AND AGNES F. PETERSON, Co-Trustees of the Louis J. Peterson and Agnes F. Peterson Revocable Trust UDT 4/5/96

Louis J. Peterson, by Archie T. Wright III,
as his Attorney-in-Fact

Agnes F. Peterson, by Archie T. Wright III,
as her Attorney-in-Fact

WILLIAM R. REVELLE, Trustee of the William R. Revelle Trust UDT 4/28/89

William R. Revelle, by Archie T. Wright III,
as his Attorney-in-Fact

CONFIDENTIAL TREATMENT

REVELLE FAMILY REAL ESTATE LIMITED LIABILITY COMPANY, a Delaware limited liability company

By:

William R. Revelle, by Archie T. Wright III,
as his Attorney-in-Fact
Its: Managing Member

CONFIDENTIAL TREATMENT

STATE OF

) ss
COUNTY OF)

On _____, before me, _____, a Notary Public in and for said state, personally appeared _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her authorized capacity, and that by his/her signature on the instrument, the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

Notary Public in and for said State

[SEAL]

STATE OF

) ss
COUNTY OF)

On _____, before me, _____, a Notary Public in and for said state, personally appeared _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her authorized capacity, and that by his/her signature on the instrument, the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

Notary Public in and for said State

[SEAL]

CONFIDENTIAL TREATMENT

EXHIBIT G

ASSIGNMENT AGREEMENT

This ASSIGNMENT AND ASSUMPTION AGREEMENT ("Assignment"), effective on _____, ____ ("Effective Date"), is executed by SAN DIEGUITO PARTNERSHIP, L.P., a California limited partnership, and those other persons and entities set forth below ("Assignor"), and IDEC PHARMACEUTICALS CORPORATION, a Delaware corporation ("Assignee"), with reference to the following facts:

RECITALS

A. Pursuant to a Purchase and Sale Agreement and Escrow Instructions ("Purchase Agreement") dated _____, 2001, Assignee has contracted to purchase certain real property ("Property") owned by Assignor, located in the City of San Diego, County of San Diego, State of California, more particularly described in Exhibit "A" attached to the Purchase Agreement.

B. As a condition to such purchase, Assignor has agreed to transfer and assign Assignor's interest in certain plans, drawings, specifications, tests, reports, maps, governmental permits, approvals and other entitlements relating to the Property.

NOW, THEREFORE, in consideration of the mutual covenants set forth in the Purchase Agreement, and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. ASSIGNMENT. Assignor hereby assigns and transfers to Assignee, as of the Effective Date, the following property (collectively, the "Assigned Property"):

(a) All of Assignor's right, title and interest in and to the maps, permits, entitlements, rights and approvals issued by the City of San Diego ("City") and any other governmental authorities in connection with the construction, development, operation and use of the Property, all soils tests and reports, surveys, engineering reports, environmental reports, drawings and specifications relating in any way to the Property including, without limitation all of Assignor's right, title and interest in and to those matters more particularly described in Schedule "1" attached hereto;

(b) All of Assignor's right, title and interest in and to the name "Nobel Research Park" and other intellectual or intangible property relating to the Property.

2. PRORATION OF OBLIGATIONS. Assignor has paid and shall indemnify, defend and hold Assignee harmless from and against any and all fees, costs and expenses which arose and/or accrued prior to the Effective Date with respect to the Assigned Property. As part of the Assigned Property, Assignor hereby assigns to Assignee any and all deposits with the City, other governmental agencies or other parties in respect of the Assigned Property. From and after the Effective Date, Assignee shall pay and indemnify, defend and hold Assignor harmless from and against any and all fees, costs, expenses and additional deposits which accrue, arise or are required from and after the Effective Date with respect to the Assigned Property.

CONFIDENTIAL TREATMENT

3. PROPRIETARY INTERESTS. To the extent any of the Assigned Property is proprietary to the consultant or person preparing same or require payment of additional fees for re-use by Assignee, Assignee shall be responsible for obtaining any and all consents required from such consultants or persons and shall pay any fees required for use or re-use of such Assigned property by Assignee.

4. EFFECTIVE DATE OF ASSIGNMENT. The Assignment shall take effect on the Effective Date set forth above, which is the date of recordation of the Grant Deed conveying the Property from Assignor to Assignee.

5. GENERAL PROVISIONS.

(a) ATTORNEYS' FEES. In the event of any legal action or proceeding between the parties in connection with this Assignment, the prevailing party shall be entitled to recover from the losing party all of its costs and expenses, including court costs and reasonable attorneys' fees.

(b) GOVERNING LAW. This Assignment shall be governed, construed and enforced in accordance with the laws of the State of California.

(c) NOTICE. Notice to either party shall be in writing, addressed to the party to be notified at the address specified herein, and either (a)

personally delivered, (b) sent by an overnight courier service such as Airborne, Federal Express, or Purolator, (c) sent by first-class mail, registered or certified mail, postage prepaid, return receipt requested, or (d) sent by telecopier with written confirmation of receipt requested. Any such notice shall be deemed received: (a) on the date of receipt if personally delivered; (b) on the date of receipt as evidenced by the receipt provided by an overnight courier service, if sent by such courier; or (c) three (3) business days after deposit in the U.S. Mail, if sent by mail.

ASSIGNOR'S ADDRESS FOR NOTICE:

If to Assignor, to:
San Dieguito Partnership, LP
San Dieguito Valley, Inc., General Partner
Roy B. Collins, President
656 Fifth Avenue, Suite B
San Diego, CA 92101
Telephone: (619) 232-6599
Fax: (619) 232-6592

With copy to:
Baker & McKenzie
Clark H. Libenson, Esq.
101 West Broadway, 12th Floor
San Diego, CA 92101
Telephone: (619) 235-7778
Fax: (619) 236-0429

If to Assignee, to:
IDEC Pharmaceuticals Corporation
3030 Callan Road
San Diego, CA 92121
Attn: Mr. Phillip Schneider and Corporate Secretary
Telephone: (858) 431-8500
Fax: (858) 431-8887

With copy to:
Allen Matkins Leck Gamble & Mallory LLP
501 West Broadway, Ninth Floor
San Diego, CA 92101
Attn: Ellen B. Spellman, Esq.
Telephone: (619) 233-1155
Fax: (619) 233 1158

If to Escrow Agent, to:
Chicago Title Company
925 "B" Street
San Diego, CA 92101
Attn: Ms. Shelva Molm
Telephone: (619) 544-6250
Fax: (619) 544-6229

Either party may change its address for notice by delivering written notice to the other party as provided herein.

(d) SUCCESSORS. This Assignment shall be binding on and inure to the benefit of the parties and their respective heirs, legal representatives, successors, and assigns.

IN WITNESS WHEREOF, Assignor and Assignee have executed this Assignment to be effective as of the Effective Date set forth above.

"ASSIGNOR" SAN DIEGUITO PARTNERSHIP, L.P.,
a California limited liability company

By: San Dieguito Valley, Inc.,
a California corporation, General Partner

By:

Title:

JOHN R. BENSON AND BARBARA B.
MEYER, Co-Trustees of the Henrietta Benson
Trust UDT 1/30/67

John R. Benson, by Archie T. Wright III,
as his Attorney-in-Fact

Barbara B. Meyer, by Archie T. Wright III,

as her Attorney-in-Fact

JOHN V. HANNON AND MARGARET E. HANNON, Co-Trustees of the John V. Hannon Living Trust UDT 1/26/95

John V. Hannon, by Archie T. Wright III, as his Attorney-in-Fact

---

Margaret E. Hannon, by Archie T. Wright III, as her Attorney-in-Fact

CONFIDENTIAL TREATMENT

JOSEPH S. HANNON AND MATTIE SUE HANNON, Co-Trustees of the Joseph S. Hannon Living Trust UDT 8/8/95

Joseph S. Hannon, by Archie T. Wright III, as his Attorney-in-Fact

Mattie Sue Hannon, by Archie T. Wright III, as her Attorney-in-Fact

MARY S. BAKER, Trustee of the Mary S. Baker Living Trust UDT 5/14/92

Mary S. Baker, by Archie T. Wright III, as her Attorney-in-Fact

GUSTAF O. ARRHENIUS AND JENNY L. ARRHENIUS, Co-Trustees of the Arrhenius Family Trust UDT 10/11/79

Gustaf O. Arrhenius, by Archie T. Wright III, as his Attorney-in-Fact

---

Jenny L. Arrhenius, by Archie T. Wright III, as her Attorney-in-Fact

PIA BARONE, a married woman

Pia Barone, by Archie T. Wright III, as her Attorney-in-Fact

CONFIDENTIAL TREATMENT

LOUIS J. PETERSON AND AGNES F. PETERSON, Co-Trustees of the Louis J. Peterson and Agnes F. Peterson Revocable Trust UDT 4/5/96

Louis J. Peterson, by Archie T. Wright III, as his Attorney-in-Fact

---

Agnes F. Peterson, by Archie T. Wright III, as her Attorney-in-Fact

WILLIAM R. REVELLE, Trustee of the William R. Revelle Trust UDT 4/28/89

William R. Revelle, by Archie T. Wright III, as his Attorney-in-Fact

REVELLE FAMILY REAL ESTATE LIMITED LIABILITY COMPANY, a Delaware limited liability company

By:

William R. Revelle, by Archie T. Wright III,
as his Attorney-in-Fact
Its: Managing Member

"ASSIGNEE" DEC PHARMACEUTICALS CORPORATION,
a Delaware corporation

By:

Name:

Its:

EXHIBIT "G"
-6-

CONFIDENTIAL TREATMENT

SCHEDULE 1

ASSIGNMENT AND ASSUMPTION AGREEMENT

ASSIGNED PROPERTY

1. Vesting Tentative Map No. 99-0034

   - Resolution R-292054 adopted by San Diego City Council on August 3, 1999

2. Planned Industrial Development/Resource Protection Ordinance Permit No. 99-0034

   - Resolution R-292055 adopted by San Diego City Council on August 3, 1999

3. Ordinance O-18677 approving zone change from R-1-5 to Scientific Research (SR) adopted by San Diego City Council on September 14, 1999

4. Certification of Mitigated Negative Declaration DEP 99-0034

   - Resolution R-292053 adopted by San Diego City Council on August 3, 1999

5. Planned Industrial Permit recorded March 17, 2000

6. Design Guidelines dated June 28, 1999

7. California Coastal Commission Amendment 6-98-154-A1 dated November 1, 1999 (Implementation of 0.90 acre wetland creation and enhancement)

8. Non-Exclusive Mitigation Easement recorded November 4, 1999, as amended and restated and recorded on December 15, 2000

9. Geotechnical Report Prepared by Robert Prater Associates February 28, 1999

10. Phase I Report Prepared by Robert Prater Associates January 29, 1999

11. Mitigated Negative Declaration & Technical Appendices (DEP 99-0034) Prepared by RECON Final Report June 30, 1999

   - Wetland Delineation Report

   - Biological Resources Survey

   - Cultural Resource Survey

CONFIDENTIAL TREATMENT

   - Conceptual Wetland Habitat Restoration Plan

   - Quino Checkerspot Butterfly Flight Survey Report

   - Noise Technical Report

12. Traffic Impact Analysis Prepared by Kimley Horn Associates May 19, 1999

13. Water Study Prepared by Powell & Associates September 10, 1999

14. Department of Fish and Game Streambed Alteration Permit (Section 1603) Notification No. 5-217-99

15. Settlement Agreement by and between the City of San Diego and the San Dieguito Partnership dated November 16, 1998

- First Amendment to Settlement Agreement dated December 21, 1999

- Letter Agreement by and between the City of San Diego and the San Dieguito Partnership dated December 21, 1999

16. Approved Vesting Tentative Map No. 99-0034 (Drawings), prepared by Rick Engineering

17. Preliminary Plans and Drawings for Mass Grading of the Nobel Research Park and Improvement of Judicial Drive pursuant to private contract No. J-13360B dated December 14, 2000; prepared by Rick Engineering

18. ALTA Survey dated June 7, 2001, prepared by Rick Engineering

19. License Agreement by and between San Dieguito Partnership as Licensor and La Jolla Crossroads 1 LLC (Garden Communities) as Licensee dated January 26, 2001, as amended April 6, 2001.

20. All rights and privileges related to or arising from any and all studies, reports, surveys, plans, drawings, permits, approvals and agreements of any kind or nature undertaken, made, issued or granted on behalf of the Nobel Research Park.

CONFIDENTIAL TREATMENT

EXHIBIT H

ASSIGNMENT AND ASSUMPTION OF CONTRACTS

This ASSIGNMENT AND ASSUMPTION OF CONTRACTS ("Assignment"), effective on _____, 2001 ("Effective Date"), is executed by SAN DIEGUITO PARTNERSHIP, L.P., a California limited partnership, and those other persons and entities set forth below ("Assignor"), and IDEC PHARMACEUTICALS CORPORATION, a Delaware corporation ("Assignee"), with reference to the following facts:

R E C I T A L S :

A. Pursuant to that certain Purchase and Sale Agreement and Escrow Instructions ("Purchase Agreement") dated _____, 2001, Assignor has contracted to sell and Assignee has contracted to purchase certain real property more particularly described in Exhibit "A" attached to the Purchase Agreement ("Property").

B. Pursuant to the Purchase Agreement, Assignor has agreed to transfer and assign, and Assignee has agreed to assume, certain contractual obligations of Assignor relating to the Property.

A G R E E M E N T :

NOW, THEREFORE, in consideration of the mutual covenants set forth in the Purchase Agreement and the mutual covenants set forth herein, and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. ASSIGNMENT OF CONTRACTS. Assignor hereby assigns and transfers to Assignee all its right, title and interest in and to the contracts listed on Schedule "1" attached hereto and made a part hereof ("Contracts").

2. ASSUMPTION OF CONTRACTS. Assignee hereby accepts said assignment, expressly assumes Assignor's interest in the Contracts and agrees to be bound by all the terms, conditions and covenants thereof, and agrees to perform all the obligations imposed on Assignor thereunder arising on or after the Effective Date.

3. EFFECTIVE DATE. The assignment and assumption shall take effect on the Effective Date first set forth above, which is the date of recordation of the grant deed transferring the Real Property from Assignor to Assignee.

4. PAYMENT. Assignor represents and warrants that, as of the Effective Date, all sums due and payable by Assignor under the Contracts for work and services performed or materials delivered prior to the Effective Date have been paid in full.

5. INDEMNITY. Assignee shall indemnify, protect, hold harmless and defend (by counsel reasonably approved by Assignor) Assignor from and against any and all losses, liabilities, claims, demands, damages, costs or other expenses, including reasonable attorneys' fees, arising from or relating to any breach or default or obligation under the Contracts occurring

CONFIDENTIAL TREATMENT

on or after the Effective Date. Assignor shall indemnify, protect, hold harmless and defend (by counsel reasonably approved by Assignee) Assignee from and against any and all losses, liabilities, claims, demands, damages, costs or other expenses, including reasonable attorneys' fees, arising from or relating to any breach or default or obligation under the Contracts occurring prior to the Effective Date.

6. GENERAL PROVISIONS.

(a) ATTORNEYS' FEES. In the event of any legal action or proceeding between the parties arising out of this Assignment, the losing party shall pay the prevailing party's legal costs and expenses, including, but not limited to, reasonable attorneys' fees as determined by the court.

(b) ASSIGNMENT/SUCCESSORS. This Assignment shall inure to the benefit of and be binding upon the parties and their respective legal representatives, heirs, successors and assigns, including any nominee or assignee of Assignee under the Purchase Agreement.

(c) AUTHORITY. Each party represents and warrants that it has full power and authority to execute and fully perform its obligations under this Assignment pursuant to its governing instruments, without the need for any further action, and that the person(s) executing this Assignment on behalf of such party are duly designated agents and are authorized to do so.

(d) COUNTERPARTS. This Assignment may be executed in one or more counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same agreement after each party has executed such a counterpart.

(e) GOVERNING LAW. This Assignment shall be governed, construed and enforced in accordance with the laws of the State of California.

(f) NOTICE. Notice to either party shall be in writing, addressed to the party to be notified at the address specified herein, and either (1) personally delivered, or (2) sent by a recognized national overnight courier service such as Airborne, Federal Express or Purolator which provides a receipt upon delivery, or (3) sent by registered or certified first-class U.S. mail, postage prepaid, return receipt requested. Any such notice shall be deemed received on the date of receipt if personally delivered, or on the date of delivery evidenced by the receipt provided by the courier service or the registered or certified mail receipt, as the case may be.

If to Assignor, to:
San Dieguito Partnership, LP
San Dieguito Valley, Inc., General Partner
Roy B. Collins, President
656 Fifth Avenue, Suite B
San Diego, CA 92101
Telephone: (619) 232-6599
Fax: (619) 232-6592

CONFIDENTIAL TREATMENT

With copy to:
Baker & McKenzie
Clark H. Libenson, Esq.
101 West Broadway, 12th Floor
San Diego, CA 92101
Telephone: (619) 235-7778
Fax: (619) 236-0429

If to Assignee, to:
IDEC Pharmaceuticals Corporation
3030 Callan Road
San Diego, CA 92121
Attn: Mr. Phillip Schneider and Corporate Secretary
Telephone: (858) 431-8500
Fax: (858) 431-8887

With copy to:
Allen Matkins Leck Gamble & Mallory LLP
501 West Broadway, Ninth Floor
San Diego, CA 92101
Attn: Ellen B. Spellman, Esq.
Telephone: (619) 233-1155
Fax: (619) 233 1158

If to Escrow Agent, to:
Chicago Title Company
925 "B" Street
San Diego, CA 92101
Attn: Ms. Shelva Molm
Telephone: (619) 544-6250

Fax: (619) 544-6229

Either party may change its address for notice by delivering written notice to the other party as provided herein.

[Signatures Appear on Next Page]

CONFIDENTIAL TREATMENT

IN WITNESS WHEREOF, the parties have executed this Assignment and Assumption of Contracts to be effective on the Effective Date first set forth above.

"ASSIGNOR"

SAN DIEGUITO PARTNERSHIP, L.P.,
a California limited liability company

By: SAN DIEGUITO VALLEY, INC.,
a California corporation, General Partner

By:

Roy B. Collins, President

JOHN R. BENSON AND BARBARA B. MEYER,
Co-Trustees of the Henrietta Benson Trust
UDT 1/30/67

John R. Benson, by Archie T. Wright III,
as his Attorney-in-Fact

Barbara B. Meyer, by Archie T. Wright III,
as her Attorney-in-Fact

JOHN V. HANNON AND MARGARET E. HANNON,
Co-Trustees of the John V. Hannon Living Trust
UDT 1/26/95

John V. Hannon, by Archie T. Wright III,
as his Attorney-in-Fact

Margaret E. Hannon, by Archie T. Wright
III, as her Attorney-in-Fact

CONFIDENTIAL TREATMENT

JOSEPH S. HANNON AND MATTIE SUE HANNON,
Co-Trustees of the Joseph S. Hannon Living
Trust UDT 8/8/95

Joseph S. Hannon, by Archie T. Wright III,
as his Attorney-in-Fact

Mattie Sue Hannon, by Archie T. Wright
III, as her Attorney-in-Fact

MARY S. BAKER, Trustee of the Mary S. Baker
Living Trust UDT 5/14/92

Mary S. Baker, by Archie T. Wright III,
as her Attorney-in-Fact

GUSTAF O. ARRHENIUS AND JENNY L. ARRHENIUS,
Co-Trustees of the Arrhenius Family Trust UDT
10/11/79

Gustaf O. Arrhenius, by Archie T. Wright
III, as his Attorney-in-Fact

Jenny L. Arrhenius, by Archie T. Wright III, as her Attorney-in-Fact

PIA BARONE, a married woman

Pia Barone, by Archie T. Wright III, as her Attorney-in-Fact

CONFIDENTIAL TREATMENT

LOUIS J. PETERSON AND AGNES F. PETERSON, Co-Trustees of the Louis J. Peterson and Agnes F. Peterson Revocable Trust UDT 4/5/96

Louis J. Peterson, by Archie T. Wright III, as his Attorney-in-Fact

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Agnes F. Peterson, by Archie T. Wright III, as her Attorney-in-Fact

WILLIAM R. REVELLE, Trustee of the William R. Revelle Trust UDT 4/28/89

William R. Revelle, by Archie T. Wright III, as his Attorney-in-Fact

REVELLE FAMILY REAL ESTATE LIMITED LIABILITY COMPANY, a Delaware limited liability company

By:

William R. Revelle, by Archie T. Wright III, as his Attorney-in-Fact Its: Managing Member

"ASSIGNEE"

IDEC PHARMACEUTICALS CORPORATION, a Delaware corporation

By:

CONFIDENTIAL TREATMENT REQUESTED

EXHIBIT 1

LIST OF ASSIGNED CONTRACTS

- - Contract by and between San Dieguito Partnership and RECON, under contract amendment dated January 3, 2001, in the amount of [CONFIDENTIAL TREATMENT REQUESTED], for the purpose of implementation and [CONFIDENTIAL TREATMENT REQUESTED] monitoring and maintenance of wetland restoration activities as required by MMRP.

- - Contract by and between San Dieguito Partnership and Rick Engineering dated December 14, 2000 in the amount of [CONFIDENTIAL TREATMENT REQUESTED] (amendment pending), for the purpose of preparing mass grading and improvement drawings for submittal to the City of San Diego.

- - License Agreement, dated January 26, 2001, as amended, between San Dieguito Partnership, as licensor, and La Jolla Crossroads, as licensee.

CONFIDENTIAL TREATMENT

EXHIBIT I

ASSIGNMENT OF RIGHTS UNDER SETTLEMENT AGREEMENT

This Assignment of Rights Under Settlement Agreement ("Assignment"),

effective _____, 2001 ("Effective Date"), is executed by SAN DIEGUITO PARTNERSHIP, L.P. (the "Partnership"), San Dieguito Valley, Inc. ("SDV") and those other persons and entities set forth below ("Assignor"), and IDEC PHARMACEUTICALS CORPORATION, a Delaware corporation ("Assignee"), with reference to the following facts:

A. The Partnership, SDV and the City Council of San Diego and the City of San Diego (collectively the "City") entered into that certain Settlement Agreement dated November 16, 1998, thereafter amended by that certain First Amendment to Settlement Agreement dated December 21, 1999, and further evidenced by that certain Letter Agreement resolving certain issues related to the Settlement Agreement, as amended, dated December 21, 1999. The Settlement Agreement, First Amendment to Settlement Agreement, and the Letter Agreement are collectively referred to herein as the "Settlement Agreement".

B. Pursuant to that certain Purchase and Sale Agreement and Escrow Instructions ("Purchase Agreement"), dated July ___, 2001, by and between Assignor and Assignee, Assignee has agreed to purchase certain real property more particularly described in the Purchase Agreement and referred to therein and in the Settlement Agreement as "Nobel Research Park" (the "Nobel Property").

C. Pursuant to the Purchase Agreement, Assignor desires to assign and Assignee desires to accept the assignment of all of Assignor's right, title, interest and benefits under the Settlement Agreement relating to the Nobel Property.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as set forth below.

1. ASSIGNMENT; RESERVATION. As of the Effective Date, Assignor hereby assigns to Assignee all of Assignor's right, title, interest and benefits (but not Assignor's obligations) under the Settlement Agreement relating to the Nobel Property, including but not limited to (a) any covenants, representations and warranties agreed to or made by the City, and (b) any rights or benefits arising or flowing from the Settlement Agreement, including but not limited to any rights of Assignor in, under or to those certain development permits, governmental approvals, consents, orders, agreements or the like issued with respect to the Nobel Property. Assignor hereby reserves from the foregoing assignment, on a non-exclusive basis, any rights to indemnity or otherwise which it may have under the Settlement Agreement against the City to defend against any third-party claims brought against Assignor for which the City may have responsibility under the Settlement Agreement.

2. NO ASSUMPTION. Assignee does not assume any of Assignor's obligations or duties set forth in or arising out of the Settlement Agreement, including but not limited to, any obligations in connection with SDP's Property (as defined in the Settlement Agreement).

CONFIDENTIAL TREATMENT

3. EFFECTIVE DATE OF ASSIGNMENT. The Assignment shall take effect on the Effective Date set forth above, which is the date of recordation of the Grant Deed conveying the Nobel Property from Assignor to Assignee.

4. GENERAL PROVISIONS.

(a) ATTORNEYS' FEES. In the event of any legal action or proceeding between the parties in connection with this Assignment, the prevailing party shall be entitled to recover from the losing party all of its costs and expenses, including court costs and reasonable attorneys' fees.

(b) GOVERNING LAW. This Assignment shall be governed, construed and enforced in accordance with the laws of the State of California.

(c) NOTICE. Notice to either party shall be in writing, addressed to the party to be notified at the address specified herein, and either (a) personally delivered, (b) sent by an overnight courier service such as Airborne, Federal Express, or Purolator, (c) sent by first-class mail, registered or certified mail, postage prepaid, return receipt requested, or (d) sent by telecopier with written confirmation of receipt requested. Any such notice shall be deemed received: (a) on the date of receipt if personally delivered; (b) on the date of receipt as evidenced by the receipt provided by an overnight courier service, if sent by such courier; or (c) three (3) business days after deposit in the U.S. Mail, if sent by mail.

ASSIGNOR'S ADDRESS FOR NOTICE:

If to Assignor, to: San Dieguito Partnership, LP
San Dieguito Valley, Inc., General Partner
Roy B. Collins, President
656 Fifth Avenue, Suite B
San Diego, CA 92101
Telephone: (619) 232-6599
Fax: (619) 232-6592

With copy to: Baker & McKenzie

Clark H. Libenson, Esq.
101 West Broadway, 12th Floor
San Diego, CA 92101
Telephone: (619) 235-7778
Fax: (619) 236-0429

If to Assignee, to: IDEC Pharmaceuticals Corporation
3030 Callan Road
San Diego, CA 92121
Attn: Mr. Phillip Schneider and Corporate Secretary
Telephone: (858) 431-8500
Fax: (858) 431-8887

CONFIDENTIAL TREATMENT

With copy to: Allen Matkins Leck Gamble & Mallory LLP
501 West Broadway, Ninth Floor
San Diego, CA 92101
Attn: Ellen B. Spellman, Esq.
Telephone: (619) 233-1155
Fax: (619) 233 1158

If to Escrow Agent, to: Chicago Title Company
925 "B" Street
San Diego, CA 92101
Attn: Ms. Shelva Molm
Telephone: (619) 544-6250
Fax: (619) 544-6229

Either party may change its address for notice by delivering written notice to the other party as provided herein.

(d) SUCCESSORS. This Assignment shall be binding on and inure to the benefit of the parties and their respective heirs, legal representatives, successors, and assigns.

