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 June 30, 2000

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 July 31, 2000 the Registrant had 44,852,882 shares of its common stock, $.0005 par value, issued and outstanding.

IDEC PHARMACEUTICALS CORPORATION

FORM 10-Q -- QUARTERLY REPORT
FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2000

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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 June 30,		Six months ended June 30.	
	2000	1999	2000	1999
Revenues:				
Revenues from unconsolidated joint business	$ 31,302	$ 21,045	$ 53,195	$ 40,324
Contract revenues	6,088	1,249	9,592	2,481
License fees	--	13,000	--	13,000
Total revenues	37,390	35,294	62,787	55,805
Operating costs and expenses:				
Manufacturing costs	--	879	2,134	4,886
Research and development	17,038	9,535	31,760	17,354
Selling, general and administrative	6,600	4,859	12,677	9,253
Total operating costs and expenses	23,638	15,273	46,571	31,493
Income from operations	13,752	20,021	16,216	24,312
Interest income, net	2,389	930	4,265	1,639
Income before income tax provision	16,141	20,951	20,481	25,951
Income tax provision	(2,816)	(1,043)	(3,557)	(1,234)
Net income	$ 13,325	$ 19,908	$ 16,924	$ 24,717
Earnings per share (1):				
Basic	$ 0.30	$ 0.49	$ 0.38	$ 0.61
Diluted	$ 0.26	$ 0.40	$ 0.32	$ 0.51
Shares used in calculation of earnings per share (1):				
Basic	44,508	41,034	43,979	40,798
Diluted	52,042	53,788	52,301	48,750

(1) Per share data for the three and six months ended June 30, 1999 have been restated to reflect a two-for-one stock split in December 1999.

See accompanying notes to condensed consolidated financial statements.

IDEC PHARMACEUTICALS CORPORATION AND SUBSIDIARY

CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, except par value)

	June 30, 2000 (unaudited)	December 31, 1999
ASSETS		
Current assets:		
Cash and cash equivalents	$ 111,983	$ 61,404
Securities available-for-sale	162,274	184,882
Contract revenue receivables, net	1,534	1,310
Due from related parties, net	32,901	23,654
Inventories	778	2,400
Prepaid expenses and other current assets	4,109	4,869
Total current assets	313,579	278,519
Property and equipment, net	25,433	20,822
Investment and other assets	13,121	7,733
	$ 352,133	$ 307,074
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current portion of notes payable	$ 1,274	$ 1,513
Accounts payable	1,437	1,269
Accrued expenses	12,236	12,834
Deferred revenue	4,368	--
Total current liabilities	19,315	15,616
Notes payable, less current portion	125,664	122,910
Deferred taxes and other long-term liabilities	9,392	8,570
Commitments		
Stockholders' equity:		
Convertible preferred stock, $.001 par value	--	--
Common stock, $.0005 par value	22	21
Additional paid-in capital	215,979	195,218
Accumulated other comprehensive loss - net unrealized losses on securities available-for-sale	(445)	(543)
Accumulated deficit	(17,794)	(34,718)
Total stockholders' equity	197,762	159,978
	$ 352,133	$ 307,074

See accompanying notes to condensed consolidated financial statements.

IDEC PHARMACEUTICALS CORPORATION AND SUBSIDIARY

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(unaudited)

	Six months ended June 30,	
	2000	1999
Cash flows from operating activities:		
Net cash provided by operating activities	$ 21,367	$ 24,267
Cash flows from investing activities:		
Purchase of property and equipment	(6,832)	(1,532)
Purchase of securities available-for-sale	(81,219)	(142,106)
Sales and maturities of securities available-for-sale	105,716	43,358
Net cash provided by (used in) investing activities	17,665	(100,280)
Cash flows from financing activities:		
Proceeds from issuance of convertible notes, net	--	112,792
Payments on notes payable	(823)	(1,080)
Proceeds from issuance of common stock	12,370	5,877
Net cash provided by financing activities	11,547	117,589
Net increase in cash and cash equivalents	50,579	41,576
Cash and cash equivalents, beginning of period	61,404	26,929
Cash and cash equivalents, end of period	$ 111,983	$ 68,505

See accompanying notes to 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 June 30, 2000, and for the three and six months ended June 30, 2000 and 1999, 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 IDEC Pharmaceuticals Corporation's ("we", "our" and "us") Annual Report on Form 10-K for the year ended December 31, 1999.

Inventories: Inventories are stated at the lower of cost or market. Cost is determined in a manner that approximates the first-in, first-out (FIFO) method. Under our collaborative agreement with Genentech, Inc. ("Genentech"), the sales price of bulk Rituxan(R) sold to Genentech (see Note 2) was capped at a price that was less than our cost to manufacture bulk Rituxan and as such, finished goods inventory was written down to its net realizable value. Such write-downs were recorded in manufacturing costs. All manufacturing responsibilities for bulk Rituxan were transferred to Genentech in September 1999. The last sale of bulk Rituxan to Genentech occurred during the first quarter of 2000. Inventories for the six months ended June 30, 2000 and December 31, 1999 consist of the following (table in thousands):

	June 30, 2000	December 31, 1999
Raw materials	$778	$1,005
Work in process	--	--
Finished goods	--	1,395
	$778	$2,400

Revenues from Unconsolidated Joint Business: Revenues from unconsolidated joint business consist of our share of the pretax copromotion profits generated from our joint business 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 income from F. Hoffmann-La Roche Ltd. ("Roche"), 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 exists and there are no further performance obligations related to bulk Rituxan. We record our royalty income from Roche with a one-quarter lag. Rituxan is the trade name in the United States for the compound Rituximab. Outside the United States, Rituximab is marketed as MabThera (Rituximab, Rituxan and MabThera are collectively referred to herein as Rituxan, except where otherwise indicated). Under the joint business 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 manufacturing responsibilities for Rituxan. Under the joint business 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 (see Note 2). Pretax copromotion profits under the joint business 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 to the lower tier on an annual basis, at the beginning of each year. We began recording our profit share at the higher percentage at the beginning of the second quarter of 2000. In 1999, we began recording our profit share at the higher percentage during the second quarter.