CONFIDENTIAL TREATMENT

IN WITNESS WHEREOF, Assignor and Assignee have executed this Assignment to be effective as of the Effective Date set forth above.

"ASSIGNOR" SAN DIEGUITO PARTNERSHIP, L.P.,
a California limited liability company

By: San Dieguito Valley, Inc.,
a California corporation, General Partner

By:

Roy B. Collins, President

SAN DIEGUITO VALLEY, L.P.,
a California corporation, General Partner

By: San Dieguito Valley, Inc.,
a California corporation, General Partner

By:

Roy B. Collins, President

JOHN R. BENSON AND BARBARA B. MEYER
Co-Trustees of the Henrietta Benson Trust UDT
1/30/67

John R. Benson, by Archie T. Wright III,
as his Attorney-in-Fact

Barbara B. Meyer, by Archie T. Wright III,
as her Attorney-in-Fact

JOHN V. HANNON AND MARGARET E.
HANNON, Co-Trustees of the John V. Hannon
Living Trust UDT 1/26/95

John V. Hannon, by Archie T. Wright III,

as his Attorney-in-Fact

Margaret E. Hannon, by Archie T. Wright III,
as her Attorney-in-Fact

CONFIDENTIAL TREATMENT

JOSEPH S. HANNON AND MATTIE SUE HANNON,
Co-Trustees of the Joseph S. Hannon Living
Trust UDT 8/8/95

Joseph S. Hannon, by Archie T. Wright III,
as his Attorney-in-Fact

Mattie Sue Hannon, by Archie T. Wright
III, as her Attorney-in-Fact

MARY S. BAKER, Trustee of the Mary S. Baker
Living Trust UDT 5/14/92

Mary S. Baker, by Archie T. Wright III,
as her Attorney-in-Fact

GUSTAF O. ARRHENIUS AND JENNY L. ARRHENIUS,
Co-Trustees of the Arrhenius Family Trust UDT
10/11/79

Gustaf O. Arrhenius, by Archie T. Wright
III, as his Attorney-in-Fact

Jenny L. Arrhenius, by Archie T. Wright
III, as her Attorney-in-Fact

PIA BARONE, a married woman

Pia Barone, by Archie T. Wright III,
as her Attorney-in-Fact

CONFIDENTIAL TREATMENT

LOUIS J. PETERSON AND AGNES F. PETERSON,
Co-Trustees of the Louis J. Peterson and
Agnes F. Peterson Revocable Trust UDT 4/5/96

Louis J. Peterson, by Archie T. Wright
III, as his Attorney-in-Fact

Agnes F. Peterson, by Archie T. Wright
III, as her Attorney-in-Fact

REVELLE FAMILY REAL ESTATE LIMITED LIABILITY
COMPANY, a Delaware limited liability company

By:

William R. Revelle, by Archie T. Wright
III, as his Attorney-in-Fact
Its: Managing Member

"ASSIGNEE"

IDEC PHARMACEUTICALS CORPORATION,
a Delaware corporation

By:

Name:

Its:

CONFIDENTIAL TREATMENT

EXHIBIT "J"

PROPERTY DOCUMENTS

A. Aerial Photograph

B. Vesting Tentative Map No. 99-0034

- - Resolution R-292054 adopted by San Diego City Council on August 3, 1999

C. Planned Industrial Development/Resource Protection Ordinance Permit No. 99-0034

- - Resolution R-292055 adopted by San Diego City Council on August 3, 1999

D. Ordinance O-18677 approving zone change from R-1-5 to Scientific Research (SR) adopted by San Diego City Council on September 14, 1999

E. Certification of Mitigated Negative Declaration DEP 99-0034

- - Resolution R-292053 adopted by San Diego City Council on August 3, 1999

F. Planned Industrial Permit recorded March 17, 2000

G. Design Guidelines dated June 28, 1999

H. California Coastal Commission Amendment 6-98-154-A1 dated November 1, 1999 (Implementation of 0.90 acre wetland creation and enhancement)

I. Non-Exclusive Mitigation Easement recorded November 4, 1999, as amended and restated and recorded on December 14, 2000

J. Preliminary Title Report (with printed exceptions)
Prepared by Chicago Title Company
Order No. 13048042-U16
April 17, 2001

K. Geotechnical Report
Prepared by Robert Prater Associates
February 28, 1999

L. Phase I Report
Prepared by Robert Prater Associates
January 29, 1999

CONFIDENTIAL TREATMENT

M. Mitigated Negative Declaration & Technical Appendices (DEP 99-0034)
Prepared by RECON
Final Report June 30, 1999
Wetland Delineation Report

- - Biological Resources Survey

- - Cultural Resource Survey

- - Conceptual Wetland Habitat Restoration Plan

- - Quino Checkerspot Butterfly Flight Survey Report

- - Noise Technical Report

N. Traffic Impact Analysis
Prepared by Kimley Horn Associates
May 19, 1999

O. Water Study
Prepared by Powell & Associates
September 10, 1999

P. Department of Fish and Game
Streambed Alteration Permit (Section 1603)
Notification No. 5-217-99

Q. Settlement Agreement by and between the City of San Diego and the San Dieguito Partnership dated November 16, 1998

- - First Amendment to Settlement Agreement dated December 21, 1999

- - Letter Agreement by and between the City of San Diego and the San Dieguito Partnership dated December 21, 1999

R. Memorandum of Tenancy in Common Agreement dated March 27, 2000; recorded March 31, 2000

S. Memorandum to Prospective Purchasers dated March 15, 2001

T. License Agreement by and between San Dieguito Partnership as Licensor and La Jolla Crossroads 1, LLC (Garden Communities) as Licensee dated January 26, 2001, as amended April 6, 2001

U. Listing of Consultants

CONFIDENTIAL TREATMENT

ROLLED DRAWINGS

1. Approved Vesting Tentative Map No. 99-0034
Prepared by Rick Engineering

2. Plans for Mass Grading of the Nobel Research Park and Improvement of Judicial Drive pursuant to private contract No. J-13360B dated December 14, 2000

3. ALTA Survey dated June 7, 2001
Prepared by Rick Engineering

CONFIDENTIAL TREATMENT

EXHIBIT K

AFFIDAVIT

[Non-Foreign Affidavit Pursuant to FIRPTA]

SELLER:

BUYER:

PROPERTY:

ESCROW NO:

- ---

- ---------- ("Seller"), hereby certifies the following:

1. Seller is the owner of the Property identified above. No other person or entity has an ownership interest in the Property.

2. Seller is not a foreign person and is a "United States Person" as such term is defined in Section 7701(a)(30) of the Internal Revenue Code, as amended (the "Code").

3. Seller's U.S. Tax Identification Number is: _____. Seller's business address is:

4. This Affidavit is provided pursuant to Section 1445 of the Code which requires a transferor of a U.S. real property interest to withhold tax if the transferee is a foreign person. Seller understands that the purchaser of the Property intends to rely on this Affidavit in connection with the United States Foreign Investment and Real Property Tax Act (FIRPTA).

The undersigned hereby declares under penalty of perjury that the foregoing is true and correct.

DATED:

SELLER:

By:

Title:

CONFIDENTIAL TREATMENT

EXHIBIT L

YEAR WITHHOLDING EXEMPTION CERTIFICATE AND CALIFORNIA FORM 2000 NONRESIDENT WAIVER REQUEST FOR REAL ESTATE SALES 597-W

PART I SELLER'S INFORMATION - Name Social Security Number/California corporation No./FEIN - Street address PMB no. - City, State, ZIP Code Phone Number Ownership Percentage - Property Address (if no street address, provide parcel number and county) -

BUYER'S INFORMATION - Name Social Security Number/California corporation No./FEIN - Street address PMB no. - City, State, ZIP Code Phone Number -

If there is more than on seller, attached a separate sheet listing additional seller's information.

Read the following and check the boxes as they apply to the seller (see General Information C. Exemptions from Withholding (Part I) for definitions and details for each area):

	YES	NO
1. Is the total sales price of this property $100,000 or less?	/ /	/ /
2. Are you a resident of California?	/ /	/ /
3 Does the property being sold qualify as your principal residence?	/ /	/ /
4. Are you a corporation registered in California or that has a permanent place of business in California?	/ /	/ /
5. Are you a partnership or a limited liability company with recorded title to the property in the name of the partnership or limited liability company?	/ /	/ /
6. Are you a tax-exempt entity?	/ /	/ /
7. Are you an irrevocable trust with at least one trustee who is a California resident?	/ /	/ /
8. Are you an estate where the decedent was a California resident at the time of death?	/ /	/ /
9. Are you a bank or a bank acting as a fiduciary for a trust?	/ /	/ /
10. Are you an irrevocable trust with at least one trustee who is a California resident?	/ /	/ /

Under penalties of perjury, I hereby certify that the information provided above is, to the best of my knowledge, true and correct, If conditions change, I will promptly inform the withholding agent. I understand that completing this form does NOT exempt me from filing a California income tax return to report this sale.

Seller's Signature _____ Date: _____

If you answered "YES" to ANY of the above questions, STOP HERE. You are exempt from the nonresident withholding requirements. Provide this form to your escrow company or the buyer (withholding agent). If you answered "NO" to ALL of the above questions, you are subject to the nonresident withholding requirements. The required withholding is 3?% of the total sales price. Do you believe that your estimated tax liability from the sale of this property will be less than the required withholding amount?

/ / Yes. Complete the WAIVER REQUEST Section on Side 2 and send this form to the Franchise Tax Board

/ / No. STOP HERE. Your escrow person will withhold 3?% of the total sales price and sent it to the Franchise Tax Board on your behalf. Obtain the seller's copy of Form 597, Nonresident Withholding Tax Statement for Real Estate Sales, to attach to your California income tax return when you file and claim the withholding amount.

CONFIDENTIAL TREATMENT

NONRESIDENT WITHHOLDING WAIVER REQUEST

State in detail your reason for requesting a withholding waiver or reduced withholding. Attach additional sheets if needed. The Franchise Tax Board (FTB) cannot make a determination on your request unless you provide all required

information and documentation. See instructions.

- ----------

---------- PART II
SELLER'S INFORMATION
ESCROW INFORMATION - --

---------- Date Seller
Acquired: Name and
Address of Escrow
Company: - ----------

---------- Seller
Acquired Property By
(check one): / /
Purchase / /
Inheritance / /
Foreclosure/Repossession
/ / Gift / / 1031
Exchange call (888)
972-4900 U.S. toll-free
or (916) 845-4900 / /
Other ----------
- - ----------

-------- Use of
Property at time of
sale: Length of time
Used for this purpose /
/ Rental/Commercial / /
Secondary/Vacation home
Years _____ Months
_____ Name of
Escrow Officer Escrow
Number: / / Other
(attach explanation) -

---- ----------

---------- Seller's
Adjusted Basis: Escrow
Telephone Number Escrow
FAX Number: Purchase
Price $ ----------
-------- Add:
Improvements ----------
---------- Less:
Depreciation ----------

Contract Price (total
sales price): Estimated
Close of Adjusted Basis
$ Escrow Date: --------
---------- PROVIDE
ALL REQUIRED
DOCUMENTATION LISTED IN
THE INSTRUCTIONS.
ATTACH ANY OTHER
DOCUMENTS NECESSARY TO
VERIFY THE ADJUSTED
BASIS. - ----------

------ ----------

EXHIBIT M

RECORDING REQUESTED BY

AND WHEN RECORDED MAIL TO:

IDEC PHARMACEUTICALS CORPORATION
3030 Callan Road
San Diego, CA 92121

Attention: Mr. Phillip Schneider

- ---

(Space Above For Recorder's Use)

ASSIGNMENT OF EASEMENTS

This Assignment of Easements ("Assignment") is entered into by and between San Dieguito Valley, Inc., a California corporation ("Assignor"), and IDEC Pharmaceuticals Corporation, a Delaware corporation ("Assignee"), effective as of _____, 2001 (the "Effective Date"), with reference to the following facts and intentions:

R E C I T A L S :

A. Pursuant to that certain Amended and Restated Grant of Easements, dated October 21, 1999, by and between San Dieguito Partnership, L.P., a California limited partnership, as to an undivided 98.0927675% interest, and the Revelle Family Real Estate LLC, a Delaware limited liability company, as to an undivided 1.9072325% interest, as Grantor, and Assignor, as Grantee, and recorded with the Official Records of San Diego County, on December 15, 2000, as Document No. 2000-0683653 (the "Grant of Easements"), Assignor acquired and is the holder of those certain easements more particularly described and referred to in the Grant of Easements as the Maintenance Easement and Access Easement (herein the "Easements").

B. Pursuant to that certain Purchase and Sale Agreement and Escrow Instructions, dated July ___, 2001, by and between Assignor, as Seller, and Assignee, as Buyer, Assignee has purchased from Assignor that certain real property located in the City and County of San Diego, commonly referred to as the "Nobel Research Park" and more particularly described in Exhibit "A" attached hereto (the "Nobel Research Park").

C. As contemplated by the Grant of Easements, Assignor hereby desires to assign, transfer and convey unto Assignee, as the owner of the Nobel Research Park, all of Assignor's right, title and interest in, to and under the Grant of Easements and the Easements.

NOW THEREFORE, in consideration of the foregoing, the transactions contemplated by the Purchase Agreement, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Assignor and Assignee hereby agrees as follows:

CONFIDENTIAL TREATMENT

1. ASSIGNMENT. Assignor hereby assigns, transfers, conveys and sets over to Assignee all of Assignor's right, title and interest in and to the Grant of Easements and the Easements.

2. ASSUMPTION. Assignee hereby accepts the foregoing assignment and agrees to assume and perform the obligations of Assignor under the Grant of Easements and Easements arising from and after the Effective Date hereof.

3. FUTURE ASSIGNMENTS. As contemplated by the Grant of Easements, Assignee hereby reserves the right to further assign its rights, duties and obligations under the Grant of Easements and the Easements to future owners of the Nobel Research Park or to any incorporated or unincorporated association whose members constitute the members of the Nobel Research Park.

4. REPRESENTATIONS. Assignor has the legal power, right and authority to execute this Assignment and consummate the transactions contemplated herein. All requisite corporate action has been taken by Assignor to duly and validly authorize Assignor's execution, delivery and performance of the Assignment and the individual executing this Assignment on behalf of Assignor has been duly authorized to execute the Assignment. The execution, delivery and performance of this Assignment will not violate the terms and conditions of the organizational documents of Assignor or the terms and conditions of any agreement or obligation to which Assignor is a party or by which it is bound.

IN WITNESS WHEREOF, the parties have caused this Assignment to be executed as of the date first above written.

"ASSIGNOR" SAN DIEGUITO VALLEY, INC.,
a California corporation

By:

Roy B. Collins, President

"ASSIGNEE" IDEC PHARMACEUTICALS CORPORATION,
a Delaware corporation

By:

Name:

Its:

CONFIDENTIAL TREATMENT

STATE OF

) ss
COUNTY OF)

On _____, before me, _____, a Notary Public in and for said state, personally appeared _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her authorized capacity, and that by his/her signature on the instrument, the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

Notary Public in and for said State
[SEAL]

STATE OF

) ss
COUNTY OF)

On _____, before me, _____, a Notary Public in and for said state, personally appeared _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her authorized capacity, and that by his/her signature on the instrument, the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

Notary Public in and for said State
[SEAL]

CONFIDENTIAL TREATMENT

EXHIBIT N

REMAINING SETTLEMENT AGREEMENT ACTIONS

The following are the only obligations remaining to be fulfilled by the parties to the Settlement Agreement (as defined in the attached Purchase Agreement):

CITY OBLIGATIONS:

SELLER OBLIGATIONS.

(To be completed by Seller within 10 days from Opening of Escrow)

CONFIDENTIAL TREATMENT

EXHIBIT O

ESTOPPEL CERTIFICATE

This Estoppel Certificate ("Certificate") is executed as of this ____ day of _____, 2001, by the City of San Diego, a municipal corporation (the "City"), for the benefit of IDEC Pharmaceuticals Corporation, a Delaware corporation ("IDEC") with reference to the following facts and intentions:

R E C I T A L S :

A. San Dieguito Partnership, L.P., a California limited partnership ("Partnership") and San Dieguito Valley, Inc., a California corporation ("SDV Inc."), collectively as plaintiffs (herein collectively referred to as "SDP"), and the City Council of the City and the City, collectively as defendants, entered into that certain Settlement Agreement, dated as of November 16, 1998, that certain First Amendment to Settlement Agreement, dated December 21, 1999, and that certain Letter Agreement, dated as of December 21, 1999 (herein collectively the "Settlement Agreement").

B. The Partnership and certain other persons and entities as owners in co-tenancy (the "Seller") and IDEC are parties to that certain Purchase and Sale Agreement and Escrow Instructions, dated as of July ___, 2001 (the "Purchase Agreement"). Pursuant to the terms and subject to the conditions set forth in the Purchase Agreement, IDEC is purchasing from the Seller that certain real property located in the City and County of San Diego, California and described and referred to in the Purchase Agreement and the Settlement Agreement as the "Nobel Research Park" (the "Nobel Property").

C. Further pursuant to the terms and conditions of that certain Assignment of Rights Under Settlement Agreement (the "Assignment"), SDP and Seller have agreed to assign to IDEC, as of the closing of the escrow established for the Purchase Agreement, all of their rights and interests and the benefits under the Settlement Agreement pertaining to the Nobel Property.

NOW THEREFORE, in consideration of the foregoing, and other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, the City hereby acknowledges, agrees, represents, warrants and certifies to and for the benefit of IDEC as follows:

1. A true and correct copy of the Settlement Agreement is attached hereto as Exhibit "A", is in full force and effect and has not been modified or amended or supplemented, orally or in writing, except as otherwise set forth in Exhibit "A" attached hereto;

2. Except as more particularly set forth on Exhibit "B" attached hereto (Remaining Settlement Agreement Actions), all of the respective obligations and conditions to such obligations of the City and SDP set forth in the Settlement Agreement pertaining to the Nobel Property have been fully satisfied and performed in accordance with the terms thereof;

CONFIDENTIAL TREATMENT

3. The City has no remaining rights under the Settlement Agreement to acquire or reacquire any portion of the Nobel Property nor any interest therein;

4. Neither party to the Settlement Agreement has any right to rescind any provisions contained in, or actions heretofore taken under, the Settlement Agreement pertaining to the Nobel Property;

5. Neither party is in breach or default of its respective obligations under the Settlement Agreement, and no event has occurred which, with notice or lapse of time, would constitute a default under the Settlement Agreement;

6. The City acknowledges the assignment by SDP and Seller of their rights and interests and the benefits under the Settlement Agreement with respect to the Nobel Property to IDEC pursuant to the terms of the Assignment, a copy of which has been furnished to the City;

7. The City reaffirms for the benefit of IDEC its covenants and agreements to perform all of its remaining obligations under the Settlement Agreement pertaining to the Nobel Property including, without limitation, those set forth in Exhibit "B" attached hereto;

8. All improvements described in Paragraph B(7) of the Letter Agreement under the heading "City Agreements" are assured to the satisfaction of the City Engineer;

9. The City acknowledges that IDEC is purchasing the Nobel Property in reliance upon this Certificate.

IN WITNESS WHEREOF, this Certificate has been executed as of the date first above written.

CITY OF SAN DIEGO, a municipal corporation

By:

APPROVED AS TO FORM AND
LEGALITY:

CASEY GWINN, CITY ATTORNEY

By:

CONFIDENTIAL TREATMENT REQUESTED EXHIBIT 10.10

CONFIDENTIAL TREATMENT REQUESTED: PAGES WHERE CONFIDENTIAL TREATMENT HAS BEEN REQUESTED ARE MARKED "CONFIDENTIAL TREATMENT REQUESTED" AND APPROPRIATE SECTIONS, WHERE TEXT HAS BEEN OMITTED, ARE NOTED WITH "[CONFIDENTIAL TREATMENT REQUESTED]." AN UNREDACTED VERSION OF THIS DOCUMENT HAS BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.

FIRST AMENDMENT TO PURCHASE AND SALE AGREEMENT AND ESCROW INSTRUCTIONS

This First Amendment to Purchase and Sale Agreement and Escrow Instructions ("Amendment"), is entered into and made effective as of August 17, 2001, by and between San Dieguito Partnership, L.P., a California limited partnership, as to an undivided 28.1083629% interest, together with the individuals and entities described below under the signature block for Seller (herein collectively "Seller"), and IDEC Pharmaceuticals Corporation, a Delaware corporation ("Buyer"), with reference to the following facts and intentions:

R E C I T A L S:

A. Seller and Buyer executed and delivered that certain Purchase and Sale Agreement and Escrow Instructions, dated as of July 17, 2001 (the "Agreement"), and have opened an escrow ("Escrow") with Chicago Title Company, 925 B Street, San Diego, California ("Escrow Agent"), Escrow No. 013048042 U44. Capitalized terms used herein shall have the meanings ascribed to them in the Agreement.

B. Title Insurer has delivered to Buyer its Commitment for Title Insurance, dated as of August 6, 2001, for an ALTA Owner's 1970 Form B Policy in the liability amount of [CONFIDENTIAL TREATMENT REQUESTED] (the "Commitment").

C. Seller has caused to be recorded upon the Property a Deed of Trust dated and recorded August 2, 2001, as Instrument No. 2001-0545653 (the "Deed of Trust") securing payment of three notes in the aggregate sum of [CONFIDENTIAL TREATMENT REQUESTED] (the "Notes"). Escrow Agent has prepared, Buyer and Seller have executed, and Seller has delivered to Escrow Agent the Pay-Off Documents described in that certain Amendment to Escrow Instructions, dated August 13, 2001 related to the Notes and Deed of Trusts. That Amendment to Escrow Instructions is incorporated into and made a part of the Agreement.

D. The parties desire to amend the Agreement in certain respects.

NOW THEREFORE, in consideration of the foregoing and the mutual covenants and conditions hereinafter set forth, the parties agree as follows:

CONFIDENTIAL TREATMENT

1. COMMITMENT. Seller and Buyer hereby approve the Commitment. Seller hereby confirms its agreement to remove on or before the Closing as exceptions to title to the Property the Deed of Trust and those matters described as exception nos. 2, 3, 11, 14 and 15 of Schedule "B" of that certain Second Amended Preliminary Report dated as of June 25, 2001. Seller also agrees to deliver prior to the Closing those documents as necessary or required by Title Company to satisfy the Requirements set forth in the Commitment.

2. DUE DILIGENCE PERIOD. Section 7.3 of the Agreement is hereby amended to extend the Due Diligence Period to 5:00 p.m. Pacific Standard Time, August 24, 2001.

3. CLOSING DATE. The Closing Date is hereby extended to September 7, 2001.

4. NO OTHER AMENDMENTS. Except as amended hereby, the Agreement remains in full force and effect.

5. EXECUTION. This Amendment may be executed in counterparts, each of which when taken together shall constitute but one original. A counterpart hereof shall be deemed executed and delivered if the signed document is transmitted by facsimile so long as the signing party concurrently deposits the original for delivery to the other party by first class mail, overnight delivery, or personal delivery.

IN WITNESS WHEREOF, the parties have caused this Amendment to be executed as of the date and year first above written.

"SELLER"

SAN DIEGUITO PARTNERSHIP, L.P.,
a California limited liability company

By: SAN DIEGUITO VALLEY, INC.,
a California corporation, General Partner

By: /s/ Roy B. Collins

Roy B. Collins, President

CONFIDENTIAL TREATMENT

JOHN R. BENSON AND BARBARA B. MEYER,
Co-Trustees of the Henrietta Benson Trust UDT
1/30/67

/s/ Archie T. Wright III

John R. Benson, by Archie T. Wright III,
as his Attorney-in-Fact

/s/ Archie T. Wright III

Barbara B. Meyer, by Archie T. Wright III,
as her Attorney-in-Fact

JOHN V. HANNON AND MARGARET E. HANNON,
Co-Trustees of the John V. Hannon Living Trust
UDT 1/26/95

/s/ Archie T. Wright III

John V. Hannon, by Archie T. Wright III,
as his Attorney-in-Fact

/s/ Archie T. Wright III

Margaret E. Hannon, by Archie T. Wright
III, as her Attorney-in-Fact

JOSEPH S. HANNON AND MATTIE SUE HANNON,
Co-Trustees of the Joseph S. Hannon Living
Trust UDT 8/8/95

/s/ Archie T. Wright III

Joseph S. Hannon, by Archie T. Wright III,
as his Attorney-in-Fact

/s/ Archie T. Wright III

Mattie Sue Hannon, by Archie T. Wright
III, as her Attorney-in-Fact

MARY S. BAKER, Trustee of the Mary S. Baker
Living Trust UDT 5/14/92

/s/ Archie T. Wright III

Mary S. Baker, by Archie T. Wright III,
as her Attorney-in-Fact

CONFIDENTIAL TREATMENT

GUSTAF O. ARRHENIUS AND JENNY L. ARRHENIUS,
Co-Trustees of the Arrhenius Family Trust UDT
10/11/79

/s/ Archie T. Wright III

Gustaf O. Arrhenius, by Archie T. Wright
III, as his Attorney-in-Fact

/s/ Archie T. Wright III

Jenny L. Arrhenius, by Archie T. Wright
III, as her Attorney-in-Fact

PIA BARONE, a married woman

/s/ Archie T. Wright III

Pia Barone, by Archie T. Wright III,
as her Attorney-in-Fact

LOUIS J. PETERSON AND AGNES F. PETERSON,
Co-Trustees of the Louis J. Peterson and
Agnes F. Peterson Revocable Trust UDT 4/5/96

/s/ Archie T. Wright III

Louis J. Peterson, by Archie T. Wright
III, as his Attorney-in-Fact

/s/ Archie T. Wright III

Agnes F. Peterson, by Archie T. Wright
III, as her Attorney-in-Fact

WILLIAM R. REVELLE, Trustee of the
William R. Revelle Trust UDT 4/28/89

/s/ Archie T. Wright III

William R. Revelle, by Archie T. Wright
III, as his Attorney-in-Fact

CONFIDENTIAL TREATMENT

REVELLE FAMILY REAL ESTATE LIMITED LIABILITY
COMPANY, a Delaware limited liability company

By: /s/ Archie T. Wright III

William R. Revelle, by Archie T.
Wright III, as his
Attorney-in-Fact
Its: Managing Member

"BUYER"

IDEC PHARMACEUTICALS CORPORATION,
a Delaware corporation

By: /s/ Phillip Schneider

CONFIDENTIAL TREATMENT REQUESTED EXHIBIT 10.10

CONFIDENTIAL TREATMENT REQUESTED: PAGES WHERE CONFIDENTIAL TREATMENT HAS BEEN REQUESTED ARE MARKED "CONFIDENTIAL TREATMENT REQUESTED" AND APPROPRIATE SECTIONS, WHERE TEXT HAS BEEN OMITTED, ARE NOTED WITH "[CONFIDENTIAL TREATMENT REQUESTED]." AN UNREDACTED VERSION OF THIS DOCUMENT HAS BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.

SECOND AMENDMENT TO PURCHASE AND SALE AGREEMENT AND ESCROW INSTRUCTIONS

This Second Amendment to Purchase and Sale Agreement and Escrow Instructions ("Amendment"), is entered into and made effective as of August 24, 2001, by and between San Dieguito Partnership, L.P., a California limited partnership, as to an undivided 28.1083629% interest, together with the individuals and entities described below under the signature block for Seller (herein collectively "Seller"), and IDEC Pharmaceuticals Corporation, a Delaware corporation ("Buyer"), with reference to the following facts and intentions:

R E C I T A L S:

A. Seller and Buyer executed and delivered that certain Purchase and Sale Agreement and Escrow Instructions, dated as of July 17, 2001, as amended by that First Amendment to Purchase and Sale Agreement and Escrow Instructions, dated as of August 17, 2001 (collectively the "Agreement"), and have opened an escrow ("Escrow") with Chicago Title Company, 925 B Street, San Diego, California ("Escrow Agent"), Escrow No. 013048042 U44. Capitalized terms used herein shall have the meanings ascribed to them in the Agreement.

B. The parties desire to amend the Agreement in certain respects.

NOW THEREFORE, in consideration of the foregoing and the mutual covenants and conditions hereinafter set forth, the parties agree as follows:

1. DUE DILIGENCE PERIOD. Section 7.3 of the Agreement is hereby amended to extend the Due Diligence Period to 5:00 p.m. Pacific Standard Time, August 29, 2001.

2. NO OTHER AMENDMENTS. Except as amended hereby, the Agreement remains in full force and effect.

3. EXECUTION. This Amendment may be executed in counterparts, each of which when taken together shall constitute but one original. A counterpart hereof shall be deemed executed and delivered if the signed document is transmitted by facsimile so long as the signing party concurrently deposits the original for delivery to the other party by first class mail, overnight delivery, or personal delivery

IN WITNESS WHEREOF, the parties have caused this Amendment to be executed as of the date and year first above written.

"SELLER"

SAN DIEGUITO PARTNERSHIP, L.P.,
a California limited liability company

By: SAN DIEGUITO VALLEY, INC.,
a California corporation, General Partner

By: /s/ Roy B.Collins

Roy B.Collins, President

JOHN R. BENSON AND BARBARA B. MEYER,
Co-Trustees of the Henrietta Benson Trust UDT
1/30/67

/s/ Archie T. Wright III

John R. Benson, by Archie T. Wright III,
as his Attorney-in-Fact

/s/ Archie T. Wright III

Barbara B. Meyer, by Archie T. Wright III,
as her Attorney-in-Fact

JOHN V. HANNON AND MARGARET E.
HANNON, Co-Trustees of the John V.Hannon
Living Trust UDT 1/26/95

/s/ Archie T. Wright III

John V. Hannon, by Archie T. Wright III,
as his Attorney-in-Fact

/s/ Archie T. Wright III

Margaret E. Hannon, by Archie T. Wright III,
as her Attorney-in-Fact

JOSEPH S. HANNON AND MATTIE SUE
HANNON, Co-Trustees of the Joseph S. Hannon
Living Trust UDT 8/8/95

/s/ Archie T. Wright III

Joseph S. Hannon, by Archie T. Wright III,
as his Attorney-in-Fact

/s/ Archie T. Wright III

Mattie Sue Hannon, by Archie T. Wright III,
as her Attorney-in-Fact

MARY S. BAKER, Trustee of the Mary S. Baker
Living Trust UDT 5/14/92

/s/ Archie T. Wright III

Mary S. Baker, by Archie T. Wright III,
as her Attorney-in-Fact

CONFIDENTIAL TREATMENT

GUSTAF O. ARRHENIUS AND JENNY L. ARRHENIUS, Co-Trustees of the Arrhenius Family Trust UDT 10/11/79

/s/ Archie T. Wright III

Gustaf O. Arrhenius, by Archie T. Wright III, as his Attorney-in-Fact

/s/ Archie T. Wright III

Jenny L. Arrhenius, by Archie T. Wright III, as her Attorney-in-Fact

PIA BARONE, a married woman

/s/ Archie T. Wright III

Pia Barone, by Archie T. Wright III, as her Attorney-in-Fact

LOUIS J. PETERSON AND AGNES F. PETERSON, Co-Trustees of the Louis J. Peterson and Agnes F. Peterson Revocable Trust UDT 4/5/96

/s/ Archie T. Wright III

Louis J. Peterson, by Archie T. Wright III, as his Attorney-in-Fact

/s/ Archie T. Wright III

Agnes F. Peterson, by Archie T. Wright III, as her Attorney-in-Fact

WILLIAM R. REVELLE, Trustee of the William R. Revelle Trust UDT 4/28/89

/s/ Archie T. Wright III

William R. Revelle, by Archie T. Wright III, as his Attorney-in-Fact

CONFIDENTIAL TREATMENT

REVELLE FAMILY REAL ESTATE LIMITED LIABILITY COMPANY, a Delaware limited liability company

By: /s/ Archie T. Wright III

William R. Revelle, by Archie T. Wright III, as his Attorney-in-Fact
Its: Managing Member

"BUYER"

IDEC PHARMACEUTICALS CORPORATION, a Delaware corporation

By: /s/ Phillip Schneider

CONFIDENTIAL TREATMENT REQUESTED EXHIBIT 10.10

CONFIDENTIAL TREATMENT REQUESTED: PAGES WHERE CONFIDENTIAL TREATMENT HAS BEEN REQUESTED ARE MARKED "CONFIDENTIAL TREATMENT REQUESTED" AND APPROPRIATE SECTIONS, WHERE TEXT HAS BEEN OMITTED, ARE NOTED WITH "[CONFIDENTIAL TREATMENT REQUESTED]." AN UNREDACTED VERSION OF THIS DOCUMENT HAS BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.

THIRD AMENDMENT TO PURCHASE AND SALE AGREEMENT AND ESCROW INSTRUCTIONS

(Nobel Research Park)

This Third Amendment to Purchase and Sale Agreement and Escrow Instructions ("Amendment") is entered into and made effective as of August 29, 2001, by and

between San Dieguito Partnership, L.P., a California limited partnership, and the individuals and entities set forth in the signature block for Seller (herein collectively the "Seller"), and IDEC Pharmaceuticals Corporation, a Delaware corporation ("Buyer"), with reference to the following facts and intentions:

A. Seller and Buyer executed and delivered that certain Purchase and Sale Agreement and Escrow Instructions, dated as of July 17, 2001, as amended by that certain First Amendment to Purchase and Sale Agreement and Escrow Instructions dated as of August 17, 2001, and that certain Second Amendment to Purchase and Sale Agreement and Escrow Instructions, dated as of August 24, 2001 (herein collectively the "Agreement"). Capitalized terms used herein shall have the meanings ascribed to them in the Agreement.

B. Seller and Buyer have opened Escrow with Escrow Agent, Escrow No. 13048042 U44, and this Amendment shall constitute additional escrow instructions to Escrow Agent.

C. The parties desire to amend the Agreement in certain respects.

NOW THEREFORE, in consideration of the foregoing and the mutual covenants and conditions hereinafter set forth, the parties agree to amend the Agreement as follows:

1. MITIGATION LAND. Seller acknowledges that Buyer has entered into an agreement with The Environmental Trust, Inc. to acquire [CONFIDENTIAL TREATMENT REQUESTED] environmental credits within the Wruck Canyon Conservation Bank to be applied towards satisfaction of the mitigation land requirements imposed by the City as a condition to the development of the Property. Buyer hereby waives the condition set forth in Section 6.1.4 of the Agreement. Seller and Partnership hereby release Buyer and its successors and assigns from any obligation or responsibility to acquire the Mitigation Property. Seller and Partnership hereby further agree to

release, indemnify and hold harmless Buyer and its successors and assigns, and, contingent upon the Close of Escrow, release the City of San Diego from and against any claim, liability, cause of action or expense, including attorneys' fees, which Seller or the Partnership may have, or claim to have, arising from the Mitigation Property not being acquired and used by Buyer, or not being accepted by the City, towards satisfaction of the mitigation land requirement for the Property.

2. CITY ESTOPPEL CERTIFICATE. As a condition to Buyer's obligations to purchase the Property and consummate the Close of Escrow, there shall be delivered to Buyer an Estoppel Certificate, substantially in the same form as EXHIBIT "B" attached hereto (the "City Estoppel Certificate"), duly executed by Seller. Buyer intends to request the City to execute the Estoppel Certificate prior to the Closing, but execution by the City shall not be a condition to the Closing.

3. SATISFACTION OF CONDITION. Buyer acknowledges that the condition described in Sections 6.1.3 has been satisfied, subject to execution of this Amendment and compliance with its terms.

4. REIMBURSABLES; TOTAL PURCHASE PRICE. Prior to Close of Escrow: [CONFIDENTIAL TREATMENT REQUESTED].

5. NEW EXHIBIT "H." EXHIBIT "H" to the Agreement is hereby amended and replaced with Exhibit "H" attached hereto.

6. SCHEDULE OF SELLERS. Schedule 1 to the Agreement is amended and replaced with Schedule 1 attached hereto. William R. Revelle, Trustee of the William R. Revelle Trust UDT 4/28/89, has recontributed to the Partnership its undivided 4.2170532% interest in the Property.

7. ASSIGNMENT. Buyer may assign its rights, interests and obligations under the Agreement to IDEC-Nobel Research Center, LLC, a Delaware limited liability company, the sole member of which is IDEC Pharmaceuticals Corporation, and Seller hereby consents to such assignment.

8. NO OTHER AMENDMENTS. Except as amended hereby, the Agreement remains in full force and effect.

9. EXECUTION. This Amendment may be executed in counterparts, each of which when taken together shall constitute one (1) original. A counterpart hereof shall be deemed executed and delivered if the signed document is transmitted by facsimile so long as the signing party concurrently deposits the original for delivery to the other party by first class mail, overnight delivery or personal delivery.

IN WITNESS WHEREOF, the parties have caused this Amendment to be executed

as of the date and year first above written.

"SELLER"

SAN DIEGUITO PARTNERSHIP, L.P.,
a California limited liability company

By: SAN DIEGUITO VALLEY, INC.,
a California corporation, General Partner

By: /s/ Roy B. Collins

Roy B. Collins, President

JOHN R. BENSON AND BARBARA B. MEYER,
Co-Trustees of the Henrietta Benson Trust UDT
1/30/67

/s/ Archie T. Wright III

John R. Benson, by Archie T. Wright III,
as his Attorney-in-Fact

/s/ Archie T. Wright III

Barbara B. Meyer, by Archie T. Wright III,
as her Attorney-in-Fact

JOHN V. HANNON AND MARGARET E. HANNON,
Co-Trustees of the John V. Hannon Living Trust
UDT 1/26/95

/s/ Archie T. Wright III

John V. Hannon, by Archie T. Wright III,
as his Attorney-in-Fact

/s/ Archie T. Wright III

Margaret E. Hannon, by Archie T. Wright
III, as her Attorney-in-Fact

CONFIDENTIAL TREATMENT

JOSEPH S. HANNON AND MATTIE SUE HANNON,
Co-Trustees of the Joseph S. Hannon Living
Trust UDT 8/8/95

/s/ Archie T. Wright III

Joseph S. Hannon, by Archie T. Wright III,
as his Attorney-in-Fact

/s/ Archie T. Wright III

Mattie Sue Hannon, by Archie T. Wright
III, as her Attorney-in-Fact

MARY S. BAKER, Trustee of the Mary S. Baker
Living Trust UDT 5/14/92

/s/ Archie T. Wright III

Mary S. Baker, by Archie T. Wright III,
as her Attorney-in-Fact

GUSTAF O. ARRHENIUS AND JENNY L. ARRHENIUS,
Co-Trustees of the Arrhenius Family Trust UDT
10/11/79

/s/ Archie T. Wright III

Gustaf O. Arrhenius, by Archie T. Wright
III, as his Attorney-in-Fact

/s/ Archie T. Wright III

Jenny L. Arrhenius, by Archie T. Wright
III, as her Attorney-in-Fact

PIA BARONE, a married woman

/s/ Archie T. Wright III

Pia Barone, by Archie T. Wright III,
as her Attorney-in-Fact

CONFIDENTIAL TREATMENT

LOUIS J. PETERSON AND AGNES F. PETERSON,
Co-Trustees of the Louis J. Peterson and
Agnes F. Peterson Revocable Trust UDT 4/5/96

/s/ Archie T. Wright III

Louis J. Peterson, by Archie T. Wright
III, as his Attorney-in-Fact

/s/ Archie T. Wright III

Agnes F. Peterson, by Archie T. Wright
III, as her Attorney-in-Fact

WILLIAM R. REVELLE, Trustee of the
William R. Revelle Trust UDT 4/28/89

/s/ Archie T. Wright III

William R. Revelle, by Archie T. Wright
III, as his Attorney-in-Fact

REVELLE FAMILY REAL ESTATE LIMITED LIABILITY
COMPANY, a Delaware limited liability company

By: /s/ Archie T. Wright III

William R. Revelle, by Archie T.
Wright III, as his
Attorney-in-Fact
Its: Managing Member

"BUYER"

IDEC PHARMACEUTICALS CORPORATION,
a Delaware corporation

By: /s/ Phillip Schneider

CONFIDENTIAL TREATMENT

EXHIBIT A

(Intentionally Omitted)

EXHIBIT "A"

CONFIDENTIAL TREATMENT

EXHIBIT "B"

ESTOPPEL CERTIFICATE

This Estoppel Certificate ("Certificate") is executed as of this _____ day of _____, 2001, by the City of San Diego, a municipal corporation (the "City"), for the benefit of IDEC Pharmaceuticals Corporation, a Delaware corporation ("IDEC") with reference to the following facts and intentions:

R E C I T A L S:

A. San Dieguito Partnership, L.P., a California limited partnership ("Partnership") and San Dieguito Valley, Inc., a California corporation ("SDV Inc."), collectively as plaintiffs (herein collectively referred to as "SDP"), and the City Council of the City and the City, collectively as defendants, entered into that certain Settlement Agreement, dated as of November 16, 1998, that certain First Amendment to Settlement Agreement, dated December 21, 1999, and that certain Letter Agreement, dated as of December 21, 1999 (herein collectively the "Settlement Agreement").

B. The Partnership and certain other persons and entities as owners in co-tenancy (the "Seller") and IDEC are parties to that certain Purchase and Sale

Agreement and Escrow Instructions, dated as of July 17, 2001 (the "Purchase Agreement"). Pursuant to the terms and subject to the conditions set forth in the Purchase Agreement, IDEC is purchasing from the Seller that certain real property located in the City and County of San Diego, California and described and referred to in the Purchase Agreement as the "Nobel Research Park" and in the Settlement Agreement as the "Nobel Property"(the "Nobel Property").

C. Further pursuant to the terms and conditions of that certain Assignment of Rights Under Settlement Agreement (the "Assignment"), SDP and Seller have agreed to assign to IDEC, as of the closing of the escrow established for the Purchase Agreement, all of their rights and interests and the benefits under the Settlement Agreement pertaining to the Nobel Property.

NOW THEREFORE, in consideration of the foregoing, and other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, the City hereby acknowledges, agrees, represents, warrants and certifies to and for the benefit of IDEC as follows:

1. A true and correct copy of the Settlement Agreement is attached hereto as Exhibit "A," is in full force and effect and has not been modified or amended or supplemented, orally or in writing, except as otherwise set forth in Exhibit "A" attached hereto.

2. All of the respective obligations of the City and SDP set forth in the Settlement Agreement pertaining to the Nobel Property have been fully satisfied and performed in accordance with the terms thereof, except for the following City obligations under the Letter Agreement: (a) the obligations set forth in Sections B(1) and B(3) of the Letter Agreement can only be fulfilled when the final subdivision map for the Nobel Property is recorded; (b) any obligation of City under Section B(2) has yet to be triggered, since formation of a cost reimbursement district has not been requested; (c) the City has complied with and is continuing to comply with Section B(4); and (d) the City will issue a right of entry permit consistent with

CONFIDENTIAL TREATMENT

Section B(8) at the time consistent with City practices and applicable regulations, and after an application therefor has been filed.

3. The City has no remaining rights under the Settlement Agreement to acquire or reacquire any portion of the Nobel Property or any interest therein.

4. Neither party to the Settlement Agreement has any right to rescind any provisions contained in, or actions heretofore taken under, the Settlement Agreement pertaining to the Nobel Property.

5. To the City's knowledge, neither party is in breach or default of its respective obligations under the Settlement Agreement, and no event has occurred which, with notice or lapse of time, would constitute a default under the Settlement Agreement.

6. The City acknowledges that SDP and Seller have the right to assign their rights and interests and the benefits under the Settlement Agreement with respect to the Nobel Property to IDEC or an affiliate pursuant to the terms of the Assignment, a copy of which has been furnished to the City.

7. All improvements described in Paragraph B(7) of the Letter Agreement under the heading "City Agreements" and, to the extent not otherwise fully described therein, the extension of Miramar Road from I-805 to east of Eastgate Mall are assured to the satisfaction of the City Engineer.

8. IDEC shall have the right to assign its right to acquire the Nobel Property to an affiliate or other party, as permitted under the Purchase Agreement, prior to the close of escrow. The City acknowledges that this Certificate is intended to benefit, and may be relied upon, by IDEC, by any such assignee, and by any lender providing financing for the purchase of the Nobel Property.

IN WITNESS WHEREOF, this Certificate has been executed as of the date first above written.

CITY OF SAN DIEGO, a municipal corporation

By:

Dated: August ___, 2001

APPROVED AS TO FORM AND
LEGALITY:

CASEY GWINN, CITY ATTORNEY

By:

Dated: August ___, 2001

CONFIDENTIAL TREATMENT

ACKNOWLEDGED AND AGREED:

By executing this Certificate in the space provided below, the Partnership and Seller under the Purchase Agreement hereby acknowledge, agree, represent, warrant and certify, for the benefit of IDEC, any assignee of IDEC under the Purchase Agreement, and the City:

1. The matters set forth in Sections 1 through 8 above are true and correct.

2. Neither IDEC nor any assignee of IDEC under the Purchase Agreement is required to acquire, cause the City to acquire or accept, or otherwise utilize the 17 acres owned by the Partnership and described in Section B(3) of the Letter Agreement ("Mitigation Property") as mitigation land for purposes of satisfying conditions of City approval of development of the Nobel Property which require the provision of mitigation land. The Partnership and Seller hereby release the City, IDEC and any assignee of IDEC under the Purchase Agreement from any claim, loss, liability or cause of action which the Partnership and/or Seller may have, or claim to have, arising from the Mitigation Property not being acquired by the Buyer or by City or not being accepted by the City, or not being otherwise utilized for purposes of satisfying mitigation land requirements for the Nobel Property.

3. The above certifications by the Partnership and Seller may be relied upon by IDEC, by any assignee of IDEC as permitted under the Purchase Agreement, by any lender providing financing for the purchase of the Nobel Property, and by the City.

"SELLER"

SAN DIEGUITO PARTNERSHIP, L.P.,
a California limited liability company

By: SAN DIEGUITO VALLEY, INC.,
a California corporation, General Partner

By:

Roy B. Collins, President

JOHN R. BENSON AND BARBARA B. MEYER,
Co-Trustees of the Henrietta Benson Trust UDT
1/30/67

John R. Benson, by Archie T. Wright III,
as his Attorney-in-Fact

Barbara B. Meyer, by Archie T. Wright III,
as her Attorney-in-Fact

CONFIDENTIAL TREATMENT

JOHN V. HANNON AND MARGARET E. HANNON,
Co-Trustees of the John V. Hannon Living Trust
UDT 1/26/95

John V. Hannon, by Archie T. Wright III,
as his Attorney-in-Fact

Margaret E. Hannon, by Archie T. Wright
III, as her Attorney-in-Fact

JOSEPH S. HANNON AND MATTIE SUE HANNON,
Co-Trustees of the Joseph S. Hannon Living
Trust UDT 8/8/95

Joseph S. Hannon, by Archie T. Wright III,

as his Attorney-in-Fact

Mattie Sue Hannon, by Archie T. Wright III, as her Attorney-in-Fact

MARY S. BAKER, Trustee of the Mary S. Baker Living Trust UDT 5/14/92

Mary S. Baker, by Archie T. Wright III, as her Attorney-in-Fact

CONFIDENTIAL TREATMENT

GUSTAF O. ARRHENIUS AND JENNY L. ARRHENIUS, Co-Trustees of the Arrhenius Family Trust UDT 10/11/79

Gustaf O. Arrhenius, by Archie T. Wright III, as his Attorney-in-Fact

---

Jenny L. Arrhenius, by Archie T. Wright III, as her Attorney-in-Fact

PIA BARONE, a married woman

Pia Barone, by Archie T. Wright III, as her Attorney-in-Fact

LOUIS J. PETERSON AND AGNES F. PETERSON, Co-Trustees of the Louis J. Peterson and Agnes F. Peterson Revocable Trust UDT 4/5/96

Louis J. Peterson, by Archie T. Wright III, as his Attorney-in-Fact

---

Agnes F. Peterson, by Archie T. Wright III, as her Attorney-in-Fact

WILLIAM R. REVELLE, Trustee of the William R. Revelle Trust UDT 4/28/89

William R. Revelle, by Archie T. Wright III, as his Attorney-in-Fact

CONFIDENTIAL TREATMENT

REVELLE FAMILY REAL ESTATE LIMITED LIABILITY COMPANY, a Delaware limited liability company

By:

William R. Revelle, by Archie T. Wright III, as his Attorney-in-Fact
Its: Managing Member

CONFIDENTIAL TREATMENT REQUESTED

EXHIBIT "C"

REIMBURSABLE AMOUNTS

NOBEL RESEARCH PARK ENGINEERING	REQUESTED REIMBURSEMENT

[CONFIDENTIAL TREATMENT REQUESTED]

EXHIBIT "C"
-1-

CONFIDENTIAL TREATMENT

EXHIBIT "H"

(REVISED)

ASSIGNMENT AND ASSUMPTION OF CONTRACTS

This ASSIGNMENT AND ASSUMPTION OF CONTRACTS ("Assignment"), effective on _____, 2001 ("Effective Date"), is executed by SAN DIEGUITO PARTNERSHIP, L.P., a California limited partnership, and those other persons and entities set forth below ("Assignor"), and IDEC PHARMACEUTICALS CORPORATION, a Delaware corporation ("Assignee"), with reference to the following facts:

R E C I T A L S:

A. Pursuant to that certain Purchase and Sale Agreement and Escrow Instructions ("Purchase Agreement") dated July 17, 2001, as amended, Assignor has contracted to sell and Assignee has contracted to purchase certain real property more particularly described in Exhibit "A" attached to the Purchase Agreement ("Property").

A. Pursuant to the Purchase Agreement, Assignor has agreed to transfer and assign, and Assignee has agreed to assume, certain contractual obligations of Assignor relating to the Property.

A G R E E M E N T:

NOW, THEREFORE, in consideration of the mutual covenants set forth in the Purchase Agreement and the mutual covenants set forth herein, and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. ASSIGNMENT OF CONTRACTS. Assignor hereby assigns and transfers to Assignee all of Assignor's right, title and interest in and to the contracts listed on Exhibit "1" attached hereto and made a part hereof ("Assigned Contracts"). This assignment includes the rights and interests of Assignor to any and all guarantees and warranties expressly set forth or otherwise arising under or with respect to the Assigned Contracts.

2. ASSUMPTION OF CONTRACTS. Assignee hereby accepts said assignment, expressly assumes Assignor's obligations only under the Rick Engineering - Judicial Drive Contract and the Leslie Farms Contract set forth on Exhibit 1 (the "Assumed Contracts") and agrees to be bound by the terms, conditions and covenants thereof, and agrees to perform all the obligations imposed on Assignor under the Assumed Contracts arising on or after the Effective Date.

3. EFFECTIVE DATE. The assignment and assumption shall take effect on the Effective Date first set forth above, which is the date of recordation of the grant deed transferring the Real Property from Assignor to Assignee.

4. PAYMENT. Assignor represents and warrants that, as of the Effective Date, all sums due and payable by Assignor under the Assigned Contracts for work and services performed or materials delivered prior to the Effective Date have been paid in full.

EXHIBIT "H"
-1-

CONFIDENTIAL TREATMENT

5. INDEMNITY. Assignee shall indemnify, protect, hold harmless and defend (by counsel reasonably approved by Assignor) Assignor from and against any and all losses, liabilities, claims, demands, damages, costs or other expenses, including reasonable attorneys' fees, arising from or relating to any breach or default or obligation under the Assumed Contracts occurring on or after the Effective Date and with respect to any additional work or services Assignee may request be performed under any of the Assigned Contracts from and after the Effective Date. Assignor shall indemnify, protect, hold harmless and defend (by counsel reasonably approved by Assignee) Assignee from and against any and all losses, liabilities, claims, demands, damages, costs or other expenses, including reasonable attorneys' fees, arising from or relating to any breach or default or obligation under the Assigned Contracts occurring prior to the Effective Date.

6. GENERAL PROVISIONS.

(a) ATTORNEYS' FEES. In the event of any legal action or proceeding

between the parties arising out of this Assignment, the losing party shall pay the prevailing party's legal costs and expenses, including, but not limited to, reasonable attorneys' fees as determined by the court.

(b) ASSIGNMENT/SUCCESSORS. This Assignment shall inure to the benefit of and be binding upon the parties and their respective legal representatives, heirs, successors and assigns, including any nominee or assignee of Assignee under the Purchase Agreement.

(c) AUTHORITY. Each party represents and warrants that it has full power and authority to execute and fully perform its obligations under this Assignment pursuant to its governing instruments, without the need for any further action, and that the person(s) executing this Assignment on behalf of such party are duly designated agents and are authorized to do so.

(d) COUNTERPARTS. This Assignment may be executed in one or more counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same agreement after each party has executed such a counterpart.

(e) GOVERNING LAW. This Assignment shall be governed, construed and enforced in accordance with the laws of the State of California.

(f) NOTICE. Notice to either party shall be in writing, addressed to the party to be notified at the address specified herein, and either (1) personally delivered, or (2) sent by a recognized national overnight courier service such as Airborne, Federal Express or Purolator which provides a receipt upon delivery, or (3) sent by registered or certified first-class U.S. mail, postage prepaid, return receipt requested. Any such notice shall be deemed received on the date of receipt if personally delivered, or on the date of delivery evidenced by the receipt provided by the courier service or the registered or certified mail receipt, as the case may be.