Contract Revenues: Contract revenues consist of 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 the collaborative development programs for certain of our products and product candidates and is

recognized at the time research and development activities are performed under the terms of the collaborative agreements. Amounts received under the collaborative agreements are nonrefundable even if the research and development efforts performed by us do not eventually result in a commercial product. Contract revenues earned in excess of contract payments received are classified as contract revenue receivables, and contract research and development funding received in excess of amounts earned are classified as deferred revenue. Contract revenue receivables at June 30, 2000 and December 31,1999 are net of an allowance of $283,000 and $292,000, respectively.

License Fees: License fees consist of nonrefundable fees from product development milestone payments, the sale of license rights to our proprietary gene expression technology and nonrefundable fees from the sale of product rights under collaborative development and license agreements with our strategic partners. 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 fees may include but are not limited to: the achievement of preclinical research and development objectives; the initiation of various phases of clinical trials; the filing of an Investigational New Drug ("IND"), Biologics Licensing Application ("BLA") or New Drug Application ("NDA"); the filing of drug license applications in foreign territories; and obtaining United States and/or foreign regulatory product approvals. Revenues from nonrefundable product development milestone payments are recognized when the results or objectives stipulated in the agreement have been achieved. License fees recognized are nonrefundable even if the achievement of the product development objective by us does not eventually result in a commercial product.

Manufacturing Costs: Manufacturing costs consist of manufacturing costs related to the production of bulk Rituxan sold to Genentech

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, warrants and other convertible securities compared to diluted earnings per share which reflects the potential dilution of options, warrants 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.

(In thousands, except per share data)	Three months ended June 30,		Six months ended June 30.	
	2000	1999	2000	1999
Numerator:				
Net income	$13,325	$19,908	$16,924	$24,717
Adjustments for interest, net of income tax effect	--	1,568	--	--
Net income, adjusted	13,325	21,476	16,924	24,717
Denominator:				
Weighted-average shares outstanding	44,508	41,034	43,979	40,798
Effect of dilutive securities:				
Dilutive options	5,282	5,126	5,909	4,970
Convertible preferred	2,252	2,982	2,413	2,982
Convertible zero-coupon notes due 2019	--	4,646	--	--
Dilutive potential common shares	7,534	12,754	8,322	7,952
Weighted-average shares and dilutive potential common shares	52,042	53,788	52,301	48,750
Basic earnings per share	$ 0.30	$ 0.49	$ 0.38	$ 0.61
Diluted earnings per share	$ 0.26	$ 0.40	$ 0.32	$ 0.51

Excluded from the calculation of diluted earnings per share for the three and six months ended June 30, 2000 was 4,646,000 shares of common stock from the assumed conversion of our 20-year zero coupon subordinated convertible notes ("Notes") and 798,000 shares and 678,000 shares, respectively, of common stock from options because their effect is antidilutive. Excluded from the calculation of diluted earnings per share for the six months ended June 30, 1999 was 3,572,000 weighted average shares of common stock from the assumed conversion of our Notes because their effect was antidilutive. All share and earnings per share amounts for the three and six months ended June 30, 1999 have been restated to reflect our two-for-one stock split effected in December 1999.

Comprehensive Income: Other comprehensive income consist of net income and net unrealized losses of securities available for sale. Comprehensive income for the three and six months ended June 30, 2000 was $13,382,000 and $17,005,000, respectively, compared to $19,483,000 and $24,104,000 for the comparable periods in 1999.

NOTE 2. RELATED PARTY ARRANGEMENTS

In March 1995, we entered into a collaborative agreement for the clinical development and commercialization of our anti-CD20 monoclonal antibody, Rituxan, for the treatment of certain B-cell non-Hodgkin's lymphomas with Genentech. Concurrent with the collaborative agreement we also entered into an expression technology license agreement with Genentech for a proprietary gene expression technology developed by us and a preferred stock purchase agreement providing for certain equity investments by Genentech in us. Under the terms of these agreements, we have received payments totaling $58,500,000 for the attainment of product development objectives, product license rights and equity investments in us. Additionally, we may be reimbursed by Genentech for certain 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.

In addition, we are copromoting Rituxan in the United States with Genentech under a joint business arrangement, with us receiving a share of the pretax copromotion profits. Under our collaborative agreement with Genentech, the sales price of bulk Rituxan sold to Genentech was capped at a price that was less than our cost to manufacture bulk Rituxan. In September 1999 we transferred all manufacturing responsibilities for bulk Rituxan to Genentech.