If to Assignor, to:
San Dieguito Partnership, LP
San Dieguito Valley, Inc., General Partner
Roy B. Collins, President
656 Fifth Avenue, Suite B
San Diego, CA 92101
Telephone: (619) 232-6599
Fax: (619) 232-6592

With copy to:
Baker & McKenzie
Clark H. Libenson, Esq.
101 West Broadway, 12th Floor
San Diego, CA 92101
Telephone: (619) 235-7778
Fax: (619) 236-0429

If to Assignee, to:
IDEC Pharmaceuticals Corporation
3030 Callan Road
San Diego, CA 92121
Attn: Mr. Phillip Schneider and Corporate Secretary
Telephone: (858) 431-8500
Fax: (858) 431-8887

With copy to:
Allen Matkins Leck Gamble & Mallory LLP
501 West Broadway, Ninth Floor
San Diego, CA 92101
Attn: Ellen B. Spellman, Esq.
Telephone: (619) 233-1155
Fax: (619) 233 1158

If to Escrow Agent, to:
Chicago Title Company
925 "B" Street
San Diego, CA 92101
Attn: Ms. Shelva Molm
Telephone: (619) 544-6250
Fax: (619) 544-6229

Either party may change its address for notice by delivering written notice to the other party as provided herein.

[Signatures Appear on Next Page]

IN WITNESS WHEREOF, the parties have executed this Assignment and Assumption of Contracts to be effective on the Effective Date first set forth above.

"ASSIGNOR"

SAN DIEGUITO PARTNERSHIP, L.P.,
a California limited liability company

By: SAN DIEGUITO VALLEY, INC.,
a California corporation, General Partner

By:

Roy B. Collins, President

JOHN R. BENSON AND BARBARA B. MEYER,
Co-Trustees of the Henrietta Benson Trust UDT
1/30/67

John R. Benson, by Archie T. Wright III,
as his Attorney-in-Fact

Barbara B. Meyer, by Archie T. Wright III,
as her Attorney-in-Fact

JOHN V. HANNON AND MARGARET E. HANNON,
Co-Trustees of the John V. Hannon Living Trust
UDT 1/26/95

John V. Hannon, by Archie T. Wright III,
as his Attorney-in-Fact

Margaret E. Hannon, by Archie T. Wright III,
as her Attorney-in-Fact

CONFIDENTIAL TREATMENT

JOSEPH S. HANNON AND MATTIE SUE HANNON,
Co-Trustees of the Joseph S. Hannon Living
Trust UDT 8/8/95

Joseph S. Hannon, by Archie T. Wright III,
as his Attorney-in-Fact

Mattie Sue Hannon, by Archie T. Wright III,
as her Attorney-in-Fact

MARY S. BAKER, Trustee of the Mary S. Baker
Living Trust UDT 5/14/92

Mary S. Baker, by Archie T. Wright III,
as her Attorney-in-Fact

GUSTAF O. ARRHENIUS AND JENNY L. ARRHENIUS,
Co-Trustees of the Arrhenius Family Trust UDT
10/11/79

Gustaf O. Arrhenius, by Archie T. Wright III,
as his Attorney-in-Fact

Jenny L. Arrhenius, by Archie T. Wright III,
as her Attorney-in-Fact

PIA BARONE, a married woman

Pia Barone, by Archie T. Wright III,
as her Attorney-in-Fact

EXHIBIT "H"
-5-

CONFIDENTIAL TREATMENT

LOUIS J. PETERSON AND AGNES F. PETERSON,
Co-Trustees of the Louis J. Peterson and
Agnes F. Peterson Revocable Trust UDT 4/5/96

Louis J. Peterson, by Archie T. Wright III,
as his Attorney-in-Fact

Agnes F. Peterson, by Archie T. Wright III,
as her Attorney-in-Fact

REVELLE FAMILY REAL ESTATE LIMITED LIABILITY
COMPANY, a Delaware limited liability company

By:

William R. Revelle, by Archie T.
Wright III, as his
Attorney-in-Fact
Its: Managing Member

"ASSIGNEE"

IDEC PHARMACEUTICALS CORPORATION,
a Delaware corporation

By:

EXHIBIT "H"
-6-

CONFIDENTIAL TREATMENT

EXHIBIT I

- - Contract by and between RECON Environmental, Inc. ("RECON") and San Dieguito Partnership, L.P. ("SDP"), dated September 17, 1998, as RECON No. 3086, modified as follows:

-- Change Order Agreement dated January 3, 2001 with respect to implementation and monitoring of the Gonzalez Canyon Wetland mitigation/restoration (RECON No. 3068), as modified by that certain Change Order Agreement dated August 30, 2001 deleting from the scope of the original contract as amended all maintenance and monitoring services [to be included in a new separate contract with IDEC].

- - Contract by and between Construction Fence Company and SDP, dated August 28, 2001, for installation of a six-foot chain link fence and two gates at perimeter of Gonzales Canyon wetland restoration area as specified by project biologist.

- - Contract by and between Rick Engineering Company and SDP, dated December 14, 2000, for work pertaining to Nobel Research Park and construction of Judicial Drive and utilities (the "Rick Engineering - Judicial Drive Contract").

- - Unwritten Agreement between Rick Engineering Company and SDP for preparation of ALTA/ACSM Survey of the Nobel Research Park property (ALTA Survey Job No. 13360-C).

- - Unwritten Agreement between Rick Engineering Company and SDP concerning preparation of engineering drawings and coordination of installation of wet/dry utilities in Nobel Drive (Job No. 13360-0).

- - Short Form Standard Subcontract dated July 27, 2000, between SDP and FCI Constructors, Inc. for installation of utilities servicing Nobel Research Park.

- - Short Form Standard Subcontract dated May 15, 2000, between SDP and FCI Constructors, Inc. for installation of water line at Nobel Drive extension.

- - Contract between SDP and Utility Specialists Southwest, Inc. dated March 22, 1999 regarding installation of wet and dry utilities in Nobel Drive

extension to service the Nobel Research Park.

- - Agreement for Extension and Construction of Underground Electric and Gas Facilities, dated April 28, 2000, between SDP and San Diego Gas & Electric Company for installation of underground electric and gas service to the Nobel Research Park.

- - Letter Agreement between SDP and Leslie Farms, Inc., dated September 5, 2001 ("Leslie Farms Contract") for the installation of a two-inch PVC water line and four months of irrigation water supply to the Gonzalez Canyon wetland restoration area.

CONFIDENTIAL TREATMENT

SCHEDULE "1"

Nobel Research Park Ownership
APN: 345-010-45; 345-011-25

September 6, 2001

SUPERVISING CO-TENANT:	
SAN DIEGUITO PARTNERSHIP	32.3254161%
CO-TENANTS:	
Revelle Family Real Estate LLC, a Delaware limited liability company	2.3484071%
John R. Benson and Barbara B. Meyer, Co-Trustees of the Henrietta Benson Trust UDT 1/30/67	22.7398393%
John V. Hannon and Margaret E. Hannon, Co-Trustees of the John V. Hannon Living Trust UDT 1/26/95	11.6067898%
Joseph S. Hannon and Mattie Sue Hannon, Co-Trustees of the Joseph S. Hannon Living Trust UDT 8/8/95	9.0171929%
Mary S. Baker, Trustee of the Mary S. Baker Living Trust UDT 5/14/92	9.0171929%
Gustaf O. Arrhenius and Jenny L. Arrhenius, Co-Trustees of the Arrhenius Family Trust UDT 10/11/79	3.2384504%
Pia Barone, a married woman	3.2384530%
Louis J. Peterson and Agnes F. Peterson, Co-Trustees of the Louis J. Peterson and Agnes F. Peterson Revocable Trust UDT 4/5/96	6.4682585%
	67.6745839%
	100.0000000%

CONFIDENTIAL TREATMENT REQUESTED: PAGES WHERE CONFIDENTIAL TREATMENT HAS BEEN REQUESTED ARE MARKED "CONFIDENTIAL TREATMENT REQUESTED" AND APPROPRIATE SECTIONS, WHERE TEXT HAS BEEN OMITTED, ARE NOTED WITH "[CONFIDENTIAL TREATMENT REQUESTED]." AN UNREDACTED VERSION OF THIS DOCUMENT HAS BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.

SUPPLY AGREEMENT

BETWEEN

CATALYTICA PHARMACEUTICALS, INC.

AND

IDEC PHARMACEUTICALS CORPORATION

CONFIDENTIAL TREATMENT REQUESTED

SUPPLY AGREEMENT

THIS SUPPLY AGREEMENT is made effective as of this ____ day of August, 2001, by and between IDEC PHARMACEUTICALS CORPORATION, a corporation organized under the laws of the State of Delaware and having a place of business at 3030 Callan Road, San Diego, California 92121 ("Customer") and CATALYTICA PHARMACEUTICALS, INC., a corporation organized under the laws of the State of Delaware and having a place of business at US 13/NC 11, Greenville, North Carolina 27834 ("Catalytica") (each individually a "Party" and collectively the "Parties").

WITNESSETH:

WHEREAS, Customer wishes to distribute commercially a certain pharmaceutical product known as ibritumomab tiuxetan ("Zevalin") in finished dosage form for human use;

WHEREAS, Catalytica has the experience, personnel, facilities, and expertise necessary to perform chemical and pharmaceutical development, manufacturing, packaging, analytical testing and quality assurance services for the manufacturing, labeling and packaging of such product for sale to Customer;

WHEREAS, Customer desires Catalytica to perform such services and sell such product to Customer and Catalytica desires to perform such services and sell such product to Customer, all on the terms and conditions set forth in this Agreement;

WHEREAS, the Parties desire to negotiate in good faith to attempt to achieve a broader strategic alliance with respect to the commercialization of Zevalin; and

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

ARTICLE 1
DEFINITIONS

The following terms, whether used in the singular or plural, shall have the meanings assigned to them below for purposes of this Agreement:

1.1 "ACQUISITION COST" shall mean the actual invoiced price paid by either Party to any Third Party for acquiring IDEC Ingredients or Excipients hereunder, including, but not limited to, shipping and handling costs and customs duties incurred and paid by such Party to any Third Party in connection with the acquisition of IDEC Ingredients or Excipients, as the case may be.

1.2 "IDEC INGREDIENTS" shall mean, with respect to the Product, [CONFIDENTIAL TREATMENT REQUESTED].

1.3 "AFFILIATE" shall mean any corporation or non-corporate entity which directly or indirectly controls, is controlled by, or is under common control with a Party. A corporation or non-corporate entity shall be regarded as in control of another corporation if it owns or directly or indirectly controls at least fifty percent (50%) of the voting stock of the other corporation or (a) in the absence of the ownership of at least fifty percent (50%) of the voting stock of a corporation or (b) in the case of a non-corporate entity, the power to direct or cause the direction of the management and policies of such corporation or non-corporate entity, as applicable.

1.4 "AGREEMENT" shall mean this Supply Agreement, including any exhibits, supplements and modifications approved in writing by appropriate corporate officers of each of the Parties.

1.5 "APPLICABLE LAWS AND REGULATIONS" shall mean all federal, state, and local laws, regulations and guidelines of the United States or the European Union ("EU") that apply to the services being provided by Catalytica under this Agreement, including, without limitation, the requirements of the U.S. Food and Drug Administration and other United States and EU governmental authorities which may be applicable, as such requirements may be amended from time to time, as well as those laws, regulations and guidelines of any other jurisdiction mutually agreed by the Parties in a supplement hereto.

1.6 "BATCH" shall mean any of the following: (a) a development/clinical trial batch of Product; (b) a Validation Batch; or (c) with respect to Product, either (i) a specifically defined batch or (ii) any other size batch as agreed to by Catalytica and Customer, as applicable.

1.7 "CONFIDENTIAL INFORMATION" shall mean all information, data, know-how and all other business, technical and financial data disclosed hereunder by one Party or any of its Affiliates to the other Party or any of its Affiliates, except any portion thereof which:

(a) at the time of disclosure, is the subject of the public knowledge;

(b) after disclosure, becomes part of the public knowledge by publication or otherwise, except by breach of this Agreement by the recipient;

(c) the recipient can demonstrate by its written records that were in the recipient's possession at the time of such disclosure, and which was not acquired, directly or indirectly, from the disclosing party;

(d) was lawfully disclosed to the recipient on a non-confidential basis by a Third Party who is not obligated to the disclosing Party or any other Third Party to retain such Confidential Information in confidence;

(e) results from research and development by the recipient independent of such disclosure as shown by competent written evidence; or

(f) is required to be disclosed by legal process; PROVIDED, in each case the Party so disclosing information timely informs the other Party and uses its best efforts to limit the disclosure and maintain confidentiality to the extent possible and permits the other Party to attempt by appropriate legal means to limit such disclosure.

Written Confidential Information shall be identified by the disclosing Party as being confidential by stamping the cover pages of such information "Confidential." Confidential Information disclosed orally, visually and/or in another tangible form shall be identified by the disclosing Party to the receiving Party as confidential at the time of such disclosure and confirmed to the receiving Party within thirty (30) days after such disclosure in a writing marked "Confidential."

1.8 "CONTRACT QUARTER" shall mean each period of three (3) successive calendar months during each Contract Year, the first Contract Quarter commencing on the first day of the first Contract Year.

1.9 "CONTRACT YEAR" shall mean the period of twelve (12) successive calendar months commencing on the first day of the month of the first Delivery Date, PROVIDED that the first Delivery Date shall be [CONFIDENTIAL TREATMENT REQUESTED], and each successive twelve (12) month period thereafter.

1.10 "COORDINATOR" OR "COORDINATORS" shall mean that authorized representative and backup representative appointed respectively by Customer and Catalytica hereunder who shall be responsible for the exchange of all communications of proprietary and non-proprietary information other than legal notices and activities covered by the Quality Agreement (as defined below), related to the manufacturing, testing, labeling and packaging of the Product.

1.11 "CURRENT GOOD MANUFACTURING PRACTICES OR cGMP" shall mean current Good Manufacturing Practice regulations, directives, and guidelines established by: (i) regulations promulgated under the Federal Food, Drug and Cosmetic Act, including 21 C.F.R. Parts 210 and 211 and 600, and (ii) the Guide to Manufacturing Practice for Medicinal Products under European Directives, as all of such regulations, guidelines and directives may be amended from time to time.

1.12 "CUSTOMER'S BLA" shall mean Customer's biologics license application ("BLA") relating to the formulation of the Product or any amendments, and any supplements to such BLA as may be filed during the term hereof.

1.13 "DELIVERY DATE" shall mean a date for which delivery of Product is stated in a Purchase Order.

1.14 "DRUG PRODUCT COMPONENT SPECIFICATIONS" shall mean the specifications for the IDEC Ingredients and Excipients (collectively, the "Drug Product Components") which will be attached hereto as Exhibit 2 and made a part hereof, as determined in accordance with the analytical methodology set forth therein, as such specifications may be amended from time to time by mutual agreement of the Parties.

1.15 "EFFECTIVE DATE" shall mean the date appearing at the beginning of this Agreement.

1.16 "EXCIPIENTS" shall mean the raw materials, other than IDEC Ingredients, required to manufacture the Product in accordance with the Product Specifications.

1.17 "FACILITY" shall mean Catalytica's SPO-South production facility located at the intersection of US 13 and NC 11 with US 264 By-Pass in Greenville, North Carolina or such other manufacturing facilities mutually agreed upon in writing by the Parties.

1.18 "FD&C ACT" shall mean the United States Federal Food, Drug and Cosmetic Act, as amended.

1.19 "FDA" shall mean the United States Food and Drug Administration, or any successor entity.

1.20 "FIRST COMMERCIAL SALE" shall mean the first commercial sale of the Commercial Drug Product by Customer or its Affiliates in the Territory following Product Approval.

1.21 "INITIAL TERM" shall have the meaning set forth in Section 10.1 hereof.

1.22 "KIT" shall mean a Labeled Kit or an Unlabeled Kit.

1.23 "LABELED KIT" shall mean [CONFIDENTIAL TREATMENT REQUESTED]. The term "Kit component" shall mean any [CONFIDENTIAL TREATMENT REQUESTED].

1.24 "LABELED IMAGING KIT" shall mean [CONFIDENTIAL TREATMENT REQUESTED].

1.25 "LABELED THERAPEUTIC KIT" shall mean [CONFIDENTIAL TREATMENT REQUESTED].

1.26 "MATERIAL SUPPLY FAILURE" shall mean: [CONFIDENTIAL TREATMENT REQUESTED].

1.27 "PACKAGING SPECIFICATIONS" shall mean the packaging and labeling specifications for the Product which will be attached hereto as Exhibit 3 and made a part hereof, as such specifications may be amended from time to time by mutual agreement of the Parties.

1.28 "PARTIAL BATCH" shall mean that portion of a Batch of Product which is less than all of any specifically defined Batch or less than all of any other size Batch as agreed to by Catalytica and Customer, as applicable.

1.29 "PRODUCT" shall mean the [CONFIDENTIAL TREATMENT REQUESTED].

1.30 "PRODUCT APPROVAL" shall mean (i) final approval of Customer's BLA by the FDA with respect to Product to be marketed in the United States; (ii) final approval of all applicable authorities of the EU as well as its component countries if so required, of all filings necessary with respect to Product to be marketed in the EU; or (iii) as to any other country or jurisdiction mutually agreed by the Parties, approval by any national, supra national, regional, state or local regulatory agency, department, bureau, commission, council or other governmental entity, necessary for the lawful manufacture, distribution, use, import, export or sale of such Product in such country.

1.31 "PRODUCT PRICE" shall mean the price set forth in Exhibit 1 attached hereto and made a part hereof, as such price may be amended from time to time during the Initial Term or any renewal term.

1.32 "PRODUCT SPECIFICATIONS" shall mean the specifications for the Product which are attached hereto as Exhibit 4 and made a part hereof, as such specifications may be amended from time to time by mutual written agreement of the Parties, including without limitation such amendments as may be required to obtain Product Approval.

1.33 "PURCHASE ORDER" shall have the meaning set forth in Section 7.1 hereof.

1.34 "QUALITY AGREEMENT" shall mean the Intercompany Quality Agreement, as further defined in Section 5.5, and attached hereto as Exhibit 5 as well as any amendments and/or any addendum thereto or any separate intercompany quality agreement entered into pursuant to SECTION 5.6 hereof.

1.35 "SECONDARY PACKAGING COMPONENTS" shall mean packaging components other than vials, stoppers and aluminum caps.

1.36 "SPECIFICATIONS" shall mean the Product Specifications and the Packaging Specifications.

1.37 "TERRITORY" shall mean the United States of America.

1.38 "THIRD PARTY" shall mean any party other than Customer, Catalytica and their respective Affiliates.

1.39 "UNLABELED KIT" shall mean [CONFIDENTIAL TREATMENT REQUESTED].

1.40 "VALIDATION ACTIVITIES" shall mean those activities, as required by cGMP, that shall be performed by Catalytica prior to the First Commercial Sale including, but not limited to, qualification of facilities, laboratories, equipment, computers and utilities, process qualification, qualification of physical and analytical test methods, preparation of validation technical reports, cleaning validation, and manufacturing of Validation Batches.

1.41 "VALIDATION BATCHES" for a dosage form shall mean those batches manufactured by Catalytica during the course of the Validation Activities.

ARTICLE 2
SALE AND PURCHASE OF PRODUCT

2.1 [CONFIDENTIAL TREATMENT REQUESTED].

2.2 DEVELOPMENT/CLINICAL TRIALS PRODUCT. Catalytica agrees to supply sufficient quantities of Product as requested by Customer for pre-clinical activities and clinical trials or other developmental activities in accordance with the prices set forth in Exhibit 1 hereto, subject to adjustment as set forth in Section 8.2 hereof. Any such quantities of Product purchased by Customer from Validation Batches shall be included in the calculation of [CONFIDENTIAL TREATMENT REQUESTED] Kits.

2.3 [CONFIDENTIAL TREATMENT REQUESTED].

(a) ADVERSE REGULATORY ACTION. [CONFIDENTIAL TREATMENT REQUESTED]

(b) BUSINESS INTERRUPTION INSURANCE. Customer shall attempt to obtain business interruption insurance relative to Catalytica's production of Product, which business interruption insurance shall be substantially similar to that obtained by Customer in respect of other transactions of this magnitude and shall be satisfactory to Customer in its sole discretion. [CONFIDENTIAL TREATMENT REQUESTED]

(c) [CONFIDENTIAL TREATMENT REQUESTED]

(d) [CONFIDENTIAL TREATMENT REQUESTED]

ARTICLE 3
COORDINATORS

Within ten (10) days after the Effective Date hereof, Customer and Catalytica shall each appoint an authorized representative and a backup representative ("Coordinators") who will be responsible for the exchange of all communications of proprietary and non-proprietary information other than legal notices and activities covered by the Quality Agreement (as defined in Section 5.6 hereof), related to the manufacturing, testing, labeling and packaging of the Product. Each such Party shall provide notice to the other Party as to the name and title of the individuals so appointed. Each Party may replace its Coordinators with qualified personnel at any time for any reason by providing written notice to the other Party in accordance with Section 19.10 hereof. The Coordinators shall conduct quarterly meetings in person or by such other

means as the Parties may so agree, to review project progress, any developments regarding appropriate inventory levels, manufacturing, testing, labeling, or packaging of Product, including cGMP compliance matters, and efforts to expedite the quality assurance/quality control process. The Coordinators shall negotiate in good faith to reach agreement as to all such matters. A written report of meetings shall be prepared on an alternating basis by the assigned Coordinator of each of the Parties and promptly distributed to the Coordinator for the other Party hereto.

ARTICLE 4
EQUIPMENT; IDEC INGREDIENTS; EXCIPIENTS; ARTWORK

4.1 EQUIPMENT. Catalytica shall be responsible for purchasing, installing, and qualifying at its facility any and all appropriate new or used dedicated equipment, molds, and tooling necessary for the manufacturing, packaging, and labeling of the Product, provided that [CONFIDENTIAL TREATMENT REQUESTED] Catalytica shall be responsible for scheduling and performing routine

maintenance, calibration, and servicing of such equipment so long as such equipment remains at Catalytica's facility. Catalytica shall maintain appropriate written records of such maintenance and service activities as required by all Applicable Laws and Regulations, together with a current inventory of all equipment [CONFIDENTIAL TREATMENT REQUESTED] Notwithstanding the forgoing, in the event that Catalytica purchases used equipment as provided hereunder, Catalytica shall obtain from the seller of such used equipment, sufficient documentation to demonstrate that any and all product residuals have been removed or obliterated. In the event that Catalytica determines that it is necessary to purchase equipment previously used in the manufacture of antibiotics, cytotoxics or other sensitizing compounds, such purchase shall occur [CONFIDENTIAL TREATMENT REQUESTED].

4.2 IDEC INGREDIENTS SUPPLY. As soon as possible after submitting each Purchase Order for Product [CONFIDENTIAL TREATMENT REQUESTED], Customer shall provide to Catalytica sufficient quantities of IDEC Ingredients, [CONFIDENTIAL TREATMENT REQUESTED], necessary for Catalytica to manufacture Product hereunder, as well as applicable certificates of analysis. In the event Customer is unable to provide such IDEC Ingredients [CONFIDENTIAL TREATMENT REQUESTED]. Upon request by Catalytica, Customer shall promptly send Catalytica all reference standards relating to the IDEC Ingredients developed by or for Customer. Customer shall ensure that all imported IDEC Ingredients or other materials supplied to Catalytica by or on behalf of Customer comply with all applicable laws and regulations relating to the import of such IDEC Ingredients and materials and receive all required governmental and regulatory approvals, including without limitation customs and FDA approvals. Catalytica shall receive the IDEC Ingredients and use product tracking, identification and inventory procedures in accordance with all Applicable Laws and Regulations.

4.3 TITLE TO IDEC INGREDIENTS SUPPLIED BY CUSTOMER. Customer shall retain title to all IDEC Ingredients and accompanying documentation supplied to Catalytica.

4.4 EXCIPIENTS SUPPLY. Catalytica shall, [CONFIDENTIAL TREATMENT REQUESTED], supply Excipients for the Product as well as all other materials required to manufacture, test, package, label and release the Product, with the exception of IDEC Ingredients.

4.5 ARTWORK. [CONFIDENTIAL TREATMENT REQUESTED], Customer shall provide at no cost to Catalytica, in a format mutually agreed upon by the Parties, digital artwork for all packaging components to be used in the manufacture of the Product, which artwork shall meet the Packaging Specifications. Notwithstanding the foregoing, the Parties shall cooperate and use their best commercial efforts to finalize and expeditiously utilize for packaging any artwork needed for the initial commercialization of the Product.

ARTICLE 5
WARRANTIES; SPECIFICATIONS; QUALITY AGREEMENT

5.1 WARRANTIES BY CATALYTICA.

(a) Catalytica warrants to Customer that the Product prior to and at the time of sale and shipment by Catalytica, (1) will conform to the Specifications, as then in effect, (2) will have been formulated, manufactured, stored, tested, labeled and shipped in accordance with cGMP, and all Applicable Laws and Regulations, and as set forth in the Certificate of Compliance and Certificate of Analysis for such Product (provided in accordance with the Quality Agreement) and (3) will not be (i) adulterated or misbranded by Catalytica within the meaning of the FD&C Act, or (ii) an article that may not be introduced into interstate commerce under the provisions of Sections 404 or 505 of the FD&C Act, or (iii) an article that fails to comply with all Applicable Laws and Regulations.

(b) Catalytica warrants that the Facility has been adequately designed, qualified and maintained, and that Catalytica has appropriate licenses, permits and authorizations, including without limitation a CBER facility license, from applicable federal, state and local authorities such that Catalytica may carry out its obligations under this Agreement. Catalytica further warrants that it has an adequate number of employees with requisite training, education and experience required by cGMP, and that all persons performing the services under this Agreement have not been debarred under section 306 of the FD&C Act, and that it is in compliance with all Applicable Laws and Regulations. Catalytica further represents and warrants that to the best of its knowledge the performance of its services hereunder will not infringe any patent or other intellectual property right of any Third Party.

5.2 DISCLAIMER BY CATALYTICA. [CONFIDENTIAL TREATMENT REQUESTED]

5.3 WARRANTIES BY CUSTOMER. Customer warrants that, at the time it releases or causes to be released the IDEC Ingredients to Catalytica for use in the manufacture of the Product, the IDEC Ingredients shall meet the Drug Product Component Specifications and shall be suitable for use in the manufacture of the Product. Customer warrants that upon delivery to Catalytica, no IDEC Ingredients constituting or being part of any shipment or other delivery now or hereafter made to Catalytica will be adulterated or misbranded within the meaning of the FD&C Act or would be an article which may not be introduced into interstate

commerce under the

provisions of Section 404 or 505 of the FD&C Act. Catalytica shall have no responsibility for, or liability with respect to, any Product that fails to comply with the warranties set forth in Section 5.1 hereof (i) due in whole or in part to the failure of any IDEC Ingredient to comply with the warranties set forth in this Section 5.3 or (ii) to the extent impacted or affected by IDEC's negligence or willful misconduct or IDEC's breach of this Agreement. In the event Customer ships Product outside of the United States, Customer represents and warrants that it will comply fully with all export administration and control laws and regulations of the United States government as may be applicable to the export, resale or other disposition of any Products purchased from Catalytica.

5.4 SHELF LIFE. The Parties warrant and covenant that they shall cooperate and use commercially reasonable efforts to expedite the quality assurance/quality control process to increase the shelf life of Product with respect to those portions of the process controlled by each of the respective Parties. The Parties shall cooperate and work together in good faith to evaluate and implement changes to the Agreement needed to address difficulties associated with increasing shelf life of Product in light of regulatory adjustments to shelf life, provided, however, Catalytica shall provide Customer with Product which shall have at least the Minimum Shelf Life. [CONFIDENTIAL TREATMENT REQUESTED].

5.5 SPECIFICATION OR SCOPE CHANGES. In the event Customer changes the Specifications, Customer shall promptly advise Catalytica in writing of such changes, and if such changes are acceptable to Catalytica, Catalytica shall promptly advise Customer as to any scheduling and/or price adjustments which may result from such changes. The Parties shall cooperate and shall make a good faith effort to implement any required changes. In the event Customer requests a change in the scope of this Agreement, Catalytica agrees to give good faith consideration to implementation of such scope change. Prior to implementation of such specification or scope changes, [CONFIDENTIAL TREATMENT REQUESTED] Specification changes will be handled by the change control procedures set forth in the Quality Agreement. Customer agrees to reimburse Catalytica for the reasonable expenses incurred by Catalytica as a result of such specification and scope changes, [CONFIDENTIAL TREATMENT REQUESTED]. If during the term of this Agreement Customer amends or is required by law to amend the Specifications so as to render the IDEC Ingredients, Excipients and/or packaging components for the Product obsolete, Customer shall purchase from Catalytica [CONFIDENTIAL TREATMENT REQUESTED] that amount of inventory of Excipients and packaging components so rendered obsolete, and Customer shall purchase from Catalytica [CONFIDENTIAL TREATMENT REQUESTED] that amount of inventory of Product so rendered obsolete, but only to the extent that such inventory has been purchased pursuant to agreement of the Coordinators as described below and in Article 3 hereof. The Parties shall discuss the inventory levels of packaging components, other materials (including IDEC Ingredients and Excipients), and Product at each quarterly meeting of the Coordinators, as described in Article 3 hereof, in order to establish financially reasonable levels of inventories and/or procedures for purchasing and holding components, materials and Product.

5.6 QUALITY AGREEMENT. Catalytica and Customer have entered into a mutually acceptable Quality Agreement, a true and correct copy is attached hereto as Exhibit 5, to further detail the quality control and the quality assurance obligations and responsibilities of the Parties

with respect to the manufacture of Product to be sold in the Territory ("Quality Agreement"). [CONFIDENTIAL TREATMENT REQUESTED].

ARTICLE 6
FORECASTS; ORDERS

6.1 FORECAST SCHEDULES.

(a) [CONFIDENTIAL TREATMENT REQUESTED] NON-BINDING FORECAST. [CONFIDENTIAL TREATMENT REQUESTED], Customer shall deliver to Catalytica [CONFIDENTIAL TREATMENT REQUESTED], a non-binding forecast of Customer's potential purchases of Product from Catalytica hereunder ("Non-Binding Forecast"). Such Non-Binding Forecast shall be for the sole purpose of permitting Catalytica and Customer to plan scale-up activities and future purchases of capital equipment and components that may be required to fulfill such forecasts and shall not constitute an obligation of Customer to purchase the quantities of Product indicated in such forecasts. On or before each annual anniversary date of the Effective Date, Customer shall deliver to Catalytica an updated Non-Binding Forecast [CONFIDENTIAL TREATMENT REQUESTED].

(b) ROLLING [CONFIDENTIAL TREATMENT REQUESTED] FORECASTS.

(i) ROLLING [CONFIDENTIAL TREATMENT REQUESTED] FORECAST. Customer shall provide Catalytica with a "Rolling [CONFIDENTIAL TREATMENT

REQUESTED] Forecast" as provided herein. Customer shall provide the first Rolling [CONFIDENTIAL TREATMENT REQUESTED] Forecast [CONFIDENTIAL TREATMENT REQUESTED]. Customer shall update such Rolling [CONFIDENTIAL TREATMENT REQUESTED] Forecast monthly.

(ii) FIRM ORDERS. [CONFIDENTIAL TREATMENT REQUESTED] shall be considered "Firm Orders," against which Catalytica shall institute production and Customer is required to submit Purchase Orders. Firm Orders shall specify Delivery Dates for the Kits of Product included therein, and each such Delivery Date shall, when initially provided for a Firm Order, allow Catalytica [CONFIDENTIAL TREATMENT REQUESTED] in which to fill such Firm Order. The cumulative Firm Order Kit quantities included within each [CONFIDENTIAL TREATMENT REQUESTED] Firm Order period shall be one hundred percent (100%) binding on both Parties, [CONFIDENTIAL TREATMENT REQUESTED].

(iii) SEMI-FIRM ORDERS. The [CONFIDENTIAL TREATMENT REQUESTED] shall be considered "Semi-Firm Orders". For each [CONFIDENTIAL TREATMENT REQUESTED] period of a Rolling [CONFIDENTIAL TREATMENT REQUESTED] Forecast set forth below, [CONFIDENTIAL TREATMENT REQUESTED] Forecast. Notwithstanding the foregoing, during the first Contract Year, Customer shall not be bound to the [CONFIDENTIAL TREATMENT REQUESTED]. For each [CONFIDENTIAL TREATMENT REQUESTED] period of a Rolling [CONFIDENTIAL TREATMENT REQUESTED] forecast [CONFIDENTIAL TREATMENT REQUESTED].

TIME PERIOD	[CONFIDENTIAL TREATMENT REQUESTED]	[CONFIDENTIAL TREATMENT REQUESTED]
[CONFIDENTIAL TREATMENT REQUESTED]	[CONFIDENTIAL TREATMENT REQUESTED]	[CONFIDENTIAL TREATMENT REQUESTED]
[CONFIDENTIAL TREATMENT REQUESTED]	[CONFIDENTIAL TREATMENT REQUESTED]	[CONFIDENTIAL TREATMENT REQUESTED]
[CONFIDENTIAL TREATMENT REQUESTED]	[CONFIDENTIAL TREATMENT REQUESTED]	[CONFIDENTIAL TREATMENT REQUESTED]

For each [CONFIDENTIAL TREATMENT REQUESTED] period of a Rolling [CONFIDENTIAL TREATMENT REQUESTED] Forecast, the Product quantity obligations set forth above shall be binding as a cumulative Kit quantity over such [CONFIDENTIAL TREATMENT REQUESTED].

(iv) CONFIRMATION OF FIRM ORDERS. Within [CONFIDENTIAL TREATMENT REQUESTED] after receiving the initial and each update for the Rolling [CONFIDENTIAL TREATMENT REQUESTED] Forecast, Catalytica shall provide Customer written confirmation of Catalytica's ability to meet the Firm Order quantities included within such Rolling [CONFIDENTIAL TREATMENT REQUESTED] Forecast. In addition, Catalytica shall provide Customer the scheduled dates or approximate dates of the runs for the [CONFIDENTIAL TREATMENT REQUESTED] covered by such Rolling [CONFIDENTIAL TREATMENT REQUESTED] Forecast.

(v) Customer shall use reasonable efforts to forecast Product needs on a reasonably uniform basis throughout each Contract Year. [CONFIDENTIAL TREATMENT REQUESTED]

(c) ROLLING [CONFIDENTIAL TREATMENT REQUESTED] OPERATIONS SCHEDULE. Customer and Catalytica shall collaborate in good faith to maintain an ongoing "Rolling [CONFIDENTIAL TREATMENT REQUESTED] Operations Schedule", which shall be provided by Catalytica on a monthly basis commencing [CONFIDENTIAL TREATMENT REQUESTED] and shall cover a period of approximately [CONFIDENTIAL TREATMENT REQUESTED]. The Rolling [CONFIDENTIAL TREATMENT REQUESTED] Operations Schedule shall include (i) dates or approximate dates on which Customer shall ship IDEC Ingredients to Catalytica, (ii) size or approximate size of IDEC Ingredients; (iii) dates or approximate dates on which Catalytica will manufacture and fill Batches of Product, (iv) dates or approximate dates for Customer release of Product, (v) scheduled dates or approximate dates upon which Kits or Kit components shall be labeled, (vi) size or approximate size of Kits of Product, (vii) dates or approximate dates upon which Kits or

Unlabelled Kit components will be packaged and shipped, (viii) destination for shipment of Kits of Product and (ix) current inventory schedules for each Kit component. The Rolling [CONFIDENTIAL TREATMENT REQUESTED] Operations Schedule shall be used by the Parties for planning and coordination, and the Parties

shall communicate and cooperate in good faith to ensure that such document is as accurate and up-to-date as possible.

(d) NOTIFICATIONS REGARDING [CONFIDENTIAL TREATMENT REQUESTED] AND [CONFIDENTIAL TREATMENT REQUESTED]. The Parties shall use good faith to determine the [CONFIDENTIAL TREATMENT REQUESTED] and [CONFIDENTIAL TREATMENT REQUESTED] obligations applicable to particular periods under Section (b) (ii) and (b) (iii) above. If either Party hereto determines that the other Party may breach an obligation related to the [CONFIDENTIAL TREATMENT REQUESTED] or [CONFIDENTIAL TREATMENT REQUESTED] the Party who makes such determination shall notify the other Party as soon as reasonably practicable. The Party who is believed to be in danger of breaching its obligation hereunder shall be provided a reasonable opportunity to correct its forecast, schedule, or other intended course of action so that it may avoid such breach, and the other Party hereto shall use reasonable efforts to allow and accommodate such correction. In the event that the Parties disagree on the calculation of the [CONFIDENTIAL TREATMENT REQUESTED] or [CONFIDENTIAL TREATMENT REQUESTED] applicable to [CONFIDENTIAL TREATMENT REQUESTED] time period, the Parties shall negotiate in good faith to resolve any such disagreement.

6.2 [CONFIDENTIAL TREATMENT REQUESTED]

(a) [CONFIDENTIAL TREATMENT REQUESTED].

(i) In the event that Customer does not meet its [CONFIDENTIAL TREATMENT REQUESTED] for a particular [CONFIDENTIAL TREATMENT REQUESTED] period, [CONFIDENTIAL TREATMENT REQUESTED], provided, however, that Customer shall receive a credit for components purchased during such [CONFIDENTIAL TREATMENT REQUESTED] period in accordance with Section 7. Each Kit of Product shall be valued at [CONFIDENTIAL TREATMENT REQUESTED]. Catalytica shall, within [CONFIDENTIAL TREATMENT REQUESTED] following the end of each [CONFIDENTIAL TREATMENT REQUESTED] Firm Order period, invoice Customer for any amounts owed under this Section 6.2(a)(i). Customer shall pay such invoice within [CONFIDENTIAL TREATMENT REQUESTED] of the date of receipt thereof. If Customer has been given credit for the purchase of any Kits or Kit components during any [CONFIDENTIAL TREATMENT REQUESTED] period, such credit shall be applicable to that [CONFIDENTIAL TREATMENT REQUESTED] period.

(ii) Notwithstanding the foregoing, Customer may, with Catalytica's consent, which shall not be unreasonably withheld, substitute another Customer product that has been developed, tested, manufactured and marketed by Customer in order to meet the [CONFIDENTIAL TREATMENT REQUESTED] hereunder; PROVIDED, HOWEVER, that (A) any such substitute product is reasonably comparable to the Product and the timing requirements of any substitute Product are practicable, (B) [CONFIDENTIAL

TREATMENT REQUESTED], and (C) the Parties shall negotiate in good faith to determine (i) that price will be paid to Catalytica for such substituted product, and (ii) the extent to which the quantities of substituted product shall be deemed to substitute for the Product included in Firm Orders and/or Semi-Firm Orders hereunder.

(b) [CONFIDENTIAL TREATMENT REQUESTED]. For each relevant [CONFIDENTIAL TREATMENT REQUESTED] period, Catalytica shall be obligated to supply up to the [CONFIDENTIAL TREATMENT REQUESTED] of Product, as further described in Section 6.1(b)(ii) and (b) (iii) above. In the event that Customer presents total Firm Orders or Semi-Firm Orders for Product for a particular [CONFIDENTIAL TREATMENT REQUESTED] period that exceed the [CONFIDENTIAL TREATMENT REQUESTED] specified in Section 6.1(b)ii or (b)iii above, Catalytica shall use its commercially reasonable efforts to supply the excess quantity by adjusting its schedules and making any other commercially reasonable accommodations. If Catalytica is able to supply such excess quantity, the parties shall agree in writing on a new [CONFIDENTIAL TREATMENT REQUESTED] for such time period.

(c) BATCH FAILURES. In the event that any run results in nonconforming Product for which Catalytica bears liability under the Agreement, such failed Batch shall be counted in determining whether the [CONFIDENTIAL TREATMENT REQUESTED] has been met hereunder, but such failed Batch shall not be counted in determining whether the [CONFIDENTIAL TREATMENT REQUESTED] has been exceeded hereunder.

ARTICLE 7
PURCHASE OF PRODUCT; DELIVERIES

7.1 PURCHASE ORDERS. Except to the extent the Parties may otherwise agree with respect to a particular shipment, the Product shall be ordered by Customer pursuant to written purchase orders (a "Purchase Order"), which shall be sent to Catalytica [CONFIDENTIAL TREATMENT REQUESTED] specified in such Purchase Orders. [CONFIDENTIAL TREATMENT REQUESTED]. Upon receipt by Catalytica of each Purchase Order hereunder which conforms in substance and procedure to the requirements of this Agreement, which Purchase Order may, but is not required to specify Labeled Kit components by lot number, Catalytica shall supply and deliver Product in accordance with such Purchase Order and this Agreement. If such Purchase Order identifies Labeled Kit Components by lot number, Catalytica shall, [CONFIDENTIAL TREATMENT REQUESTED], notify Customer as

to whether Catalytica agrees with such identification. Notwithstanding Customer's rights under Section 7.5 hereof, if Catalytica determines that [CONFIDENTIAL TREATMENT REQUESTED] any requested delivery of Product will be delayed [CONFIDENTIAL TREATMENT REQUESTED] beyond the Delivery Date set forth in the Purchase Order, Catalytica shall so advise Customer, and as to any delayed delivery which results from an Unexcused Failure, Catalytica shall use its best commercial efforts to deliver the remaining portion of such Purchase Order quantity as quickly as possible after any such delay. As to each Purchase Order, if Labeled Kit components have not been identified by lot number, [CONFIDENTIAL TREATMENT REQUESTED], Catalytica shall identify by lot number proposed Labeled Kit components to be used in filling such Purchase Order. Customer shall have the right to approve the proposed components, which approval shall not be unreasonably

withheld. Except as specified above, once received by Catalytica, Purchase Orders are firm and may not be cancelled or modified without Catalytica's prior consent.

During the initial Contract Year, in the event that Customer withdraws a Purchase Order upon [CONFIDENTIAL TREATMENT REQUESTED], Customer shall be responsible for and shall reimburse Catalytica for [CONFIDENTIAL TREATMENT REQUESTED]. Customer may withdraw a purchase order upon [CONFIDENTIAL TREATMENT REQUESTED] and Catalytica in good faith shall use commercially reasonable efforts to obtain projects or other work for the production time otherwise specified for Customer's Product. In such event, Customer shall be liable [CONFIDENTIAL TREATMENT REQUESTED].

7.2 PURCHASE QUANTITIES. All Product shall be ordered in Labeled Kits or Unlabeled Kits, or if necessary to meet Customer's other contractual obligations, individual components. Each Purchase Order shall specify the quantity of Kits or components being ordered. Quantities actually shipped pursuant to a given Purchase Order may vary from the quantities reflected in such Purchase Order [CONFIDENTIAL TREATMENT REQUESTED] and still be deemed to be in compliance with such Purchase Order; provided, however, Customer shall only be invoiced and required to pay for the quantities of Product which Catalytica actually ships to Customer.

7.3 DELIVERY TERMS. The terms of delivery for the Product shall be [CONFIDENTIAL TREATMENT REQUESTED] Catalytica's Greenville, North Carolina plant. Risk of loss and/or damage to the IDEC Ingredients [CONFIDENTIAL TREATMENT REQUESTED]. Title and risk of loss and/or damage to the Kits or components [CONFIDENTIAL TREATMENT REQUESTED].

7.4 SHIPMENT; IMPORT AND EXPORT MATTERS. Catalytica shall ship the Product in accordance with the Quality Agreement to such designations chosen by Customer to the extent such shipments are permitted by Applicable Laws and Regulations related thereto. In the event Customer requests that the Product be shipped to a third party purchaser, such third party shall have all approvals under Applicable Laws and Regulations to receive, use and/or sell the Product. Customer and, as applicable, such third party purchaser will prepare, obtain, and maintain all necessary import and export registrations relating to the Product and the IDEC Ingredients. Customer represents and warrants that it will comply with all applicable import and export laws and regulations. Catalytica shall cooperate with the Customer by preparing and filing any necessary documents to support the Customer's import and export applications.

7.5 MATERIAL SUPPLY FAILURE. In the event of a Material Supply Failure, Customer shall provide Catalytica written notification of such Material Supply Failure. Upon Customer's provision of such notice to Catalytica, [CONFIDENTIAL TREATMENT REQUESTED]

If a Material Supply Failure occurs during the term of this Agreement, and subsequent to the occurrence of such Material Supply Failure, [CONFIDENTIAL TREATMENT REQUESTED]

7.6 UNBALANCED ORDERING/PRODUCTION. The Parties acknowledge that Customer may ask Catalytica to produce volumes of different vial sizes or types of Product and to store such

vials and/or types for later incorporation into kits or for shipment in another mutually agreed form. The Parties further acknowledge that Catalytica has limited storage space for Product, that such storage (and the delay in shipping Product and receiving payment) has a cost, and that the retention of Product in storage may change performance obligations. Catalytica shall store Product, if so requested by Customer, [CONFIDENTIAL TREATMENT REQUESTED]. Pursuant to Article 3 hereof the Parties shall in good faith establish procedures for designating Product to be stored by Catalytica, the conditions for such storage and the responsibilities and liabilities of the Parties as to Product so stored.

ARTICLE 8
PRICE; PRICE INCREASES; ADDITIONAL PAYMENTS

8.1 PRICE. For all Product which is the subject of Purchase Orders submitted by Customer, Customer shall pay to Catalytica the Product Price set forth in Exhibit 1 hereto, subject to adjustment as set forth in Sections 8.2 and 8.3 hereof.

8.2 PRICE INCREASES. The Product Price may be increased [CONFIDENTIAL TREATMENT REQUESTED]

8.3 PRICE DECREASES. [CONFIDENTIAL TREATMENT REQUESTED]

8.4 TAXES. The Product Price set forth in Exhibit 1 does not include sales, use, consumption, or excise taxes of any taxing authority. The amount of such taxes, if any, will be [CONFIDENTIAL TREATMENT REQUESTED] at the time of shipment thereof and [CONFIDENTIAL TREATMENT REQUESTED]. Customer shall pay the amount of such taxes to Catalytica in accordance with the payment provisions of this Agreement.

8.5 ADDITIONAL PAYMENTS. As additional consideration for Catalytica's performance of its obligations hereunder, Customer shall pay Catalytica the amounts set forth below (with all payments being due [CONFIDENTIAL TREATMENT REQUESTED] of receipt of the relevant Catalytica invoice, unless otherwise provided below). All invoices shall provide reasonable detail of services performed and costs incurred.

[CONFIDENTIAL TREATMENT REQUESTED]

8.6 METHOD OF PAYMENT. At the time of each shipment of Product hereunder, Catalytica shall invoice Customer, and Customer shall pay for such Product [CONFIDENTIAL TREATMENT REQUESTED] of receipt of each such invoice. All payments due hereunder to Catalytica shall be sent to Catalytica by check at the times set forth herein as Catalytica may designate to Customer from time to time in accordance with Section 19.10 hereof:

Cash Management Coordinator
Catalytica Pharmaceuticals, Inc.
Post Office Box 1887
Greenville, North Carolina 27835-1887
Facsimile No.: 252-707-3277

All uncontested amounts not paid when due shall bear interest from the due date [CONFIDENTIAL TREATMENT REQUESTED], and Customer shall be responsible for reasonable attorneys' fees and expenses incurred by Catalytica in connection with the collection thereof.

ARTICLE 9
RECALLS

Catalytica and Customer each shall notify the other promptly if any Batch of Product is alleged or proven to be the subject of a recall, market withdrawal or correction, and Customer shall promptly notify Catalytica of any recall in any country outside the Territory. The Parties shall cooperate in the handling and disposition of such recall, market withdrawal or correction including by way of example exchanging relevant data and, if applicable, relevant data from IDEC's licensee. In the event of a disagreement as to any matters related to such recall, market withdrawal or correction, other than the determination of who shall bear the costs as set forth in the immediately following sentence, Customer shall have final authority with respect to such matters, as described in the Quality Agreement. Customer shall bear the cost of all recalls, market withdrawals or corrections of Product unless such recall, market withdrawal or correction shall have been the result of Catalytica's negligence, willful misconduct or breach of this Agreement, in which case Catalytica shall bear the direct cost of administering such recall, market withdrawal or correction. [CONFIDENTIAL TREATMENT REQUESTED]. Customer shall maintain records of all sales of Product and customers sufficient to adequately administer a recall, market withdrawal or correction for a period of [CONFIDENTIAL TREATMENT REQUESTED] after termination or expiration of this Agreement. Customer shall in all events be responsible for interactions with FDA or other governmental authorities that conduct or request any recalls, market withdrawals or corrections with respect to the Product.

ARTICLE 10
TERM; TERMINATION

10.1 TERM. Unless sooner terminated pursuant to the terms hereof, the term of this Agreement shall commence on the Effective Date and shall continue for a period of [CONFIDENTIAL TREATMENT REQUESTED] (the "Initial Term").

10.2 TERMINATION BY MUTUAL AGREEMENT. This Agreement may be terminated at any time upon mutual written agreement between the Parties.

10.3 TERMINATION FOR PRODUCT WITHDRAWAL OR FAILURE TO OBTAIN PRODUCT APPROVAL. Customer may terminate this Agreement (i) upon written notice given no later than [CONFIDENTIAL TREATMENT REQUESTED] after a Product recall under Article 9 which is wholly or principally caused by Catalytica, or withdrawal of the Product from the

Territory caused by order of any applicable regulatory authority; or (ii) if Customer elects to permanently cease selling the Product in the Territory by providing written notice to Catalytica at least [CONFIDENTIAL TREATMENT REQUESTED] prior to the date of such termination; or (iii) immediately if Customer does not obtain Product Approval on or before [CONFIDENTIAL TREATMENT REQUESTED] after the Effective Date. Subject to Catalytica's express consent this Agreement shall be reinstated if Customer resumes sales of Product in the Territory during the Initial Term hereof.

10.4 TERMINATION FOR DEFAULT. This Agreement may be terminated by either Party in the event of the material breach (including without limitation the occurrence of a Material Supply Failure) or default by the other Party of the terms and conditions hereof; provided, however, the other Party shall first give to the defaulting Party written notice of the proposed termination or cancellation of this Agreement, specifying the grounds therefor. Upon receipt of such notice, the defaulting Party shall have [CONFIDENTIAL TREATMENT REQUESTED] to respond by curing such default [CONFIDENTIAL TREATMENT REQUESTED] or [CONFIDENTIAL TREATMENT REQUESTED] by delivering to the other Party a certificate that such breach is not capable of being cured within such [CONFIDENTIAL TREATMENT REQUESTED] and that the breaching Party is working diligently to cure such breach, but in no event shall the time period for curing such breach exceed an additional [CONFIDENTIAL TREATMENT REQUESTED], unless otherwise agreed to in writing by the Parties. If the breaching Party does not so respond or fails so to work diligently and to cure such breach within the additional time set forth above, then the other Party may either suspend the Agreement indefinitely or terminate the Agreement. Termination of this Agreement pursuant to this Section 10.4 shall not affect any other rights or remedies which may be available to the nondefaulting Party.

10.5 TERMINATION FOR FORCE MAJEURE EVENT OR OTHER COURT ORDER OR INJUNCTION. Customer or Catalytica may terminate this Agreement in the event Catalytica or Customer are unable to substantially perform their respective obligations under this Agreement for a period of [CONFIDENTIAL TREATMENT REQUESTED] due to a Force Majeure Event, by providing written notice to the other Party at least [CONFIDENTIAL TREATMENT REQUESTED] prior to the date of such termination, or immediately in the event that any court enters an order, restraining order, or injunction in respect of, or in any action or proceeding related to or involving the Catalytica Property or Customer Property (as defined in Sections 15.1 and 15.2 below), which order or injunction purports to restrain Customer from selling the Product.

10.6 BANKRUPTCY; INSOLVENCY. Either Party may terminate this Agreement upon the occurrence of either of the following:

(a) The entry of a decree or order for relief by a court having jurisdiction in the premises in respect of such Party in an involuntary case under the Federal Bankruptcy Code, as now constituted or hereafter amended, or any other applicable federal or state insolvency or other similar law and the continuance of any such decree or order unstayed and in effect for a period of [CONFIDENTIAL TREATMENT REQUESTED]; or

(b) The filing by such Party of a petition for relief under the Federal Bankruptcy Code, as now constituted or hereafter amended, or any other applicable federal or state insolvency or other similar law.

(c) If an order for relief is entered pursuant to any bankruptcy petition filed by or against Catalytica, to the extent allowed by any and all Applicable Laws and Regulations, Customer shall have the immediate right to take possession of any of its equipment, to make copies of all development, manufacturing, packaging, labeling, storage, testing, distribution and related records then held by Catalytica, and upon express approval of the applicable court or administrative body to take possession of samples of any IDEC Ingredient or Product held for quality control or stability testing.

10.7 EXPIRATION; TERMINATION; CONSEQUENCES.

(a) Upon expiration or termination of this Agreement, whichever is sooner, [CONFIDENTIAL TREATMENT REQUESTED]

(b) In addition, upon expiration or termination of this Agreement, [CONFIDENTIAL TREATMENT REQUESTED].