Revenues from unconsolidated joint business for the three and six months ended June 30, 2000 and 1999 consist of the following (table in thousands):

	Three months ended June 30,		Six months ended June 30.	
	2000	1999	2000	1999
Copromotion profit	$26,670	$18,130	$42,218	$30,775
Bulk Rituxan sales	--	--	2,078	3,867
Reimbursement of selling and development expenses	2,590	2,041	5,019	3,817
Royalty income on sales of Rituximab outside the U.S.	2,042	874	3,880	1,865
Total revenues from unconsolidated joint business	$31,302	$21,045	$53,195	$40,324

Amounts due from related parties, net at June 30, 2000 and December 31, 1999 consist of the following (table in thousands):

	June 30, 2000	December 31, 1999
Due from Genentech, copromotion profits	$25,839	$17,869
Due from Genentech, bulk Rituxan sales	4,512	3,291
Due from Genentech, selling and development expenses	2,524	2,467
Due from Roche	26	27
Total due from related parties, net	$32,901	$23,654

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. ("Zenyaku") will be responsible for product development, marketing and sales. We receive royalties on 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 diseases. In November 1997, we received approval from the United States Food and Drug Administration (" FDA") to market our first product, Rituxan, in the United States, and in June 1998, Roche, our European marketing partner was granted marketing authorization for Rituximab in all European Union countries. In September 1999, Zenyaku filed a BLA for Rituxan with the Tokyo Government and the Ministry of Health and Welfare and Rituxan is pending approval in Japan. Rituxan is the trade name in the United States and Japan for the compound Rituximab. Outside the United States, Rituximab is marketed as MabThera (Rituximab, Rituxan and MabThera are collectively referred to as Rituxan, except where 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 joint business 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 manufacturing responsibilities for Rituxan. 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 will be 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 joint business 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 income 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 income from Roche with a one-quarter lag. Under the joint business 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 joint business 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 to the lower tier on an annual basis, at the beginning of each year. We began recording our profit share at the higher percentage at the beginning of the second quarter of 2000. In 1999, we began recording our profit share at the higher percentage during the second quarter.

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 certain of 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, the sale of license rights to our proprietary gene expression technology and nonrefundable fees from the sale of product rights under collaborative development and license agreements with our strategic partners. 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 fees may include, but are not limited to: the achievement of preclinical research and development objectives; the initiation of various phases of clinical trials; the filing of an IND, BLA or NDA; the filing of drug license applications in foreign territories; and obtaining United States and/or foreign regulatory product approvals.

Contract revenues and license fees may vary from period to period and are in part dependent upon achievement of certain 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. Under our agreement with Genentech, the sales price of bulk Rituxan sold to Genentech was capped at a price that was less than our cost to manufacture bulk Rituxan. In September 1999 we transferred all 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(TM) antibodies and production of clinical antibodies. During the first quarter of 2000 we completed the BLA-enabling bulk manufacturing runs of the antibody component for ZEVALIN.

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 and revenues from the achievement of product development objectives and licensing transactions. As of June 30, 2000, we had an accumulated deficit of $17.8 million.

In April 2000 we announced that we recently completed a preliminary analysis of an 85-patient Phase II multi-center randomized, placebo-controlled, multi-dose clinical trial with IDEC-131. The trial was designed to assess the antibody's safety and potential efficacy in patients with active systemic lupus erythematous (SLE) who remained on background therapy for SLE. IDEC-131 demonstrated a favorable safety profile at repeat doses as high as 10 mg/kg. Additionally, significant improvement in global disease activity as compared to baseline was seen in all IDEC-131 treatment groups as determined by SLE Disease Activity Index scores. However, the improvement noted was not significantly different from that observed in the control group where a marked placebo effect was noted. We intend to expand our clinical development efforts for IDEC-131 into other indications during the year.

RESULTS OF OPERATIONS

Revenues from unconsolidated joint business for the three and six months ended June 30, 2000 totaled $31.3 million and $53.2 million, respectively, compared to $21.0 million and $40.3 million for the comparable periods in 1999. Revenues from unconsolidated joint business for the three and six months ended June 30, 2000 and 1999 reflect the financial results from the commercialization of Rituxan through our collaboration with Genentech. Revenues from unconsolidated joint business for the three and six months ended June 30, 2000 and 1999, consist of the following (table in thousands):

	Three months ended June 30,		Six months ended June 30,	
	2000	1999	2000	1999
Copromotion profit	$26,670	$18,130	$42,218	$30,775
Bulk Rituxan sales	--	--	2,078	3,867
Reimbursement of selling and development expenses	2,590	2,041	5,019	3,817
Royalty income on sales of Rituximab outside the U.S.	2,042	874	3,880	1,865
Total revenues from unconsolidated joint business	$31,302	$21,045	$53,195	$40,324

During the first quarter of 2000 we recognized the remaining revenues from bulk Rituxan sales to Genentech. Going forward, the transfer of all manufacturing responsibilities to Genentech will result in the loss of revenues to

offset our manufacturing costs. The loss of bulk Rituxan revenues may be offset by the potential financial and development timeline benefits of manufacturing ZEVALIN and other clinical antibodies in our manufacturing facility. 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 copromotion profit level is met. The profit-sharing formula resets to the lower tier on an annual basis, at the beginning of each year. We began recording our profit share at the higher percentage at the beginning of the second quarter of 2000. In 1999, we began recording our profit share at the higher percentage during the second quarter.

Rituxan net sales to third-party customers in the United States recorded by Genentech for the three and six months ended June 30, 2000 amounted to $96.7 million and $174.7 million, respectively, compared to $68.3 million and $120.3 million for the comparable periods in 1999. This increase was primarily due to increased market penetration in treatments of B-cell non-Hodgkin's lymphoma and a 5 percent increase in the wholesale price of Rituxan which was effected on September 1, 1999.

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. For the three and six months ended June 30, 2000 we recognized $2.1 million and $3.9 million, respectively, in royalties from Roche's end-users sales compared to $0.9 million and $1.9 million for the comparable periods in 1999.

Contract revenues for the three and six months ended June 30, 2000 totaled $6.1 million and $9.6 million, respectively, compared to $1.2 million and $2.5 million for the comparable periods in 1999. The increase in contract research revenues for the three and six months ended June 30, 2000 is primarily the result of funding under a collaboration and license agreement with Schering Aktiengesellschaft ("Schering AG") and a collaborative research and development agreement with Taisho Pharmaceuticals Co. Ltd. of Tokyo ("Taisho") offset by decreased funding under a collaborative agreement with Eisai Co, Ltd. ("Eisai").

License fees for the three and six months ended June 30, 1999 totaled $13.0 million which is the result of a non-recurring $13.0 million upfront licensing free from Schering AG for the exclusive marketing and distribution rights of ZEVALIN outside the United States.

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 were no manufacturing costs for the three months ended June 30, 2000 compared to $0.9 million for the comparable period in 1999. Manufacturing costs totaled $2.1 million for the six months ended June 30, 2000 compared to $4.9 million for the comparable period in 1999. Manufacturing costs relate to production of bulk Rituxan sold to Genentech. Manufacturing costs were recognized when Genentech accepted bulk Rituxan inventory. The decrease in manufacturing costs for 2000 is due to the transfer of all 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 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 clinical antibodies. Those manufacturing expenses have been recorded as research and development expenses.

Research and development expenses totaled $17.0 million and $31.8 million for the three and six months ended June 30, 2000, respectively, compared to $9.5 million and $17.4 million for the comparable periods in 1999. The increase in research and development expenses in 2000 is primarily due to ZEVALIN-related manufacturing and process development expenses, technology in-licensing, clinical trials, expansion of our facilities and contract manufacturing to third-parties. We expect to continue incurring substantial manufacturing related expenses as we have begun using our manufacturing capacity for production of specification-setting lots and pre-commercial inventory of ZEVALIN antibodies and production of other clinical antibodies under development. In the future we expect to continue incurring substantial additional research and development expenses due to: completion of our primary development program for ZEVALIN and preparation of our ZEVELIN BLA package; the expansion or addition of research and development programs; technology in-licensing; regulatory-related expenses; facility expansion; and preclinical and clinical testing of our various products under development.

Selling, general and administrative expenses totaled $6.6 million and $12.7 million for the three and six months ended June 30, 2000 compared to $4.9 million and $9.3 million for the comparable periods in 1999. Selling, general and administrative expenses increased in 2000 primarily due to increased legal and patent filing fees 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 expanded growth in sales, marketing and administration related to the potential commercialization of ZEVALIN, manufacturing capacity, clinical trials and research and development.

Interest income totaled $4.2 million and $7.8 million for the three and six months ended June 30, 2000 compared to $2.7 million and $4.3 million for the comparable periods in 1999. The increase in interest income in 2000 is primarily due to higher average balances in cash, cash equivalents and securities available-for-sale resulting from the completion of a Notes offering in February 1999, see "Liquidity and Capital Resources," cash provided by operations and cash provided from the issuance of common stock under employee stock option and purchase plans.

Interest expense totaled $1.8 million and $3.5 million for the three and six months ended June 30, 2000 compared to $1.7 million and $2.6 million for the comparable periods in 1999. The increase in interest expense in 2000 is primarily due to noncash interest charges relating to the Notes offering in February 1999. Interest expense is expected to increase in the future due to interest charges from the Notes.

Our effective tax rate for the six months ended June 30, 2000 was approximately seventeen percent compared to five percent in 1999. Our effective tax rate for 2000 and 1999 results from the utilization of net operating loss carryforwards. At December 31, 1999, we had a valuation allowance equal to our deferred tax assets of $57.5 million since we have not established a pattern of profitable operations for income tax reporting purposes. Our net operating loss carryforwards available to offset future taxable income at December 31, 1999 were approximately $87.0 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 in us of more than fifty percent in prior years. However, we anticipate this annual limitation to only result in a slight deferral in the utilization of our net operating loss carryforwards and tax credits.

LIQUIDITY AND CAPITAL RESOURCES

We have financed our operating and capital expenditures since inception principally through the sale of equity securities, commercialization of Rituxan, license fees, contract revenues, lease financing transactions, debt and interest income. We expect to finance our current and planned operating requirements principally through cash on hand, funds from our joint business arrangement with Genentech and with funds from existing collaborative agreements and contracts which we believe 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. There can be no assurance that additional funds will be obtained through these sources on acceptable terms, if at all. Should we not enter into any such arrangements, we anticipate our cash, cash equivalents and securities available-for-sale, together with the existing agreements and contracts and cash generated from our joint business arrangement with Genentech, will be sufficient to finance our currently anticipated needs for operating and capital expenditures for the foreseeable future. If adequate funds are not available from the joint business arrangement, operations or additional sources of financing, our business could be materially and adversely affected.

Our working capital and capital requirements will depend upon numerous factors, including: the continued commercial success of Rituxan; 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 June 30, 2000, we had $274.3 million in cash, cash equivalents and securities available-for-sale compared to $246.3 million at December 31, 1999. Sources of cash, cash equivalents and securities available-for-sale during the six months ended June 30, 2000, included $21.4 million from operations and $12.4 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 six months ended June 30, 2000, included $6.8 million used to purchase capital equipment and $0.8 million used to pay notes payable.

In February 1999, we raised through the sale of Notes approximately $112.7 million, net of underwriting commissions and expenses of $3.9 million. The Notes were priced with a yield to maturity of 5.5 percent annually. Upon maturity, the Notes will have an aggregate principal face value of $345.0 million. Each $1,000 aggregate principal face value Note is convertible at the holders' option at any time through maturity into 13.468 shares of our common stock at an initial conversion price of $25.09. We are required under the terms of the Notes, as of 35 business days after a change in control occurring on or before February 16, 2004, to purchase any 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 Notes may require us to purchase the 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 Notes plus accrued original issue discount in cash, our common stock or a combination thereof. We have the right to redeem the Notes on or after February 16, 2004.