(c) In the event this Agreement is terminated prior to its expiration, other than termination by Catalytica pursuant to Section 10.4 hereof, the [CONFIDENTIAL TREATMENT REQUESTED] set forth in Section 6.1 hereof shall be reduced proportionately for the Contract Year in which the Agreement is terminated.

(d) In the event this Agreement is terminated or expires, Catalytica shall make immediately available to the Customer copies of all prior

manufacturing and process development documents and records. Catalytica agrees to store the originals of such records in a safe and secure facility for at least [CONFIDENTIAL TREATMENT REQUESTED] after the expiration date of the last Batch manufactured by Catalytica. These rights of the Customer shall survive and continue after termination or expiration. Catalytica shall permit the FDA or other applicable governmental authorities access to such documents to the extent permitted by law.

(e) Upon expiration or termination of this Agreement, the obligations of confidentiality and restrictions on use of Confidential Information under Article 13 hereof shall survive for the period provided therein.

(f) For a period of [CONFIDENTIAL TREATMENT REQUESTED] following expiration or termination of this Agreement, Catalytica shall make available to Customer for copying, from any drug and biologic master files, any non-confidential information of Catalytica specific to the Product, and that can be used by Customer to support any investigational studies or commercial marketing of such Products previously manufactured, packaged, labeled, and tested by Catalytica under this Agreement.

CONFIDENTIAL TREATMENT REQUESTED

ARTICLE 11
CLAIMS

11.1 CLAIMS. In the event that any of the Product shall fail to conform with any warranty set forth herein relating to quality and/or the Specifications, Customer shall reject such Product by giving written notice to Catalytica not later than [CONFIDENTIAL TREATMENT REQUESTED] after Customer's receipt of such Product and related documentation as set forth in the Quality Agreement; any Product not rejected in accordance with the foregoing shall be deemed accepted by Customer and conforming unless the Customer has conducted at least one test on the applicable Batch of Product, or has requested in writing within such [CONFIDENTIAL TREATMENT REQUESTED] additional time to perform additional testing on the Product; which time shall not exceed an additional [CONFIDENTIAL TREATMENT REQUESTED], or such longer time period as may be agreed to by the Parties. Any notice given hereunder shall specify the manner in which the Product fails to meet such warranty or the Specifications. Guidelines for the resolution of disputed claims regarding conformity of a Batch of Products are set forth in the Quality Agreement. [CONFIDENTIAL TREATMENT REQUESTED]. If the nonconformity in properly rejected Product is otherwise caused by Catalytica's negligence, omission or willful misconduct, Catalytica shall [CONFIDENTIAL TREATMENT REQUESTED]. Notwithstanding the foregoing sentence, if Catalytica's negligence or willful misconduct causes loss of IDEC Ingredients or the [CONFIDENTIAL TREATMENT REQUESTED], Catalytica shall credit Customer's account for the Acquisition Cost and all labor and other costs associated with such IDEC Ingredients. If payment therefor has previously been made by Customer, Catalytica shall, [CONFIDENTIAL TREATMENT REQUESTED].

11.2 DISPOSITION OF NONCONFORMING PRODUCT. In any case where Customer expects to make a claim against Catalytica with respect to damaged or otherwise nonconforming Product, Customer shall not dispose of such Product without written authorization and instructions of Catalytica either to dispose of the Product or to return the Product to Catalytica. If the Product is returned to Catalytica, all risk of loss and/or damage to such Product [CONFIDENTIAL TREATMENT REQUESTED].

11.3 PRODUCT HOLDS/REJECTS/CLAIMS. Catalytica shall notify Customer [CONFIDENTIAL TREATMENT REQUESTED] of Product holds and/or rejects that have, or are expected to have, an impact on the manufacturing process and that will require, or are expected to require, Customer approval prior to resolution. Catalytica shall provide Customer notice of any Third Party complaint of which Catalytica receives notice. Such notification by Catalytica shall be in writing, and shall include an explanation of or the reasons for such holds and/or rejects.

CONFIDENTIAL TREATMENT REQUESTED

ARTICLE 12
INDEMNIFICATION

12.1 INDEMNIFICATION BY CUSTOMER. Customer shall indemnify, defend and hold Catalytica, its Affiliates and their respective directors, officers, employees, agents, successors and assigns harmless from and against any damages, judgments, claims, suits, actions, liabilities, costs and expenses (including, but not limited to, reasonable attorneys' fees) arising out of or connected with Third Party claims relating to [CONFIDENTIAL TREATMENT REQUESTED].

12.2 INDEMNIFICATION BY CATALYTICA. Except as otherwise provided in Section 12.1 above, Catalytica shall indemnify, defend and hold Customer, its Affiliates and their respective directors, officers, employees, agents, successors and assigns harmless from and against any damages, judgments, claims, suits, actions, liabilities, costs and expenses (including, but not limited to, reasonable attorneys' fees) resulting [CONFIDENTIAL TREATMENT REQUESTED].

12.3 INDEMNIFICATION PROCEDURES. A Party (the "Indemnitee") which intends to claim indemnification under this Article 12 shall promptly notify the other Party (the "Indemnitor") in writing of any action, claim or other matter in respect of which the Indemnitee or any of its Affiliates, or any of their respective directors, officers, employees or agents intend to claim such indemnification; PROVIDED, HOWEVER, the failure to provide such notice within a reasonable period of time shall not relieve the Indemnitor of any of its obligations hereunder except to the extent the Indemnitor is prejudiced by such failure. Prompt or reasonable notice shall depend on the nature of the claim and/or the circumstances but shall normally be considered as ten (10) business days from a Party's knowledge of such claim. The Indemnitee, its Affiliates, and their respective directors, officers, employees and agents shall cooperate fully with the Indemnitor and its legal representatives in the investigation, negotiation, compromise, settlement and defense of any action, claim or other matter covered by this indemnification. The Indemnitor shall be in charge of and control of any such investigation, negotiation, compromise, settlement and defense and shall have the right to select counsel with respect thereto, provided that the Indemnitor shall promptly notify the Indemnitee of all developments in the matter. In no event shall the Indemnitor or Indemnitee compromise or settle any such matter without the prior written consent of the other Party, which shall not be bound by any such compromise or settlement absent its prior consent, which shall not be unreasonably withheld or delayed. The Indemnitee shall have the right, but not the obligation, to be represented by counsel of its own selection and at its own expense.

12.4 SURVIVAL OF INDEMNIFICATION OBLIGATIONS. The provisions of this Article 12 shall survive the expiration or termination of this Agreement.

CONFIDENTIAL TREATMENT REQUESTED

12.5 LIMITATION OF LIABILITY AND CLAIMS. [CONFIDENTIAL TREATMENT REQUESTED]

12.6 INSURANCE. The Parties shall provide each other, on request, documentation assuring that such Party maintains sufficient insurance coverage in amounts reasonably satisfactory to the other Party consistent with industry practices.

ARTICLE 13
CONFIDENTIALITY

13.1 TREATMENT OF CONFIDENTIAL INFORMATION. Except as otherwise provided in this Article 13, during the Initial Term of this Agreement, including any renewals thereof, and for a period of [CONFIDENTIAL TREATMENT REQUESTED] thereafter:

(a) Catalytica will retain in confidence, take reasonable efforts to maintain the confidentiality of, and use only for purposes of this Agreement any Confidential Information disclosed by Customer or on behalf of Customer to Catalytica under this Agreement; and

(b) Customer will retain in confidence, take reasonable efforts to maintain the confidentiality of, and use only for purposes of this Agreement any Confidential Information disclosed by Catalytica or on behalf of Catalytica to Customer under this Agreement.

13.2 RIGHT TO DISCLOSE. To the extent it is reasonably necessary or appropriate to fulfill its obligations or exercise its rights under this Agreement or any rights which survive termination or expiration hereof, each Party may disclose Confidential Information to its Affiliates, sublicensees, consultants, outside contractors, clinical investigators or other Third Parties on condition that such entities or persons agree in writing (a) to keep the Confidential Information confidential for the same time periods and to the same extent as each Party is required to keep the Confidential Information confidential and (b) to use the Confidential Information only for such purposes as such Party is entitled to use the Confidential Information. Each Party or its Affiliates or sublicensees may disclose such Confidential Information to government or other regulatory authorities to the extent that such disclosure (i) is reasonably necessary to obtain patents or authorizations to conduct clinical trials with and to market commercially the Product, provided such Party is otherwise entitled to engage in such activities under this Agreement or (ii) is otherwise legally required.

13.3 TERMINATION OF CONFIDENTIALITY AGREEMENT. The Confidentiality Agreement between the Parties dated March 10, 1998 is hereby terminated. All Confidential Information disclosed by one Party to the other Party pursuant to such Confidentiality Agreement shall be deemed to have been disclosed hereunder and now subject to the terms and conditions of this Article 13.

CONFIDENTIAL TREATMENT

ARTICLE 14
INTELLECTUAL PROPERTY

14.1 CATALYTICA PROPERTY. Customer acknowledges that Catalytica

possesses certain inventions, processes, know-how, trade secrets, improvements, other intellectual properties and other assets, including but not limited to procedures and techniques, computer technical expertise, software, and certain technical expertise and conceptual expertise in the area of drug processing and manufacturing, which have been independently developed by Catalytica or its Affiliates without the benefit of any information provided by Customer (collectively "Catalytica Property"). Customer and Catalytica agree that any Catalytica Property or improvements thereto which are used, improved, modified or developed by Catalytica under or during the term of this Agreement are the product of Catalytica's technical expertise possessed and developed by Catalytica or its Affiliates prior to or during the performance of this Agreement and are the sole and exclusive property of Catalytica or its Affiliates, as the case may be.

14.2 CUSTOMER PROPERTY. Catalytica acknowledges that Customer possesses certain inventions, processes, know-how, trade secrets, improvements, other intellectual properties and other assets, including but not limited to procedures and techniques, computer technical expertise, software and certain technical expertise and conceptual expertise in the area of drug development, which have been independently developed by Customer or its Affiliates without the benefit of any information provided by Catalytica (collectively "Customer Property"). Customer and Catalytica agree that any Customer Property or improvements thereto which are used, improved, modified or developed by Customer or its Affiliates prior to or during the term of this Agreement are the sole and exclusive property of Customer or its Affiliates, as the case may be.

14.3 OWNERSHIP AND RIGHTS TO INVENTIONS AND TECHNOLOGY. Ownership of all inventions, technology and information, whether patentable or not (other than those described in Section 14.1, and 14.2 which shall be owned by Catalytica and Customer, respectively), shall be as follows: owned by Customer, if conceived, reduced to practice or created solely by Customer and/or its agents during the performance of this Agreement; or (b) owned by Catalytica, if conceived, reduced to practice or created solely by Catalytica and/or its agents during the performance of this Agreement; provided, however, Catalytica shall grant and hereby grants to Customer a royalty-free, non-exclusive, world-wide, irrevocable license to practice any such Catalytica-owned technology to manufacture the Product in Customer-owned or other facilities. If Catalytica's efforts under this Agreement result in inventions which are jointly owned by Catalytica and Customer because employees or agents for each of Catalytica and Customer make inventive contributions thereto, that is employees or agents of both Parties would be or are properly named as co-inventors under the laws of the United States on any patent application claiming such inventions, then each Party shall have full rights to exploit such jointly owned inventions for its own commercial purposes without any obligation to the other Party. Catalytica shall be responsible for the costs of filing, prosecution and maintenance for patents and patent applications on Catalytica's owned technology and inventions and the Parties shall share equally the patenting costs of any jointly owned inventions. In this regard, any decision to file for patent coverage on jointly owned inventions, shall be mutually agreed upon, and the Parties will select a mutually acceptable patent counsel to file and prosecute applications based on such joint inventions.

CONFIDENTIAL TREATMENT REQUESTED

ARTICLE 15
FORCE MAJEURE

15.1 EFFECTS OF FORCE MAJEURE. Except as expressly set forth below, neither Party shall be held liable or responsible for failure or delay in fulfilling or performing any of its obligations under this Agreement in case such failure or delay is due to any condition beyond the reasonable control of the affected Party including, without limitation, [CONFIDENTIAL TREATMENT REQUESTED] (a "Force Majeure Event"). Notwithstanding the foregoing, Customer shall be obligated hereunder to pay for Product received by Customer in accordance with the terms hereof, including without limitation of time for making any such payment. Except as provided below, such excuse shall continue as long as the Force Majeure Event continues. Upon cessation of such Force Majeure Event, such Party shall promptly resume performance hereunder; PROVIDED, HOWEVER, if such Force Majeure Event continues for more than [CONFIDENTIAL TREATMENT REQUESTED], Customer may at its election [CONFIDENTIAL TREATMENT REQUESTED].

15.2 NOTICE OF FORCE MAJEURE EVENT. In the event either Party is delayed or rendered unable to perform due to a Force Majeure Event, the affected Party shall give notice of the same and its expected duration to the other Party promptly after the occurrence of the cause relied upon, and upon the giving of such notice the obligations of the Party giving the notice will be suspended during the continuance of the Force Majeure Event; provided, however, such Party shall take commercially reasonable steps to remedy the Force Majeure Event with all reasonable dispatch. The requirement that the Force Majeure Event be remedied with all reasonable dispatch shall not require the settlement of strikes or labor controversies by acceding to the demands of the opposing party.

ARTICLE 16
LEGAL COMPLIANCE; AUTHORIZATION

16.1 LEGAL COMPLIANCE. Each Party shall comply in all material respects with all Applicable Laws and Regulations governing the conduct of its business

pursuant to this Agreement, including, but not limited to, the FD&C Act.

16.2 AUTHORIZATION.

(a) Catalytica hereby represents and warrants to Customer that all corporate action on the part of Catalytica and its officers and directors necessary for the authorization, execution and delivery of this Agreement and the performance of all obligations of Catalytica hereunder has been taken.

(b) Customer hereby represents and warrants to Catalytica that all requisite action on the part of Customer and its officers and directors necessary for the authorization, execution and delivery of this Agreement and the performance of all obligations of Customer hereunder has been taken.

ARTICLE 17
PRESS RELEASES; USE OF NAMES

17.1 PRESS RELEASES. Any press release, publicity or other form of public written disclosure related to this Agreement prepared by one Party shall be submitted to the other Party prior to release for approval, which approval shall not be unreasonably withheld or delayed by such other Party.

17.2 USE OF NAMES. Except as expressly provided or contemplated hereunder and except as otherwise required by applicable law, no right is granted pursuant to this Agreement to either Party to use in any manner the trademarks or name of the other Party, or any other trade name, service mark, or trademark owned by or licensed to the other Party in connection with the performance of this Agreement. Neither Party shall disclose the existence and terms of this Agreement except as may be required by applicable law.

ARTICLE 18
DISPUTE RESOLUTION; VENUE

18.1 EXCLUSIONS. Section 18.2 below shall not apply to any disputes arising under Article 12 or Article 13 hereof.

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

For Customer - [CONFIDENTIAL TREATMENT REQUESTED]

For Catalytica - [CONFIDENTIAL TREATMENT REQUESTED]

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

18.3 VENUE. Any court proceeding initiated by one Party against the other Party with respect to this Agreement shall be commenced in the United States District Court for the Southern District of New York; PROVIDED, HOWEVER, if the court proceeding is brought as a third party action as part of a pending proceeding in a different venue, either Party may initiate such third party action against the other Party in such other venue.

ARTICLE 19
MISCELLANEOUS

19.1 INDEPENDENT CONTRACTORS. The relationship between Customer and Catalytica is that of independent contractors and nothing herein shall be deemed to constitute the relationship of partners, joint venturers, nor of principal and agent between Customer and Catalytica. Neither Party shall have any express or implied right or authority to assume or create any obligations on behalf of or in the name of the other Party or to bind the other Party to any contract, agreement or undertaking with any Third Party.

19.2 CUSTOMER ASSISTANCE. To assist Catalytica in its performance of this Agreement, Customer shall provide Catalytica, in a timely fashion, with all relevant information, documentation and data (including without limitation any information, documentation and data relating to product safety and information, documentation and data, including BLA numbers, NDC codes, etc., reasonably requested by Catalytica and necessary for Catalytica to drug list the product) which is necessary or appropriate for Catalytica's performance hereunder. Customer shall cooperate with Catalytica in the performance of this Agreement and shall deal honestly and in good faith with Catalytica.

19.3 ASSIGNMENT; SUBCONTRACTORS. This Agreement may not be assigned or otherwise transferred by either Party without the prior written consent of the other Party; PROVIDED, HOWEVER, either Party may, without such consent, assign this Agreement (a) in connection with the transfer or sale of all or substantially all of the assets of such Party or the line of business of which this Agreement forms a part, (b) in the event of the merger or consolidation of a Party hereto with another company, or (c) to any Affiliate of the assigning Party. Any purported assignment in violation of the preceding sentence shall be void. Any permitted assignee shall assume all obligations of its assignor under this Agreement. No assignment shall relieve either Party of responsibility for the performance of any obligation which accrued prior to the effective date of such assignment.

19.4 CONTINUING OBLIGATIONS. Termination, assignment or expiration of this Agreement shall not relieve either Party from full performance of any obligations incurred prior thereto.

19.5 WAIVER. Neither Party's waiver of any breach or failure to enforce any of the terms and conditions of this Agreement, at any time, shall in any way affect, limit or waive such Party's right thereafter to enforce and compel strict compliance with every term and condition of this Agreement.

19.6 SEVERABILITY. Each Party hereby expressly agrees that it has no intention to violate any public policy, statutory or common laws, rules, regulations, treaty or decision of any government agency or executive body thereof of any country or community or association of countries; that if any word, sentence, paragraph, clause or combination thereof in this Agreement is found by a court or executive body with judicial powers having jurisdiction over this Agreement or either Party hereto, in a final unappealed order, to be in violation of any such provisions in any country or community or association of countries, such words, sentences, paragraphs, clauses or combination shall be inoperative in such country or community or association of countries and the remainder of this Agreement shall remain binding upon the

Parties, so long as enforcement of the remainder does not violate the Parties' overall intentions in this transaction.

19.7 HEADINGS. The headings in this Agreement are for convenience of reference only and shall not affect its interpretation.

19.8 CONSTRUCTION. This Agreement has been jointly prepared on the basis of the mutual understanding of the Parties and shall not be construed against either Party by reason of such Party's being the drafter hereof or thereof.

19.9 EXHIBITS, SCHEDULES AND ATTACHMENTS. Any and all exhibits, schedules and attachments referred to herein form an integral part of this Agreement and are incorporated into this Agreement by such reference.

19.10 NOTICES. All notices and other communications required or permitted to be given under this Agreement shall be in writing and shall be delivered personally or sent by (a) registered or certified mail, return receipt requested, (b) a nationally-recognized courier service guaranteeing next-day delivery, charges prepaid or (c) facsimile (with the original promptly sent by any of the foregoing manners), and shall be deemed to have been given upon mailing or upon transmission by facsimile, as the case may be. Any such notices shall be addressed to the receiving Party at such Party's address set forth below, or at such other address as may from time to time be furnished by similar notice by either Party:

If to Catalytica: Catalytica Pharmaceuticals, Inc.
Intersection US 13/NC 11 and US 264
Greenville, NC 27834
Attn: [CONFIDENTIAL TREATMENT REQUESTED]
Facsimile No.: [CONFIDENTIAL TREATMENT REQUESTED]

With a copy of legal notices to:
Company Secretary

Facsimile No.: [CONFIDENTIAL TREATMENT REQUESTED]

If to Customer: IDEC Pharmaceuticals Corporation
3030 Callan Road
San Diego, CA 92121
Attn: [CONFIDENTIAL TREATMENT REQUESTED]
Facsimile No.: [CONFIDENTIAL TREATMENT REQUESTED]

With copies of legal notices to:
Company Secretary

Facsimile No.: [CONFIDENTIAL TREATMENT REQUESTED]

19.11 COUNTERPARTS. This Agreement and any amendment or supplement hereto may be executed in any number of counterparts and any Party hereto may execute any such counterpart, each of which when executed and delivered shall be deemed to be an original and all of which counterparts taken together shall constitute but one and the same instrument. The execution of this Agreement and any such amendment or supplement by any Party hereto will not become effective until counterparts hereof have been executed by both Parties hereto.

19.12 GOVERNING LAW; ENTIRE AGREEMENT. The validity, interpretation and performance of this Agreement shall be governed and construed in accordance with the laws of the State of New York without regard to the conflicts of laws provisions thereof. This Agreement constitutes the full understanding of the Parties and a complete and exclusive statement of the terms of their agreement. No terms, conditions, understanding, or agreement purporting to modify or vary the terms of this Agreement shall be binding unless hereafter made in writing and signed by the Party to be bound. No modification to this Agreement shall be effected by the acknowledgment or acceptance of any Purchase Order or shipping instruction forms or similar documents containing terms or conditions at variance with or in addition to those set forth herein.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their respective duly authorized representatives as of the day and year first above written.

IDEC PHARMACEUTICALS CORPORATION	CATALYTICA PHARMACEUTICALS, INC.
By: /s/ William H. Rohn	By: /s/ Michael H. Thomas
Title: Chief Operations Officer	Title: President & Chief Executive Officer
Date: August 8, 2001	Date: August 8, 2001

CONFIDENTIAL TREATMENT REQUESTED

EXHIBIT 1

[CONFIDENTIAL TREATMENT REQUESTED]

CONFIDENTIAL TREATMENT REQUESTED

EXHIBIT 2

DRUG PRODUCT COMPONENT SPECIFICATIONS

[CONFIDENTIAL TREATMENT REQUESTED]

CONFIDENTIAL TREATMENT

EXHIBIT 3

PACKAGING SPECIFICATIONS

CONFIDENTIAL TREATMENT REQUESTED

EXHIBIT 3A

Primary Packaging Specifications

[CONFIDENTIAL TREATMENT REQUESTED]

CONFIDENTIAL TREATMENT REQUESTED

EXHIBIT 3B

Secondary Packaging Specifications

[CONFIDENTIAL TREATMENT REQUESTED]

CONFIDENTIAL TREATMENT

EXHIBIT 4

PRODUCT SPECIFICATIONS

CONFIDENTIAL TREATMENT REQUESTED

EXHIBIT 5

QUALITY AGREEMENT

[CONFIDENTIAL TREATMENT REQUESTED]

CONFIDENTIAL TREATMENT REQUESTED: PAGES WHERE CONFIDENTIAL TREATMENT HAS BEEN REQUESTED ARE MARKED "CONFIDENTIAL TREATMENT REQUESTED" AND APPROPRIATE SECTIONS, WHERE TEXT HAS BEEN OMITTED, ARE NOTED WITH "[CONFIDENTIAL TREATMENT REQUESTED]." AN UNREDACTED VERSION OF THIS DOCUMENT HAS BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.

This COLLABORATIVE DEVELOPMENT AGREEMENT ("CDA"), is made effective this 21st day of September, 2001 ("EFFECTIVE DATE"), between Mitsubishi-Tokyo Pharmaceuticals, Inc., a company organized under Japanese law and having its principal executive offices at 2-6, Nihonbashi-Honcho 2-chome, Chuo-ku, Tokyo 103-8405, Japan ("MTP") and IDEC Pharmaceuticals Corporation, a corporation organized under the laws of the State of Delaware and having its principal executive offices at 3030 Callan Road, San Diego, California 92121, USA ("IDEC").

BACKGROUND

WHEREAS, IDEC is engaged in research and development and has accumulated considerable knowledge relating to antibody-based products directed against the B7 cell function, and the use of such products for the palliation, evaluation, diagnosis, treatment and/or prophylaxis of human disease states which are caused or exacerbated by cells expressing the B7 (CD80) antigen;

WHEREAS, MTP is interested in performing clinical development relating to such antibody products;

WHEREAS, Mitsubishi Kasei Corporation (a predecessor in interest to MTP) and IDEC are parties to that certain License Agreement of November 11, 1993 ("LICENSE AGREEMENT"), under which the Parties have granted the licenses set forth under Section 2.04 (i)-(iv) of the LICENSE AGREEMENT, as further specified therein;

WHEREAS, Mitsubishi Kasei Corporation and IDEC where previously parties to a certain Collaborative Development Agreement dated as of November 11, 1993 ("CDA1"), as amended by that certain Memorandum of Understanding between the parties dated December 11, 1996 ("MOU"), and that certain letter agreement of December 13, 1996 ("LETTER AGREEMENT") (collectively "the ORIGINAL CDA AGREEMENTS");

WHEREAS, IDEC has developed an anti-CD80 antibody (IDEC-114) and has completed a Phase I/II clinical trial and has an ongoing Phase II clinical trial, each studying the use of IDEC-114 in the treatment of psoriasis;

WHEREAS, [CONFIDENTIAL TREATMENT REQUESTED]; and

WHEREAS, both MTP and IDEC desire to renew their collaboration in the further development of IDEC-114 for the treatment of psoriasis.

NOW, THEREFORE, in consideration of the covenants and obligations expressed herein, and intending to be legally bound, and otherwise to be bound by proper and reasonable conduct, the PARTIES agree as follows:

ARTICLE I. DEFINITIONS

1.01 "AFFILIATES" shall mean any corporation, firm, partnership or other entity, whether de jure or de facto, which directly or indirectly owns, is owned by or is under common ownership with a PARTY to this CDA to the extent of at least fifty percent (50%) of the equity (or such lesser percentage which is the maximum allowed to be owned by a foreign corporation in a particular jurisdiction) having the power to vote on or direct the affairs of the entity and any person, firm, partnership, corporation or other entity actually controlled by, controlling or under common control with, a PARTY to this CDA.

1.02 "BLA" shall mean a Biologics License Application as contemplated by Title 42 U.S.C.S. Section 262, et seq. of the Public Health Service Act (PHSA) as amended from time to time, filed by IDEC directed to use of the PRODUCT in the FIELD.

1.03 "BEST EFFORTS" shall mean the maximum effort consistent with the reasonable and prudent exercise of business judgment for a commercial enterprise.

1.04 "IDEC CDA DEVELOPMENT" shall mean the clinical development program and any non-clinical investigation (other than manufacturing studies) on a PRODUCT within the FIELD conducted during the term of this CDA or any extensions thereof under Section 6.01, with the intent and purpose of generating data for submission to a regulatory authority in the IDEC TERRITORY in support of an

application for governmental approval required for commercializing PRODUCT within the FIELD. Such development plan shall be carried out in accordance with ARTICLE 3, APPENDIX A and any non-clinical investigation deemed necessary by IDEC to support IDEC CLINICAL TRIALS.

1.05 "MTP CDA DEVELOPMENT" shall mean the clinical development program on a PRODUCT conducted during the term of this CDA or any extensions thereof under Section 6.01, with the intent and purpose of generating data for submission to a regulatory authority in the MTP TERRITORY in support of an application for governmental approval required for commercializing PRODUCT within the FIELD. Such development plan shall be carried out in accordance with ARTICLE 3, APPENDIX B and any non-clinical investigation deemed necessary by MTP to support MTP CLINICAL TRIALS.