In September 1997, we entered into a development and license agreement with Cytokine Pharmasciences, Inc., formally known as Cytokine Networks, Inc., ("CPI"). Under the terms of the development and license agreement with CPI, we may make payments to CPI 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 certain product development milestone objectives, of which $3.5 million has been paid through June 30, 2000.

In October 1992, we entered into a collaborative research and license agreement with SmithKline Beecham p.l.c. ("SmithKline Beecham") related to the development and commercialization of compounds based on our PRIMATIZED(R) anti-CD4 antibodies. In February 2000, we amended and restated our agreement with SmithKline Beecham which resulted in all anti-CD4 program rights, including IDEC-151, being returned to us. We will receive no further funding from SmithKline Beecham under the restated agreement. As part of the restated agreement, SmithKline Beecham has the option to negotiate commercialization and copromotion rights with us for the first compound based on our PRIMATIZED anti-CD4 antibodies to complete a Phase II study. If we do not commercialize and copromote the compound with SmithKline Beecham, we will pay SmithKline Beecham royalties on sales and licensees by us or our affiliates, on products emerging from the rights returned to us under the restated agreement.

NEW ACCOUNTING BULLETIN

In December 1999, the Securities and Exchange Commission ("SEC") issued Staff Accounting Bulletin No. 101, "Revenue Recognition in Financial Statements" ("SAB No. 101"). SAB No. 101, as amended by SAB No. 101B, summarizes certain of the SEC's staff's views in applying generally accepted accounting principles to revenue recognition in financial statements. SAB No. 101 provides that specific facts and circumstances may result in nonrefundable fees received under our collaborative agreements not being recognized as revenue upon payment but instead recognized as revenue over future periods. We are presently evaluating the impact, if any, that SAB No. 101 will have on our reported results. Implementation of SAB No. 101 is required no later than the fourth quarter of 2000.

In March of 2000, the Financial Accounting Standards Boards ("FASB") issued FASB Interpretation No. 44 ("FIN 44"), Accounting for Certain Transactions Involving Stock Compensation - an Interpretation of Accounting Principles Board Opinion No. 25. FIN 44 is effective July 1, 2000. We do not expect the application of FIN 44 to have a significant effect on our 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 such statements are projections or estimates as to future events, and actual results may differ materially.

In addition to the other information in this Form 10-Q, you should carefully consider the following risk factors that could affect our actual future results and have a material and adverse effect on our business, financial condition and results of operations. The risks and uncertainties described below are not the only ones facing us, and additional risks and uncertainties may also impair our business operations.

OUR REVENUES RELY SIGNIFICANTLY ON RITUXAN SALES

Our revenues currently depend largely upon continued U.S. sales of a single commercialized product, Rituxan. 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 health care community of its safety and efficacy or that of competing products, if any;

- 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;

- unfavorable publicity concerning Rituxan or comparable drugs;

- its price relative to other drugs or competing treatments;

- the availability 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 upon 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 our commercialized products, such as Rituxan;

- our ability to utilize excess manufacturing capacity by obtaining contract manufacturing relationships;

- timing and nature of contract manufacturing and contract research and development payments and receipts;

- hospital and pharmacy buying decisions;

- clinical trial enrollment and 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;

- 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;

- foreign currency exchange rates; and

- overall economic conditions.

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

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 $42 3/4 per share and $173 per share during the twelve months ended August 11, 2000. 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 Notes;

- period-to-period fluctuations in our financial results;

- 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 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 or satisfactorily support a BLA or NDA.

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 have a material adverse effect on our business, results of operations and financial condition. 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 and/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, with respect to 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 manner. As a result, we must continue to develop, test and manufacture new products and then must meet regulatory standards and obtain regulatory approvals. Our products currently in development may not receive the regulatory approvals necessary for marketing in a timely manner, if at all. Additionally, the development and commercialization 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. Delays or unanticipated costs in any part of the process or our inability to obtain regulatory approval for our products or to maintain manufacturing facilities in compliance with all applicable regulatory requirements could adversely affect our results of operations.

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 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 and therefore, we rely entirely upon third parties for the manufacture of these products and 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. Nor can we be certain that we will be able to enter into satisfactory agreements with third-party manufacturers. Our failure to enter into agreements with such manufacturers on reasonable terms, if at all, or poor manufacturing performance on our part or that of our third-party manufacturers could have a material and adverse effect on our business, financial condition and results of operations.

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 materially and adversely affect our business, results of operations and financial condition.

Since the completion in September 1999 of our obligation to manufacture bulk Rituxan, we have commenced conversion of our manufacturing facility to a multi-product facility, where we will initially manufacture ZEVALIN and other clinical antibodies. We cannot be certain that our manufacturing performance will meet our expectations. We cannot be certain that we will receive all necessary regulatory approvals for a multi-product facility, or, even if approvals are received, that the approvals will be obtained within our budgeted time and expense estimations. Our failure to successfully convert the manufacturing facility in a timely manner could have an adverse effect on our product development efforts, our ability to timely file our product license applications and our ability to timely produce commercial supplies of the ZEVALIN antibody, if approved, and could cause us to incur significant unabsorbed overhead costs. 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 as contract suppliers. We cannot be certain that we could reach agreement on reasonable terms, if at all, with those manufacturers.

ZEVALIN has multiple components that require successful coordination among several third-party contract manufacturers and suppliers. We are currently negotiating with commercial contractors to meet our long-term manufacturing demands for fill/finish of ZEVALIN bulk product. We cannot be certain that we will reach agreement on reasonable terms, if at all, with our contract manufacturers or that the integration of our contract manufacturers and suppliers can be successfully coordinated.

WE RELY HEAVILY ON CERTAIN SUPPLIERS

Some materials used in our products and potential products, including Rituxan and ZEVALIN, are currently available only from sole or limited number of suppliers. In addition, the suppliers of some materials for our products must be approved by the FDA and/or by other governmental agencies. For example, we have identified a new commercial supplier of the radioisotope used with our ZEVALIN product. Prior to the commercialization of ZEVALIN, the supplier will be required to obtain NDA approval. Although we have initiated a program for identifying alternative suppliers for certain materials, any interruption or delay in our supply of materials, or delays in obtaining applicable governmental approvals or any loss of a sole source supplier, including any interruption or loss related to the supply or supplier of our radioisotope for ZEVALIN, could have a material adverse effect on our business, financial condition and results of operations.

OUR INDUSTRY IS INTENSELY COMPETITIVE

The biotechnology industry is intensely competitive and we cannot be certain that we will 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 is preparing to file a BLA for 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 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. Since we currently rely upon copromotion partners in the United States and rely exclusively on third-parties 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.

WE MAY BE UNABLE TO ADEQUATELY PROTECT OR ENFORCE OUR INTELLECTUAL PROPERTY RIGHTS OR SECURE RIGHTS TO THIRD-PARTY PATENTS

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 or have rights to or have exclusive access to a number of U.S. and foreign patents, patents pending and patent applications. However, we cannot be certain that such patent applications will be approved, or that any of our patent rights will 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. We cannot be certain that our patent rights will provide competitive advantages for our products or will not 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 materially and adversely affect our ability to commercialize our products and product candidates.

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. It is possible that such parties will breach our agreements or that courts may not enforce the agreements, leaving us without adequate remedies. We also cannot

be certain that our trade secrets will not become known or be independently developed or patented by our competitors.

In September 1999, an interference to determine priority of inventorship was declared in the United States Patent and Trademark Office between Dartmouth University's patent application (which patent application has been exclusively licensed to us) and Columbia University's patent (which patent we believe has been exclusively licensed to Biogen) relating to anti-CD40L antibodies. We are aware that oppositions have been filed to a granted Japanese Immunex patent 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. We have filed a response to the opposition. 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, and/or the granted patent application(s) not proceeding to a patent.

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 materially affect our ability to make, use, offer to sell, sell and import our products. These third-party patents and, patent applications may include, without limitation:

- three U.S. patents assigned to Glaxo Wellcome and foreign counterparts relating to therapeutic uses of CHO-glycosylated antibodies;

- two U.S. patents assigned to Glaxo Wellcome and foreign counterparts relating to chelator-stabilized antibody preparations;

- two U.S. patents assigned to Glaxo Wellcome and foreign counterparts directed to methods of growing CHO cells in media that is free from components obtained directly from an animal source;

- two U.S. patents assigned to Coulter Pharmaceutical, Inc. and the Regents of the University of Michigan; one that relates to compositions comprising radiolabeled antibodies directed to CD20 antigen which are administered at nonmyelosuppressive doses, and the second patent 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 U.S. patent and foreign counterparts filed by Bristol-Myers Company that relate to ligands to a B7 antigen;

- 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 is associated with CD40L, the target for our anti-CD40L antibodies 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 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 such patents. Such owners or licensees of foreign counterparts to these patents and any other foreign patents may assert that one or more of our products infringe one or more claims of such patents. Specifically, 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 or patent applications.

We are aware that on May 28, 1999, Glaxo Wellcome filed a patent infringement lawsuit against Genentech in the U.S. District Court in Delaware. According to Genentech's Form 10-Q for the quarter ended March 31, 2000, that suit asserts that Genentech infringes four U.S. patents owned by Glaxo Wellcome. Two of the patents relate to the use of specific kinds of monoclonal antibodies for the treatment of human disease, including cancer. The other two patents asserted against Genentech relate to preparations of specific kinds of monoclonal antibodies which are made more stable and the methods by which such preparations are made. Genentech believes that the suit relates to the manufacture, use and sale of Rituxan and their product Herceptin. The judge has scheduled the trial of this suit to begin January 29, 2001. Based upon the nature of the claims made and the information available to Genentech,

Genentech reports that it believes that the outcome of this action is not likely to have a material adverse effect on their financial position, results of operations or cash flows, but that if an unfavorable ruling were to occur in any quarterly period, there exists the possibility of a material impact on Genentech's net income of that period. If the suit relates to the manufacture, use and sale of Rituxan, and depending on the suit's outcome, there exists the possibility of a material impact on our corresponding period copromotion profit related to Rituxan and a material adverse effect on our business, financial condition and results of operations.

If our intellectual property rights are challenged, 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. However, we cannot be certain that we will be able to obtain these licenses on commercially reasonable terms, if at all, or that any licensed patents or intellectual property will be valid or enforceable. In addition, the scope of intellectual property protection is subject to scrutiny and change 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 have a material adverse effect on our business, financial condition and results of operations.

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. Such strategic partners may generally terminate their arrangement 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 certain product development objectives, such failure could have a material adverse effect on our ability to fund related programs and develop products.

FAILURE TO OBTAIN PRODUCT APPROVALS OR COMPLY WITH GOVERNMENT REGULATIONS COULD ADVERSELY AFFECT 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 after they are approved by the FDA. Obtaining an 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. 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. Both before and after approval, we, as well as our partners, contract manufacturers and suppliers, are subject to numerous FDA requirements covering, among other things, research and development, testing, manufacturing, quality control, labeling and promotion of drugs, and to government inspection at all times. Among the conditions for NDA or BLA approval is the requirement that the prospective manufacturer's quality control and manufacturing procedures conform on an ongoing basis with Good Manufacturing Practices, or GMP. Before approval of a NDA or BLA, the FDA will perform a prelicensing inspection of the facility to determine its compliance with GMP and other rules and regulations. After the facility is licensed for the manufacture of any product, manufacturers are subject to periodic inspections by the FDA. 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 recall, interruption of production and even criminal prosecution. Although we have instituted internal compliance programs and continue to address compliance issues raised from time-to-time by the FDA, we cannot be certain that we will meet regulatory agency standards or that any lack of compliance will not have a material adverse effect on our business, financial condition or results of operations.