1.06 "CDA DEVELOPMENT" shall mean IDEC CDA DEVELOPMENT and MTP CDA DEVELOPMENT.

1.07 "CDA INFORMATION" shall mean any and all proprietary or confidential data, know-how and results obtained from CDA DEVELOPMENT as further described in ARTICLE 3 of this CDA, but shall not include any vectors or expression cassettes discovered or created by either PARTY during the term of this CDA or CDA1.

1.08 "CLINICAL TRIAL" shall mean any PHASE I, PHASE I/II, PHASE II or PHASE III CLINICAL TRIAL, conducted by either PARTY [CONFIDENTIAL TREATMENT REQUESTED].

1.09 "FDA" shall mean the United States Food and Drug Administration.

1.10 [CONFIDENTIAL TREATMENT REQUESTED].

1.11 "FIELD" shall mean use of the PRODUCT for in vivo treatment of psoriasis in humans and in vitro diagnosis and evaluation of human tissue or fluid relating to psoriasis.

1.12 [CONFIDENTIAL TREATMENT REQUESTED].

1.13 "IDEC TERRITORY" shall mean the entire world except the MTP TERRITORY.

1.14 "MITSUBISHI TECHNOLOGY" shall mean all MTP technology, know-how and PATENTs which relates to PRODUCT, that MTP or its AFFILIATES owns or controls either directly or indirectly, and to which MTP has the right to grant licenses or sublicenses and developed during the term of this CDA or known to MTP as of the EFFECTIVE DATE of this CDA, including, but not limited to, its antibody technology, mammalian host-vector systems for high level expression of proteins, manufacturing systems for GMP production of clinical grade antibodies, the appropriate research samples of anti-murine B7 antibody(ies), cell lines producing such antibodies, and pharmacological technology providing the scientific basis for the clinical development of the PRODUCT, but shall not include any vectors or expression cassettes discovered or created by either PARTY during the term of this CDA.

1.15 "MTP TERRITORY" shall mean Japan, People's Republic of China, Hong Kong, Republic of Korea, Singapore, Republic of China (Taiwan), Thailand, Indonesia, Philippines, Malaysia, and all territories and possessions of such countries.

1.16 "PARTY" shall mean IDEC or MTP, as the case may be; "PARTIES" shall mean IDEC and MTP.

1.17 "PATENTS" shall have the definition set forth in the LICENSE AGREEMENT.

1.18 "PHASE I CLINICAL TRIAL" shall mean a human clinical trial that is intended to initially evaluate the safety and/or pharmacological effect of PRODUCT in the FIELD in

subjects or that would otherwise satisfy requirements of 21 CFR 312.21(a), or its foreign equivalent. [CONFIDENTIAL TREATMENT REQUESTED].

1.19 "PHASE I/II CLINICAL TRIAL" shall mean a human clinical trial that is intended to evaluate the safety and effectiveness of PRODUCT in the FIELD in subjects or that would otherwise satisfy requirements of 21 CFR 312.21(a/b), or its foreign equivalent. [CONFIDENTIAL TREATMENT REQUESTED].

1.20 "PHASE II CLINICAL TRIAL" shall mean a human clinical trial that is intended to initially evaluate the effectiveness of PRODUCT in the FIELD in subjects or that would otherwise satisfy requirements of 21 CFR 312.21(b), or its foreign equivalent [CONFIDENTIAL TREATMENT REQUESTED].

1.21 "PHASE III CLINICAL TRIAL" shall mean a pivotal human clinical trial, the results of which could be used to establish safety and efficacy of PRODUCT in the FIELD as a basis for a BLA or that would otherwise satisfy requirements of 21 CFR 312.21(c), or its foreign equivalent [CONFIDENTIAL TREATMENT REQUESTED].

1.22 "PRODUCT" shall mean that certain antibody developed and owned by IDEC that binds the human B7 (CD80) and is denominated IDEC-114.

1.23 "REAGENTS" shall mean cell lines expressing PRODUCT, including, but not limited to transfected CHO cell lines expressing PRODUCT, and other compositions of matter, such as, but not limited to those necessary or useful to develop or produce PRODUCT, but shall expressly not include primers, Ig libraries, phages, phagemids, plasmids, expression vectors or expression cassettes.

1.24 "THIRD PARTY(IES)" shall mean any party other than a PARTY to this CDA or an AFFILIATE of MTP or IDEC.

ARTICLE II. CLINICAL DEVELOPMENT

2.01 Except as otherwise specifically provided herein, IDEC and MTP each shall conduct any CDA DEVELOPMENT which such party undertakes in a scientific manner in accordance with high scientific, medical and professional standards, and in compliance in all material respects with all requirements of applicable laws, rules and regulations and all applicable standard clinical practices to attempt to achieve their objectives efficiently and expeditiously. The general terms regarding the efforts to be undertaken in furtherance of CDA DEVELOPMENT, including the objectives thereof, have been mutually agreed upon by the PARTIES, and such agreement is incorporated upon the EFFECTIVE DATE within APPENDIX A of this CDA and is a part thereof.

2.02 The principal scientists who will direct the respective responsibilities of each PARTY are, for IDEC: [CONFIDENTIAL TREATMENT REQUESTED], and for MTP: [CONFIDENTIAL TREATMENT REQUESTED] or such other principal scientist later designated in writing by the relevant PARTY. All CDA INFORMATION disclosed pursuant to this CDA, and all other communications concerning CDA DEVELOPMENT, shall be directed to said principal scientists.

2.03 [CONFIDENTIAL TREATMENT REQUESTED]

2.04 MTP and IDEC each certifies that it is regularly engaged in conducting clinical trials in vivo in humans, and that all biological materials and/or chemicals provided by one PARTY to the other under this CDA shall be used in compliance with all applicable laws and regulations.

2.05 MTP shall have full scientific and management authority and responsibility for the CDA DEVELOPMENT of PRODUCT within the MTP TERRITORY including attainment and maintenance of regulatory approvals and price registrations and shall have the right, from time to time as it sees fit, to amend the MTP CDA activities set forth in Appendix B. All such activity shall be undertaken [CONFIDENTIAL TREATMENT REQUESTED]. IDEC shall have full scientific and management authority and responsibility for any CDA DEVELOPMENT of PRODUCT in the IDEC TERRITORY and shall have the right, from time to time as it sees fit, to amend the IDEC CDA activities set forth in Appendix A, subject to MTP's rights under Section 6.02.

2.06 Except as otherwise specifically provided herein, the foregoing does not imply a duty on the part of IDEC or MTP to complete or commence any CLINICAL TRIAL or conduct any CDA DEVELOPMENT activities.

ARTICLE III. FUNDING OF CLINICAL DEVELOPMENT

3.01 In partial consideration for data generated by IDEC and provided to MTP relating to IDEC's PHASE I/II CLINICAL TRIAL, and for ongoing development of the PRODUCT, MTP shall make [CONFIDENTIAL TREATMENT REQUESTED].

3.02 MTP shall share in the funding of CDA DEVELOPMENT conducted by IDEC, including past, ongoing and future CLINICAL TRIALS conducted by or on behalf of IDEC, by making [CONFIDENTIAL TREATMENT REQUESTED] payments to IDEC as set forth below.

(a) [CONFIDENTIAL TREATMENT REQUESTED] after receipt of any invoice requesting payment, MTP shall make payment to IDEC in the amount of [CONFIDENTIAL TREATMENT REQUESTED].

(b) Notwithstanding (a) above, [CONFIDENTIAL TREATMENT REQUESTED].
(c) Notwithstanding anything to the contrary herein, the obligation of MTP to make [CONFIDENTIAL TREATMENT REQUESTED].

3.03 MTP shall make the following [CONFIDENTIAL TREATMENT REQUESTED] MILESTONE PAYMENTS [CONFIDENTIAL TREATMENT REQUESTED] to IDEC [CONFIDENTIAL TREATMENT

REQUESTED] after written notice is given to MTP that such milestone has been achieved:

[CONFIDENTIAL TREATMENT REQUESTED].

[CONFIDENTIAL TREATMENT REQUESTED].

3.04 (a) (a) If applicable laws, rules or regulations require withholding of income taxes or other taxes imposed upon INITIAL PAYMENTS and/or MILESTONE PAYMENTS, the PARTIES [CONFIDENTIAL TREATMENT REQUESTED].

(b) [CONFIDENTIAL TREATMENT REQUESTED].

ARTICLE IV. EXCHANGE OF INFORMATION AND CONFIDENTIALITY

4.01 The PARTIES acknowledge the value of a coordinated and uniformly applied worldwide clinical development plan, especially as it relates to data reporting and reporting of adverse events. Accordingly, each PARTY shall regularly report to the other on the status and progress of its CLINICAL TRIAL efforts and as further set forth in Section 4.02. Each PARTY agrees to prepare and exchange all written reports in the English language. The exchange of such reports

may be reasonably supplemented, at the request of the PARTY receiving a report, by correspondence and/or visits to the other PARTY's facility.

4.02 Subject to the terms and conditions of this CDA, information and data shall further be shared among the PARTIES as described below. IDEC hereby grants to MTP a non-exclusive license in MTP TERRITORY, [CONFIDENTIAL TREATMENT REQUESTED], to use such information and data received from IDEC to research, develop, make, have made, use, import, export, promote, market, offer for sale, sell and have sold the PRODUCT.

(a) [CONFIDENTIAL TREATMENT REQUESTED]
(b) [CONFIDENTIAL TREATMENT REQUESTED]
(c) [CONFIDENTIAL TREATMENT REQUESTED]
(d) [CONFIDENTIAL TREATMENT REQUESTED]
(e) [CONFIDENTIAL TREATMENT REQUESTED]

(f) [CONFIDENTIAL TREATMENT REQUESTED]

4.03 During the term of the CDA, if IDEC enters into an agreement with a THIRD PARTY under which IDEC grants such THIRD PARTY a license to make, have made, use or sell any PRODUCT in the FIELD in any country in the IDEC TERRITORY, [CONFIDENTIAL TREATMENT REQUESTED].

4.04 Each PARTY shall promptly report to the other PARTY any confirmed information of serious or unexpected reactions or side effects related to the utilization or medical administration of PRODUCT. In this regard, each PARTY agrees that, throughout the duration of this CDA and thereafter, it will notify the other PARTY immediately of any information concerning any PRODUCT or package complaint, or any serious human adverse event, injury, toxicity or sensitivity reaction or any unexpected incidence or severity thereof associated with the clinical uses, studies, investigations, tests and marketing of PRODUCT, whether or not determined to be attributable to PRODUCT. "Serious" as used in this Section refers to experience which results in death, permanent or substantial disability, in-patient hospitalization, prolongation of existing in-patient hospitalization; or is a congenital anomaly or life threatening. "Unexpected" as used in this Section refers to: (i) conditions or developments encountered during preclinical or clinical studies which could be material to the successful continuance of development of PRODUCT; (ii) conditions or developments not encountered during clinical studies of PRODUCT; and (iii)

conditions or developments occurring with greater frequency, severity or specificity than shown by information previously submitted to governmental agencies or encountered during clinical studies of PRODUCT. Each PARTY shall also notify the other PARTY in a timely manner of any other adverse experience (i.e., any unfavorable and unintended change in the structure (signs), function (symptoms) or chemistry (laboratory data)) of the body temporally associated with the use of PRODUCT, whether or not considered related thereto. The PARTIES further agree to negotiate pharmacovigilance reporting requirements.

4.05 Each PARTY shall throughout the duration of this CDA and thereafter immediately notify the other PARTY of any information it receives regarding any threatened or pending action by any regulatory agency in any country of the world which may affect the safety or efficacy claims of PRODUCT or the continued development or marketing of PRODUCT. Upon receipt of any such information, each PARTY may consult with the other PARTY in an effort to arrive at a mutually acceptable procedure for taking appropriate action; provided, however, that nothing contained herein shall be construed as restricting either PARTY's ability to make a timely report of such matter to any governmental agency or take other action that it deems to be appropriate or required by applicable law or regulation.

4.06 The PARTIES agree throughout the duration of this CDA and for the duration of marketing, by either PARTY, of any PRODUCT in the FIELD to maintain records and otherwise establish procedures to assure compliance with all regulatory, professional or other legal requirements which apply to the development, promotion and marketing of PRODUCT.

4.07 Neither PARTY shall disclose the existence of or any terms or conditions of this CDA to any THIRD PARTY, either in a press release or in any other manner, without the prior written consent of the other PARTY; provided, however, that (subject to any applicable THIRD PARTY rights, obligations or restrictions) a PARTY may disclose the terms or conditions of this CDA (a) on a need-to-know and confidential basis to its professional legal and financial advisors to the extent such disclosure is reasonably necessary, and (b) to a THIRD PARTY in connection with (i) an equity investment in a PARTY to this CDA, (ii) a merger, consolidation or similar transaction by a PARTY to this CDA, or (iii) the sale of all or substantially all of the assets of a

PARTY to this CDA, provided that all of the foregoing shall be subject to confidentiality and non-use obligations imposed by this CDA and the LICENSE AGREEMENT.

4.08 The PARTIES agree that the formal initiation or early termination of this collaboration as evidenced by the terms of this CDA may constitute "material information" for the PARTIES that must be disclosed to the public and the PARTY's shareholders via a press release. Such a press release shall be prepared by the other PARTY and reviewed in good faith and approved by the other PARTY concurrently with the review and approval of this CDA or early termination thereof.

4.09 Notwithstanding the foregoing, no public announcement or other disclosure to THIRD PARTIES concerning the terms of this CDA shall be made, either directly or indirectly, by either PARTY to this CDA, except as may be legally required, without first obtaining the written approval of the other PARTY and agreement upon the nature of such announcement or disclosure, provided that such approval shall not be unreasonably withheld. The PARTY desiring to make any such public announcement or other disclosure shall use BEST EFFORTS to inform the other PARTY of the proposed announcement or disclosure in reasonably sufficient time prior to public release, and shall use BEST EFFORTS to provide the other PARTY with a written copy thereof, in order to allow such other PARTY to comment upon such announcement or disclosure.

4.10 Neither MTP nor IDEC shall submit for written publication any manuscript abstract or the like, or make any oral presentation, which includes data or other information generated or provided by the other PARTY in the course of, or otherwise as a result of, CDA DEVELOPMENT or otherwise related to PRODUCT, without first obtaining the prior written consent of such other PARTY, which consent shall not be unreasonably withheld. The contribution of each PARTY shall be noted in all publications or presentations by acknowledgment or co-authorship, whichever is appropriate.

4.11 Neither MTP nor IDEC may, during the term of this CDA [CONFIDENTIAL TREATMENT REQUESTED], disclose or reveal to THIRD PARTIES any CDA INFORMATION received from the other PARTY or otherwise developed by either PARTY in the performance of activities in furtherance of this

CDA, except that such other PARTY may use or disclose such confidential information (i) for the purposes of investigating, developing, manufacturing, marketing or seeking partners for PRODUCT, provided that prior to any such disclosure such potential partners are bound to at least as stringent confidentiality obligations as set forth herein, (ii) for securing essential or desirable authorizations, privileges or rights from governmental agencies, (iii) if required to be disclosed to a governmental agency, or (iv) is necessary to file or prosecute patent applications concerning PRODUCT or to carry out any litigation concerning PRODUCT. This confidentiality obligation shall not apply to such information which is or becomes a matter of public knowledge, or came or comes into the possession of the receiving PARTY independently of this CDA or the LICENSE AGREEMENT (unless otherwise disclosed confidentially at any time by MTP to IDEC or IDEC to MTP), or is disclosed to the receiving PARTY by a THIRD PARTY having the right to do so, or is subsequently and independently developed

by employees of the receiving PARTY or AFFILIATES thereof who had no knowledge of the CDA INFORMATION disclosed and can be so demonstrated by competent proof. The PARTIES shall take reasonable measures to ensure that no unauthorized use or disclosure is made by others to whom access to CDA INFORMATION is granted.

4.12 Subject to the terms of the LICENSE AGREEMENT, nothing in this CDA shall be construed as preventing or in any way inhibiting either PARTY from complying with statutory and regulatory requirements governing the manufacture, use and sale or other distribution of PRODUCT in any manner it reasonably deems appropriate, including, for example, by disclosing to regulatory authorities confidential or other information received from each other or THIRD PARTIES.

ARTICLE V. PRODUCT SUPPLY

5.01 IDEC shall use its BEST EFFORTS to manufacture and supply to MTP, [CONFIDENTIAL TREATMENT REQUESTED], PRODUCT manufactured under Good Manufacturing Practice guidelines solely for the purpose of conducting CLINICAL TRIALS in the MTP TERRITORY, as follows: [CONFIDENTIAL TREATMENT REQUESTED].

If MTP desires vialed PRODUCT for conducting PHASE II CLINICAL TRIALS, MTP must provide a firm order [CONFIDENTIAL TREATMENT REQUESTED] prior to delivery of such vialed PRODUCT by IDEC to MTP. In any event, the amount of product requested by MTP must be reasonably related to requirements for conducting such studies under the appropriate protocols. IDEC shall establish cell lines, manufacture and set specifications in accordance with applicable FDA and KOROSHO (the Japanese Ministry of Health, Labor and Welfare) guidelines; however, if additional development expense is required to meet KOROSHO`s guidelines, [CONFIDENTIAL TREATMENT REQUESTED]. The obligations of IDEC under this Section shall be suspended upon provision by IDEC to MTP of notice to terminate under Section 6.04. The details of PRODUCT supply defined above, including formulations of the PRODUCT like formulated bulk form or vialed Product, shall be determined in any SUPPLY AGREEMENT between the PARTIES separately.

5.02 [CONFIDENTIAL TREATMENT REQUESTED]

ARTICLE VI. TERM AND TERMINATION

6.01 This CDA shall come into effect on the EFFECTIVE DATE and, unless earlier terminated hereunder, shall continue to be in effect [CONFIDENTIAL TREATMENT REQUESTED]. If continued research or development is desirable, the collaboration may be extended by mutual agreement between the PARTIES on reasonable terms and conditions to be negotiated in good faith.

6.02 MTP shall have the right to terminate this CDA [CONFIDENTIAL TREATMENT REQUESTED].

6.03 IDEC shall have the right to terminate this CDA [CONFIDENTIAL TREATMENT REQUESTED]. In such case, IDEC shall provide MTP with all data obtained by IDEC prior to the termination and all reports written based on such data.

6.04 Either PARTY shall have the right to terminate this CDA if the other PARTY materially fails or neglects to perform its obligation set forth in this CDA and if such default is not cured [CONFIDENTIAL TREATMENT REQUESTED] after receiving written request to cure such default from the other PARTY, such other PARTY shall have the right to terminate this CDA by giving written notice to the PARTY in default, provided the request to cure is given [CONFIDENTIAL TREATMENT REQUESTED].

6.05 If not earlier terminated, this CDA shall automatically terminate upon termination of the LICENSE AGREEMENT.

ARTICLE VII. RIGHTS AND DUTIES UPON TERMINATION

7.01 Upon expiration or termination of this CDA by either PARTY under any section of ARTICLE 6 hereof, unless otherwise expressly provided herein,

(a) [CONFIDENTIAL TREATMENT REQUESTED]

(b) [CONFIDENTIAL TREATMENT REQUESTED]

(c) [CONFIDENTIAL TREATMENT REQUESTED]

(d) all other obligations and provisions of this CDA shall terminate except

(i) the following which shall survive such termination: Sections 2.04, 4.04, 4.05, 4.06, 4.07, 4.08, 4.10, 4.11, 5.02 and Articles 7, 8,

10 through 16; and

(ii) in the case of expiration of this CDA, termination of this CDA under Section 6.02 or 6.03 or termination of this CDA by MTP under Section 6.04, the following which shall survive such expiration or termination: the license grant only of Section 4.02, but NOT IDEC's obligations to provide data or information which MTP does not have the right to receive at the time of such expiration or termination (e.g., BLA dossier).

7.02 All rights to terminate, and rights upon termination, provided for either PARTY in this CDA are in addition to other remedies in law or equity which may be available to either PARTY.

ARTICLE VIII. WARRANTIES, REPRESENTATIONS, INSURANCE AND INDEMNIFICATIONS

8.01 NOTHING IN THIS CDA SHALL BE CONSTRUED AS A WARRANTY THAT PATENTS ARE VALID OR ENFORCEABLE OR THAT THEIR EXERCISE DOES NOT INFRINGE ANY VALID PATENT RIGHTS OF THIRD PARTIES. A holding of invalidity or unenforceability of any PATENT, from which no further appeal is or can be taken, shall not affect any obligation already accrued hereunder.

8.02 MTP shall defend, indemnify and hold harmless IDEC, its officers, directors, shareholders, employees, successors and assigns from (i) any and all losses, damages, liabilities and expenses, including reasonable attorneys' fees, resulting from any claim, complaint, suit, proceeding or cause of action against any of them alleging physical or other injury, including death, brought by or on behalf of an injured party, and (ii) loss of service or consortium or a similar such claim, complaint, suit, proceeding or cause of action brought by a friend, spouse, relative or companion of an injured party, due to such physical injury or death and arising out of the administration, utilization and/or ingestion of PRODUCT used or otherwise provided, directly or indirectly, to the injured party by MTP (or any sublicensee of MTP), except to the

extent such damages, claims, costs, losses, liabilities or expenses are caused solely by IDEC's gross negligence or willful misconduct of any employee or agent of IDEC and provided:

(a) MTP shall have no obligation under this Section, unless (i) IDEC gives MTP prompt written notice of any claim or lawsuit or other action for which it seeks to be indemnified under this CDA, and (ii) MTP is granted full authority and control over the defense, including settlement, against such claim or lawsuit or other action, provided, however, that MTP may not enter into any settlement or other agreement that would materially limit the scope of any claim of IDEC's PATENTS, as defined in the LICENSE AGREEMENT without the prior written consent of IDEC, which consent shall not be unreasonably withheld or delayed; and

(b) IDEC shall have the right to participate in the defense of any such claim, complaint, suit, proceeding or cause of action referred to in this Section utilizing attorneys of its choice, provided, however, except as provided in subsection (a) above, that MTP shall have final authority to handle any such claim, complaint, suit, proceeding or cause of action, including any settlement or other disposition thereof, for which IDEC seeks indemnification under this Section.

8.03 IDEC shall defend, indemnify and hold harmless MTP, its officers, directors, shareholders, employees, successors and assigns from (i) any and all losses, damages, liabilities and expenses, including reasonable attorneys' fees, resulting from any claim, complaint, suit, proceeding or cause of action against any of them alleging physical or other injury, including death, brought by or on behalf of an injured party, and (ii) loss of service or consortium or a similar such claim, complaint, suit, proceeding or cause of action brought by a friend, spouse, relative or companion of an injured party, due to such physical injury or death and arising out of the administration, utilization and/or ingestion of PRODUCT used or otherwise provided, directly or indirectly, to the injured party by IDEC (or any licensee of IDEC other than MTP), except to the extent such damages, claims, costs, losses, liabilities or expenses are caused solely by MTP's gross negligence or willful misconduct of any employee or agent of MTP and provided:

(a) IDEC shall have no obligation under this Section, unless (i) MTP gives IDEC prompt written notice of any claim or lawsuit or other action for which it seeks to be indemnified under this CDA, and (ii) IDEC is granted full authority and control over the defense, including settlement, against such claim or lawsuit or other action, provided, however, that IDEC may not enter into any settlement or other agreement that would materially limit the scope of any claim of MTP's PATENTS, as defined in the LICENSE AGREEMENT without the prior written consent of MTP, which consent shall not be unreasonably withheld or delayed; and

(b) MTP shall have the right to participate in the defense of any such claim, complaint, suit, proceeding or cause of action referred to in this Section utilizing attorneys of its choice, provided, however, except as provided in subsection (a) above, that IDEC shall have final authority to handle any such claim, complaint, suit, proceeding or cause of action, including any settlement or other disposition thereof, for which MTP seeks indemnification under this Section.

8.04 IDEC shall defend, indemnify and hold harmless MTP and its officers, directors, shareholders, employees, successors and assigns from and against any and all damages, claims, costs, losses, liabilities or expenses (including reasonable attorneys' fees) arising out of, or resulting from or in connection with IDEC's activities under this CDA, including, but not limited to, IDEC's activities related to CDA DEVELOPMENT, IDEC's transfer of CDA INFORMATION to MTP, any breach of a representation or warranty made to MTP by IDEC under this CDA, except such damages, claims, costs, losses, liabilities or expenses which are directly and proximately caused by MTP's gross negligence, provided MTP shall have the right to participate (at its own cost) in the defense of any such claim, complaint, suit, proceeding or cause of action referred to in this Section utilizing attorneys of its choice, provided, however, that IDEC shall have full authority and control to handle any such claim, complaint, suit, proceeding or cause of action, including any settlement or other disposition thereof, for which MTP seeks indemnification under this Section.

8.05 MTP shall defend, indemnify and hold harmless IDEC and its officers, directors, shareholders, employees, successors and assigns from and against any and all damages, claims, costs, losses liabilities or expenses (including reasonable attorneys' fees) arising out of, or

resulting from or in connection with MTP's activities under this CDA, including, but not limited, to MTP's activities related to CDA DEVELOPMENT, or any breach of a representation or warranty made to MTP by IDEC under this CDA, except such damages, claims, costs, losses, liabilities or expenses which are directly and proximately caused solely by IDEC's gross negligence, provided IDEC shall have the right to participate (at its own cost) in the defense of any such claim, complaint, suit, proceeding or cause of action referred to in this Section utilizing attorneys of its choice, provided, however, that MTP shall have full authority and control to handle any such claim, complaint, suit, proceeding or cause of action, including any settlement or other disposition thereof, for which IDEC seeks indemnification under this Section.

8.06 Except for a breach of Section 4.11 of this CDA, notwithstanding anything else in this CDA, the LICENSE AGREEMENT or otherwise, neither PARTY will be liable with respect to any subject matter of this CDA under any contract, negligence, strict liability or other legal or equitable theory for any amounts in excess in the aggregate of the amounts received by IDEC under this CDA and the LICENSE AGREEMENT, for any incidental or consequential damages, or for cost of procurement of substitute goods, technology, or services.

ARTICLE IX. FORCE MAJEURE

9.01 If the performance of any part of this CDA by either PARTY, or of any obligation under this CDA, is prevented, restricted, interfered with or delayed by reason of any cause beyond the reasonable control of the PARTY liable to perform, unless conclusive evidence to the contrary is provided, the PARTY so affected shall, upon giving written notice to the other PARTY, be excused from such performance to the extent of such prevention, restriction, interference or delay, provided that the affected PARTY shall use its BEST EFFORTS to avoid or remove such causes of non-performance and shall continue performance with the utmost dispatch whenever such causes are removed. When such circumstances arise, the PARTIES shall discuss what, if any, modification of the terms of this CDA may be required in order to arrive at an equitable solution.