OUR BUSINESS EXPOSES US TO PRODUCT LIABILITY CLAIMS

Our design, testing, development, manufacture and marketing of products involves 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 claim is brought against us, whether fully covered by insurance or not, our business, results of operations and financial condition could be materially adversely affected.

WE MAY BE UNABLE TO RAISE ADDITIONAL CAPITAL OR TO REPURCHASE THE ZERO COUPON SUBORDINATED CONVERTIBLE 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, and/or equity and debt financings or from other sources. We may be unable to raise additional capital on commercially acceptable terms, if at all, and if we raise capital through equity financing then existing stockholders may have their ownership interests diluted. If we are unable to generate adequate funds from operations or from additional sources, then our business, results of operations and financial condition may be materially and adversely affected.

If we undergo certain events constituting a change of control prior to February 16, 2004, we will be obligated to repurchase all outstanding Notes at the option of the holder. However, it is possible that we will not have sufficient funds at that time, will not be able to raise sufficient funds, or that restrictions in our indebtedness will not allow such repurchases. In addition, certain major corporate events that would increase our indebtedness, such as leveraged recapitalizations, would not constitute a change of control under the Indenture entered into in connection with the offering of the Notes.

FUTURE TRANSACTIONS MAY ADVERSELY AFFECT OUR BUSINESS OR THE MARKET PRICE OF SECURITIES

We regularly review potential transactions related to technologies, products or product rights and businesses complementary to our business. Such transactions could include mergers, acquisitions, strategic alliances, off-balance sheet financings, licensing agreements or copromotion agreements. We may choose to enter into one or more of such 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 have a material adverse impact upon the market price of securities that we have issued.

WE RELY UPON CERTAIN 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. We do not carry key-man life insurance on any of our officers or personnel. If we lose the services of any of these officers or key scientific personnel, we could suffer a material adverse effect on our business, financial condition and results of operations. 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 such 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 cannot be certain that we will be able to continue to attract and retain qualified personnel or develop and maintain relationships with clinical researchers.

WE ARE SUBJECT TO UNCERTAINTIES REGARDING HEALTH CARE 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, results of operations and financial condition could be materially adversely affected if health care 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, involves 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, certain 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 such material. If liable for an accident, or if we suffer an extended facility shutdown, we could incur significant costs, damages and penalties that could have a material adverse effect on our business, financial condition and results of operations.

THE ZERO COUPON SUBORDINATED CONVERTIBLE NOTES LEVERAGE US CONSIDERABLY

As a result of issuing the 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 materially adversely affect 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 Notes may require us to purchase the Notes on February 16, 2004, 2009, 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 the Notes plus accrued original issue discount in cash, our common stock or a combination thereof. We have the right to redeem the Notes on or after February 16, 2004.

In addition, in the event of our insolvency, bankruptcy, liquidation, reorganization, dissolution or winding up 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 the 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 ANTITAKEOVER MEASURES AND THE ZERO COUPON SUBORDINATED CONVERTIBLE NOTES MAY HAVE FURTHER ANTITAKEOVER EFFECT

We have taken a number of actions that could have the effect of discouraging 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 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 such 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. The Board of Directors has no present intention of issuing any additional shares of preferred stock (183,014 shares of non-voting convertible preferred stock convertible into 2,091,585 shares of common stock, were outstanding as of July 31, 2000), but reserves the right to do so 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 acquirors.

We are required by the terms of the Notes, as of 35 business days after a change in control occurring on or before February 16, 2004, to purchase any 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 the Notes may have an antitakeover 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 June 30, 2000, we maintained a portion of our cash and cash equivalents in financial instruments with original maturities of three months or less. We also maintained a short-term investment portfolio containing financial instruments in which the majority have original maturities of greater than three months but less than twelve 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 six months ended June 30, 2000, would have resulted in approximately a $0.8 million change in pretax income. We have not used derivative financial instruments in our investment portfolio.

Our long-term debt totaled $126.9 million at June 30, 2000 and was comprised principally of the Notes. Our long-term debt obligations bear interest at a weighed average interest rate of 5.50%. Due to the fixed rate nature of the 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 Notes to common stock beneficial to the Notes holders. Conversion of the 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. None

ITEM 2. CHANGES IN SECURITIES. None

ITEM 3. DEFAULTS UPON SENIOR SECURITIES. None

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

On May 17, 2000, the Company held its Annual Meeting of Stockholders at which the stockholders approved all of the proposals listed below:

(1) The election of Alan B. Glassberg, M.D., Robert W. Pangia, and William D. Young to the Board of Directors to serve for a three-year term ending in the year 2003, or until their successors shall have been duly elected or appointed or until their earlier death, resignation or removal.

(2) The amendment to the Company's 1988 Stock Option Plan to increase the total number of common shares authorized for issuance thereunder from 14,270,000 shares to a total of 15,980,000 shares and to extend the term of the Option Plan from December 31, 2002 to December 31, 2005.

(3) The amendment to the Company's 1993 Non-Employee Directors Stock Option Plan to increase the total number of common shares authorized for issuance thereunder from 740,000 shares to a total of 1,040,000 shares and to extend the term of the Directors Plan from September 13, 2003 to December 31, 2005.