ARTICLE X. GOVERNING LAW

10.01 This CDA shall be deemed to have been made in the State of California, U.S.A. and its form, execution, validity, construction and effect shall be determined in accordance with the laws of the State of California, U.S.A. as it is applied to contracts entered into in the State of California between California residents.

ARTICLE XI. ARBITRATION

11.01 Any dispute, controversy or claim (except as to any issue relating to intellectual property owned in whole or in part by IDEC) arising out of or relating to this CDA, or the breach, termination, or invalidity thereof, shall be settled by arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association, except as modified by this Section 11.01. The number of arbitrators shall be [CONFIDENTIAL TREATMENT REQUESTED]. The arbitration decision shall be binding and not be appealable to any court in any

jurisdiction. The prevailing PARTY may enter such decision in any court having competent jurisdiction. The arbitration proceeding shall be conducted in the English language in San Francisco, CA, unless the PARTIES agree in writing to conduct the arbitration in another location.

11.02 Notwithstanding anything contained in Section 11.01 to the contrary, the PARTIES shall have the right to institute judicial proceedings against the other PARTY or anyone acting through or under the control of the other PARTY in order to enforce the instituting PARTIES rights hereunder through reformation of contract, specific performance, injunction, or similar equitable relief.

ARTICLE XII. SEVARABILITY

12.01 In the event any portion of this CDA shall be held illegal, void or ineffective, the remaining portions hereof shall remain in full force and effect.

12.02 If any of the terms or provisions of this CDA are in conflict with any applicable United States or California statute or rule of law, then such terms or provisions shall be deemed inoperative to the extent that they may conflict therewith and shall be deemed to be modified to conform with such statute or rule of law.

12.03 In the event that the terms and conditions of this CDA are materially altered as a result of Sections 12.01 or 12.02, the PARTIES will renegotiate the terms and conditions of this CDA to resolve any inequities.

ENTIRE AGREEMENT

12.04 This CDA, together with the LICENSE AGREEMENT, constitutes the entire agreement between the PARTIES relating to the subject matter hereof, and supersedes all previous writings and understandings in the ORIGINAL CDA AGREEMENTS. No terms or provisions of this CDA shall be varied or modified by any prior or subsequent statement, conduct or act of either of the PARTIES, except that the PARTIES may amend this CDA by written instruments specifically referring to and executed in the same manner as this CDA.

ARTICLE XIII. PRIMACY

13.01 To the extent that any provision of this CDA conflicts with any provision of any other agreement between the parties, the terms of this CDA shall control.

ARTICLE XIV. NOTICES

14.01 Any notice required or permitted under this CDA shall be sent by certified mail or overnight courier service, postage pre-paid to the following addresses of the PARTIES:

IDEC PHARMACEUTICALS CORPORATION
3030 Callan Road
San Diego, California 92121 U.S.A.
Attention: Corporate Secretary

Copy to: President

MITSUBISHI-TOKYO PHARMACEUTICALS, INC.
2-6, Nihonbashi-Honcho 2-chome
Chuo-ku, Tokyo 103-84050 Japan

Attention: General Manager, Licensing Department
Copy to: General Manager of Preclinical Development Department; and General Manager of Intellectual Property Department

14.02 Any notice required or permitted to be given concerning this CDA shall be effective upon receipt by the PARTY to whom it is addressed.

ARTICLE XV. ASSIGNMENT

15.01 This CDA and the licenses herein granted shall be binding upon and inure to the benefit of the successors in interest of the respective PARTIES. Neither this CDA nor any interest hereunder shall be assignable by either PARTY without the written consent of the other; provided, however, that IDEC may assign this CDA or any PATENT owned by it to any AFFILIATE or to any corporation with which it may merge or consolidate, or to which it may transfer all or substantially all of its assets to which this CDA relates, without obtaining the consent of the other PARTY.

ARTICLE XVI. RECORDATION

16.01 The PARTIES shall have the right, at any time during the term of this

CDA, to record, register, or otherwise notify this CDA in any patent office or other appropriate facility anywhere in the TERRITORY, and the PARTIES shall provide reasonable assistance to each other in effecting such recording.

EXECUTION IN COUNTERPARTS

16.02 This CDA may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

(a) IN WITNESS WHEREOF, the PARTIES, through their authorized officers, have executed this CDA.

MITSUBISHI-TOKYO PHARMACEUTICALS, INC.

By: /s/ Ryuichi Tomizawa

Name: Ryuichi Tomizawa

Title: President

Date:

CONFIDENTIAL TREATMENT

ATTESTED:

By: /s/ Akihiro Tobe

Name: Akihiro Tobe

Title: President of Research and Development Division

Date:

IDEC PHARMACEUTICALS CORPORATION

By: /s/ William R. Rohn

William R. Rohn

Title: Chief Operating Officer

Date:

CONFIDENTIAL TREATMENT REQUESTED

COLLABORATIVE DEVELOPMENT AGREEMENT
MITSUBISHI-TOKYO PHARMACEUTICALS, INC.-IDEC PHARMACEUTICALS CORPORATION
APPENDIX A--CLINICAL PLAN FOR IDEC CDA DEVELOPMENT

[CONFIDENTIAL TREATMENT REQUESTED]

CONFIDENTIAL TREATMENT REQUESTED

COLLABORATIVE DEVELOPMENT AGREEMENT
MITSUBISHI-TOKYO PHARMACEUTICALS, INC.-IDEC PHARMACEUTICALS CORPORATION
APPENDIX B--CLINICAL PLAN FOR MTP CDA DEVELOPMENT

[CONFIDENTIAL TREATMENT REQUESTED]

Exhibit 10.13

AMENDED AND RESTATED
IDEC PHARMACEUTICALS CORPORATION
DEFERRED COMPENSATION PLAN

THIS AMENDED AND RESTATED DEFERRED COMPENSATION PLAN is adopted by IDEC Pharmaceuticals Corporation a Delaware corporation (the "Company"), effective as of September 5, 2001, with reference to the following:

A. The Company established a Deferred Compensation Plan effective January 1, 1999 (the "Original Plan") to provide key employees and non-employee Board members a tax deferred, capital accumulation, retention program.

B. The Company desires to amend and restate the Original Plan as set forth herein.

C. This Plan is intended to provide benefits to a select group of management or highly compensated personnel in order to attract and retain the highest quality executives. This Plan is NOT intended to be a qualified plan within the meaning of sections 401(a) and 501(a) of the Internal Revenue Code of 1986, as amended (the "Code").

D. This Plan is intended to be an unfunded plan for purposes of the Employee Retirement Income Security act of 1975, as amended ("ERISA").

NOW, THEREFORE, the Company hereby adopts the IDEC Pharmaceuticals Corporation Deferred Compensation Plan on the following terms and conditions:

1.0 Definitions. Whenever used in this Plan, the following words and phrases shall have the same meaning set forth below, unless a different meaning is expressly provided or plainly required by the context in which the words or phrases are used:

1.1 Beneficiary means a person designated by a Participant to receive Plan benefits in the event of the Participant's death.

1.2 Board means the Board of Directors of the Company and its successors.

1.3 Controller means the Vice President and Controller of the Company and their successors.

1.4 Change in Control of Company means:

(A) a change in ownership, or power to vote such that 35% or more of the voting stock of the Company is concentrated in the hands of any one person, entity or group of related persons or entities or group of persons or entities acting in concert;

(B) a change in the composition of the Board as a result of which individuals serving on the Board immediately prior to such change cease to constitute at least a majority thereof;

(C) the stockholders of the Company approved any plan or proposal for the liquidation or dissolution of the Company;

(D) substantially all of the assets of the Company are sold or otherwise transferred to parties that are not within the "controlled group or corporations" (as defined in section 1563 of the Internal Revenue Code of 1986) in which the Company is a member.

1.5 Company means IDEC Pharmaceuticals Corporation a Delaware corporation

1.6 Disability means:

(A) "disability" as defined in any group long-term disability policy or program sponsored by the Company and in effect at the time a Participant who has suffered a physical or mental impairment makes application under this Plan for a disability distribution, or

(B) if no such policy or program is in force at such time, "disability" as defined in section 1392c(a)(3) of volume 42 of the United States Code and regulations promulgated thereunder, provided, however, that the disability (whether under the definition in (a) or in (b)) must be of a duration of at least six (6) consecutive months from the date the Participant suffers the disability notwithstanding any different requirements of duration under either definition in the actual policy or program or in the United States Code, respectively.

A Participant who has suffered a Disability shall be disabled within the meaning of this Section 1.6.

The determination of whether a Participant is disabled within the meaning of this Section 1.6 shall be made by the Controller. A Participant who believes they have suffered a disability within the

meaning of this Section 1.6 shall make application to the Controller, on a form prescribed by the Controller, for a determination of whether they are disabled under the terms of this Section 1.6. The Participant shall make such written application to the Controller on or after the date which is at least five (5) consecutive months following the date they first suffered the impairment under consideration. Any determination by the Controller that a disability exists under the provisions of this Section 1.6 shall be effective only after the date the disability has existed for six (6) consecutive months. All determinations made by the Controller shall be final, and no Participant shall be considered disabled for any purpose whatsoever under the provisions of this Plan if determined not to be disabled by the Controller under the procedures set forth in this Section 1.6.

The Controller shall notify each Participant who has made application under this Section 1.6, in writing, for their determination within three (3) months of the date the Controller receives the Participant's application hereunder. The Participant shall cooperate in providing any information to the Controller which it requires in making its determination, including, but not limited to, access to the Participant's medical records, direct contact with their physician and physical examination by a physician

selected by the Company. Any Participant who does not fully cooperate shall be deemed not disabled by the Controller and so notified.

1.7 KEY EMPLOYEE means an employee of the Company, selected by the Controller, who is a member of a select group of management or highly compensated employees within the meaning of Section 2520.104-23 of the Department of Labor ERISA Regulations.

1.8 NORMAL RETIREMENT AGE means the later of age 60 or five years of participation in this Plan.

1.9 PARTICIPANT means:

(A) a key employee designated by the Controller, in writing, to participate in the benefits under the Plan who timely files a written election pursuant to Section 2.4, below, and

(B) a former Employee who, at the time of their termination from employment, retirement, death or occurrence of disability, retains, or whose beneficiary retains, benefits earned under the Plan in accordance with its terms. A Participant is considered an active participant in the Plan until the earliest of the following:

(i) the Participant retires, dies or becomes disabled under the terms of this Plan; or

(ii) the Participant is determined or believed by the Controller to no longer qualify as a member of a "select group of highly compensated or management employees" and such Participant has received distribution of their entire benefit hereunder; or

(iii) the participant terminates employment with the Company.

1.10 PLAN means the Amended and Restated IDEC Pharmaceuticals Corporation Deferred Compensation Plan established by this document.

1.11 PLAN COMMITTEE means a Committee appointed by the Controller, which generally includes a representative from Human Resources.

1.12 PLAN YEAR means the period which is the same as the calendar year.

1.13 PLAN YEAR COMPENSATION means the total income paid to an active Participant by the Company during any Plan Year, or portion thereof in which they are a Participant in this Plan, as reflected on the Participant's form W-2. For purposes of the elections under Section 2.4 of this Plan, Plan Year Compensation shall consist of one or more of the following types of income: annual base salary or annual bonus.

2.0 PARTICIPATION.

2.1 ELIGIBILITY. A Key Employee of the Company is eligible to participate in this Plan on the entry date first following the date as of which all of the following events have occurred:

(A) the Controller has designated an individual in writing as a Participant in the Plan, and

(B) the Key Employee has made a written election in accordance with the terms of Section 2.4 below.

(C) the Key Employee has completed 30 days of employment with IDEC Pharmaceuticals Corporation

2.2 ENTRY DATE. Any Key Employee who has met the eligibility requirements specified in Section 2.1 as of the effective date of this Plan shall become a Participant in the Plan as of the first day of the succeeding calendar quarter i.e. April 1, July 1, October 1 and January 1 following their hire date or promotion date. Any Key Employee of the Company who meets the eligibility requirements specified in Section 2.1 after the effective date of this Plan shall become a Participant in the Plan immediately upon the date on which they have met the eligibility requirements.

2.3 DESIGNATION. The Controller shall designate for each Plan Year, in writing, the name of each Key Employee who shall be entitled to participate in the Plan for the Plan Year. Such designation by the Controller shall occur on a date such that each designated Key Employee shall have sufficient time to make their written election as required by Section 2.4 below.

2.4 WRITTEN ELECTION BY PARTICIPANT. Each Key Employee designated by the Controller as a Participant for a Plan Year shall submit a written election prior to the entry date of the Plan Year in which they will be a Participant.

(A) Such written election shall be made on the form presented to the Key Employee by the Plan Committee and shall set forth:

(i) their election to participate in this Plan under the terms hereof;

(ii) the amount of Plan Year Compensation the Key Employee has determined to defer under the Plan for the Plan Year, pursuant to Section 3.1 below;

(iii) the date on which their benefit is to be distributed which is the earlier of (a) the date specified for an In-Service Withdrawal or (b) the later of (i) a specific date or (ii) when they terminate employment with the Company due to termination of service, retirement, disability or death;

(iv) the form in which their benefit is to be distributed upon termination of service or retirement.

(B) A Participant's most recently submitted written election shall remain in effect for subsequent Plan Years until the Participant changes it in accordance with the following:

(i) A Participant may change the amount of Plan Year Compensation they will defer under the Plan for future Plan Years by submitting a new written election to the Company. Such new election must be submitted to the Company on or before the seventh (7th) day immediately proceeding the Plan Year for which the new election

is to be effective. Any election of the amount of Plan Year Compensation to defer for a given Plan Year shall be irrevocable on and after the first day of the Plan Year for which the election was made.

(ii) A Participant may change the date or form of distribution by submitting a new written election to the Company, provided that such change is submitted at least sixty (60) days prior to the original date of distribution, the new date of distribution is subsequent to the original date of distribution, and only one change may be made after the original election.

2.5 DURATION OF PARTICIPANT. Any Key Employee who has become a Participant at any time shall remain a Participant, even though they are no longer an active Participant, until their entire benefit under the terms of the Plan has been paid to them (or to their Beneficiary in the event of their death), at which time they cease to be a Participant.

2.6 MAINTENANCE OF RECORDS. The annual Designation of Participants by the Controller as required by Section 2.4 shall be maintained with all other files pertaining to this Plan.

3.0 CONTRIBUTIONS AND ALLOCATIONS.

3.1 PARTICIPANT CONTRIBUTIONS. A Participant may elect to defer each Plan Year a portion, up to 80%, of their Plan Year Compensation, provided that a Participant may not defer an amount less than the minimum established from year to year by the Controller. For the initial Plan Year, such minimum shall be $5,000. In the event a participant enters the plan on a date other than January 1, the amount of the deferral election will be prorated over the balance of that calendar year to determine the minimum deferral. Such election shall designate the amount of income deferred during the Plan Year, in actual dollar amounts or percentages. Once a Participant's contributions for a Plan Year reach their elected dollar amount or percentages, such Participant shall not be allowed to defer additional portions of their Plan Year Compensation for the remainder of

the Plan Year. Any deferred amounts in excess of their elected dollar amount shall be refunded to the Participant as soon as practicable.

3.2 ALLOCATION OF CONTRIBUTIONS. All amounts which a Participant elects to defer under the terms of this Plan shall be allocated to their Account. Each such Participant Account shall be credited with earnings as provided in Section 3.3 below.

3.3 CREDITED EARNINGS. The account of each Participant shall be credited with interest. During the first five years of participation in the Plan by a Participant the account will be credited with interest at a rate of 7% per annum compounded quarterly. Upon completion of five years of participation in the plan by the Participant the Participant's account will be credited 9% per annum compounded annually. Additionally the interest rate of 9% will be applied retroactively to all contributions made during the first five years of participation. The Company has the right to modify these rates on an annual basis.

3.4 FORFEITURES. If any amount of Participants contributions are forfeited in any year, such forfeited amounts shall be returned to the Company.

3.5 FUNDING. The assets of the Plan shall be held by the Company. As such, the Plan is intended to be an unfunded plan for purposes of the requirements of ERISA and the Code.

Notwithstanding the provisions under the terms of the Plan the amounts contributed to this Plan, plus earnings thereon, shall be allocated to separate accounts of Participants, all such amounts credited to such individual accounts shall remain the general assets of the Employer, and as such shall remain subject to the claims of the general creditors of the Company. This Plan does not create, nor does any Employee, Participant or Beneficiary have, any right with respect to any specific assets of the Company or the Plan.

4.0 VESTING OF ACCOUNTS. The Account of each Participant shall be 100% vested in such Participant at all times, provided that a portion of such accounts shall be forfeited in accordance with Unplanned In-Service Distribution of Section 6.3.

5.0 TYPES OF BENEFITS.

5.1 RETIREMENT BENEFIT. A Participant's Retirement Benefit is the unpaid balance of their Account which equals the total of all contributions made by the Participant and allocated to their account and all earnings credited to their account in accordance with the terms of the Plan less any distributions already paid.

5.2 TERMINATION OF SERVICE BENEFIT. If a Participant elects to receive their retirement benefit upon termination of their employment with the Company, or if a Participant's employment with the Company terminates prior to distribution of their In-Service Benefit, the Company will pay a retirement benefit, calculated under Section 5.1, under the applicable form elected by the Participant in their written election.

5.3 DISABILITY BENEFIT. If a Participant becomes disabled as defined in Section 1.5 above, the Company will pay their retirement benefit, calculated under Section 5.1, under the applicable form elected by the Participant in their written election.

5.4 DEATH BENEFIT.

(A) If a Participant dies after a distribution has commenced or if the Company has not purchased a life insurance contract in connection with the Participant's Retirement Benefit, the Company will continue the payments of such distribution otherwise due to the Participant to their designation Beneficiary, under the applicable form elected by the participant in their written election.

(B) If a Participant dies while still employed by the Company and the Company has purchased a life insurance contract in connection with such Participant's Retirement Benefit, the Company will pay the Participant's designated Beneficiary the greater of their Retirement Benefit as determined under Section 5.1 above or their projected retirement benefit (as defined below), under the applicable form elected by the Participant in

their written election. "Projected Retirement Benefit" means the amount determined by projecting the Participant's contribution for the Participant's first year of participation hereunder at an assumed earnings rate of 9% to retirement at normal retirement age.

5.5 IN-SERVICE WITHDRAWAL. A Participant may designate a date in the future for receipt of an in-Service Withdrawal with respect to the Participant's contribution for a given Plan Year. Such withdrawal may be paid while the Participant remains employed with the Company, but shall be paid without credited earnings attributable to such Participant Contribution (which

credited earnings shall be distributed upon termination of employment or retirement) in four (4) equal yearly installments commencing on January 15 of the fourth Plan Year following the Plan Year of deferral (the "In-Service Commencement Year"); provided, however, that a Participant may elect to defer commencement of an In-Service Withdrawal for an additional three years by delivery to the Company of a written election not later than the last day of the Plan year prior to the Plan Year immediately preceding the In-Service Commencement Year.

5.6 UNPLANNED IN-SERVICE BENEFIT. A Participant may elect to receive their Retirement Benefit as an Unplanned In-Service Benefit at any time by providing the Plan Committee with a written election to do so. In consideration for receiving an Unplanned in-Service Benefit, such Participant shall permanently forfeit an amount equal to ten percent (10%) of their retirement benefit and forgo all future participation in the Plan.

5.7 FINANCIAL HARDSHIP BENEFIT. A Participant may request a portion of their retirement benefit as a financial hardship benefit at any time by providing the Plan Committee, to its satisfaction, with a written election to do so, proof of an unforeseeable financial hardship, and proof that all other financial resources have been explored and utilized. The amount of a financial hardship benefit shall be limited to the lesser of the amount needed for the financial hardship or such Participant's retirement benefit. In consideration for receiving a financial hardship benefit, the Participant will not be permitted to make further contributions to the Plan for the remainder of the Plan Year and the following Plan Year.

6.0 DISTRIBUTIONS.

6.1 FORMS OF BENEFITS. The Company shall pay benefits in the form associated with type of benefit elected by the Participant, and, to the extent a type of benefit may be distributed in various forms, the Company shall pay benefits in the form elected by the Participant. The forms of benefits associated with the types of benefits are the following:

(A) Retirement Benefit, Termination of Service Benefit, Disability Benefit, and Death Benefit shall be paid in

(i) one lump sum;

(ii) 5 yearly installments;

(iii) 10 yearly installments; or

(iv) 15 yearly installments;

(B) In-Service Withdrawal shall be paid as provided in Section 5.5 above;

(C) Unplanned In-Service Benefit shall be paid in one lump sum; and

(D) Financial Hardship Benefit shall be paid in one lump sum.

6.2 COMMENCEMENT OF PAYMENTS. The Company will pay, or begin to pay, the Types of Benefits under this Plan to the Participant in accordance with the following:

(A) Retirement Benefit, Termination of Service Benefit, Disability Benefit and Death Benefit payments shall commence on the later of

(i) The date specified in the Participant's initial election form or

(ii) January 15th of the Plan Year immediately following the date on which the Participant retires, terminates service, becomes disabled, or dies;

(B) In-Service Withdrawal payments shall commence on the date designated by the Participant on their written election pursuant to Section 2.4, provided that such payments are from Participant contributions that have been in such Participant's account for at least three years;

(C) Unplanned In-Service Benefit payments shall commence no later than sixty-five (65) days after a written request for an Unplanned In-Service Benefit is received by the Plan Committee;

(D) Financial Hardship Benefit payments shall commence no later than sixty-five (65) days after a request for a Financial Hardship Benefit is approved by the Plan Committee.

7.0 AMENDMENTS, TERMINATION OF PLAN, CHANGE OF CONTROL.

7.1 AMENDMENTS. The Company reserves the right to amend the Plan at any time by the Controller. The Controller will determine the effective date of any such amendment. The amendment may not deprive any Participant or Beneficiary of any portion of a benefit under the terms of this Plan at the time of the amendment.

7.2 TERMINATION OF PLAN. The Company reserves the right to terminate the Plan at any time by the Controller. In the event of Plan termination, the Company will calculate the Retirement Benefit of each Participant and distribute such amounts to the Participant or Beneficiary in a lump sum within thirty (30) days of the Plan's termination.

7.3 CHANGE IN CONTROL. In the event of a Change in Control, the Plan shall terminate and the provisions in Section 7.2 shall control.

8.0 BENEFITS NOT FUNDED. Participants and Beneficiaries have the status of unsecured creditors of the Company, and the Plan constitutes a mere promise by the Company to make benefit payments in the future. A Participant's or Beneficiary's interest in the Plan is an unsecured claim against the general assets of the Company, and neither the Participant nor a Beneficiary has any right against the account until the Plan has distributed the benefit. All amounts credited

to an account are the general assets of the Company and may be disposed of or used by the Company in such manner as it determines.

It is the intention of the parties that this Plan shall constitute an unfunded arrangement maintained for the purpose of providing deferred compensation for a select group of management or highly compensated employees for purposes of Title I of the Employee Retirement Income Security Act of 1974.

9.0 MISCELLANEOUS.

9.1 DESIGNATION OF BENEFICIARY. Each Participant shall designate, in writing, prior to the date they first become a Participant in the Plan, one or more beneficiaries to receive their benefits under the provisions of Section 5.4. The Participant shall file the written designation with the Plan Committee. The Participant may revoke a previous beneficiary designation by filing a new written beneficiary designation with the Plan Committee.

In any event, if a Participant or Beneficiary who has designated another beneficiary is divorced, all beneficiary designation executed prior to the effective date of the dissolution of marriage (or other decree or order entered under applicable state law) are automatically revoked under the term of this Section 9.1. In such event, the Participant or Beneficiary may designate one or more Beneficiaries in accordance with the terms of this Section 9.1. If none is made following the effective date of the dissolution of the marriage, the individual's benefits shall pass under the laws of interstate succession and the terms of the next following paragraph.

If a Participant fails to file a valid designation of beneficiary with the Plan Committee under the provisions of this Section 9.1, or if a designated beneficiary fails to survive or receive any or all payments due hereunder, then the death benefit payable under this Plan shall be payable to the Participant's (or the Beneficiary's) spouse; if no spouse survives, then the Participant's (or Beneficiary's) children, with equal shares among living children and with the living descendants of a deceased child receiving equal portions of the deceased child's share; in the absence of spouse or descendants, to the Participant's (or Beneficiary's) parents; and in the absence of spouse, descendants or parents, to the Participant's (Beneficiary's) brothers and sisters, with the living descendants of a deceased brother and those of a deceased sister receiving equal portions of the deceased brother's or sister's share; in the absence of any of the persons name herein, to the Participant's (or beneficiary's) estate.

For purposes of this Section 9.1, the term "descendant" means all persons who are descended from the person referred to either by birth or to legal adoption by such person, and "child" or "children" includes adopted children.

9.2 BENEFITS NOT ASSIGNABLE. The rights of each Participant are not subject in any manner or anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, attachment, or garnishment by creditors of the Participant nor any Beneficiary. Neither the Participant nor Beneficiary may assign, transfer or pledge the benefits under this Plan. Any attempt to assign, transfer or pledge a Participant's benefits under this Plan is void.

9.3 BENEFIT. This Plan constitutes an agreement between the Company and each of the Participants which is binding upon and inures to the Company, its successors and assigns and upon the Participant and their heirs and legal representatives

9.4 HEADINGS. The headings of the Articles and Sections of this Plan are included for purposes of convenience only, and shall not affect the construction or interpretation of any of its provisions.

9.5 NOTICES. All notices requests, demands, and other communication under this Plan shall be in writing and shall be deemed to have been duly given on the date of service if served personally on the party to whom notice is to be given, or on the third day after mailing if mailed to the party to whom notice is to be given, by first class mail, registered or certified (return receipt requested), postage prepaid, and properly addressed to the last known address to each party as set forth on the first page thereof. Any party may change its address for purposes of this Section by giving the other parties written notice of the new address in the manner set forth above.

9.6 NO LOANS. The Plan does not permit any loans to be made to any Participant or Beneficiary.

9.7 GENDER USAGE. The use of the masculine gender includes the feminine gender for all purposes of this Plan.

9.8 EXPENSES. Costs of administration of the Plan shall be paid by the Company.

The Company has adopted the Plan on December 15, 1998, effective January 1, 1999.

This Amendment and Restatement is effective September 5, 2001.

IDEC PHARMACEUTICALS CORPORATION

By: /s/ Edward M. Rodriguez

Edward M. Rodriguez
Vice President and Controller