(4) The selection of KPMG LLP as the Company's independent public accountants for the fiscal year ending December 31, 2000.

The following directors received the number of votes set opposite their respective names:

	For Election	Withheld
Alan B. Glassberg, M.D.	37,913,352	52,685
Robert W. Pangia	37,911,966	54,071
William D. Young	37,787,432	178,605

The proposal to amend the 1988 Stock Option Plan received 16,761,336 affirmative votes (for the amendment), 12,583,539 negative votes (against the amendment) and 69,451 votes abstained. The proposal did not receive any broker nonvotes.

The proposal to amend the 1993 Non-Employee Directors Stock Option Plan received 19,924,598 affirmative votes (for the amendment), 9,419,111 negative votes (against the amendment) and 70,617 votes abstained. This proposal did not receive any broker nonvotes.

The proposal to select KPMG LLP as the Company's independent public accountants received 37,905,757 affirmative votes (for the selection), 32,624 negative votes (against the selection), and 27,656 votes abstained. This proposal did not receive any broker nonvotes.

ITEM 5. OTHER INFORMATION. None

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K.

(a) The following exhibits are referenced.

Exhibit Number	Description
10.10*	Collaborative Development Agreement between the Company and Taisho Pharmaceuticals Co., Ltd. dated December 22, 1999.
10.11*	License Agreement between the Company and Taisho Pharmaceuticals Co., Ltd. dated December 22, 1999.
27.1	Financial Data Schedule.

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* 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: August 14, 2000

By: /s/ William H. Rastetter

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

Date: August 14, 2000

By: /s/ Phillip M. Schneider

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

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.

COLLABORATIVE DEVELOPMENT AGREEMENT
TAISHO PHARMACEUTICAL CO., LTD. - IDEC PHARMACEUTICALS CORPORATION

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CONFIDENTIAL TREATMENT

COLLABORATIVE DEVELOPMENT AGREEMENT

This COLLABORATIVE DEVELOPMENT AGREEMENT ("CDA"), effective this 22nd day of December, 1999 ("EFFECTIVE DATE"), between Taisho Pharmaceutical Co., Ltd. organized under Japanese law and having its principal executive offices at 24-1 Takata 3-chome, Toshima-ku, Tokyo 170-8633, Japan ("TAISHO") and IDEC Pharmaceuticals Corporation, a company organized under the laws of the State of Delaware and having its principal executive offices at 11011 Torreyana Road, San Diego, California 92121, USA ("IDEC").

BACKGROUND

WHEREAS, IDEC is engaged in research and development of Macrophage Migration Inhibitory Factor ("MIF") and has accumulated knowledge relating to antibody based products;

WHEREAS, both TAISHO and IDEC desire to collaborate in both the research of antibodies against MIF and in the development of the PRODUCT (hereinafter defined);

WHEREAS, IDEC acquired rights to develop and manufacture MIF technology from Cytokine Networks, Inc. ("CNI").

WHEREAS, the PARTIES have entered into the LICENSE AGREEMENT as of even date, providing for commercialization and marketing of the PRODUCT by both TAISHO and IDEC in their respective territories. The PARTIES shall also consider CO-PROMOTION (hereinafter defined) the PRODUCT in TAISHO TERRITORY-B.

NOW, THEREFORE, in consideration of the covenants and obligations expressed herein, and intending to be legally bound by such covenants and obligations, and otherwise to be bound by proper and reasonable conduct, the PARTIES agree as follows:

ARTICLE 1--DEFINITIONS

"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 election of the directors thereof 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.

"ANTIBODY RESEARCH" shall mean the collaborative research program between IDEC and TAISHO to develop high affinity humanized monoclonal antibodies in the FIELD as the PARTIES may agree to in accordance with ARTICLE 2 of this CDA and as outlined in APPENDIX B hereto.

"BEST EFFORTS" shall mean the maximum effort consistent with the rational and prudent exercise of business judgment for a commercial enterprise in the biopharmaceuticals or pharmaceuticals industry. For example, a measure of BEST EFFORTS shall be not less than the effort accorded a project of high priority which results from the in-house research of a PARTY to this CDA.

"CDA INFORMATION" shall mean any and all proprietary or confidential data, information, know-how and results obtained from the ANTIBODY RESEARCH and PRODUCT DEVELOPMENT as further described in ARTICLE 2 of this CDA.

"CO-PROMOTION" shall mean, for purposes of this CDA, a way of collaboration by the PARTIES under which TAISHO, it's AFFILIATE or it's sublicensee as one PARTY and IDEC or it's AFFILIATE as the other PARTY, shall each deploy its own sales force to market the FINISHED PRODUCT under the same tradename or trademark, both PARTIES jointly promote the FINISHED PRODUCT in the same country and in the same FIELD, which is implemented for any country in TAISHO TERRITORY-B if IDEC determines to do so having exercised it's option under Section 2.03 of the LICENSE AGREEMENT.

"EMEA" shall mean the European Medicines Evaluation Agency.

"FDA" shall mean the United States Food and Drug Administration.

"FIELD" shall mean use of the PRODUCT(S) for in vivo therapy of human disease and in vivo diagnosis and in vitro diagnosis and evaluation of [CONFIDENTIAL TREATMENT REQUESTED].

"IDEC TECHNOLOGY" shall mean all IDEC KNOW-HOW and PATENTS which relate to PRODUCT or REAGENT, that IDEC owns, or controls, in whole or in part, and to which IDEC has the right to use, grant licenses or sublicenses and developed during the term of this CDA or known to IDEC as of the EFFECTIVE DATE of this CDA.

"IDEC TERRITORY" shall mean the entire world, except TAISHO TERRITORY.

"IND" shall mean Investigational New Drug application filed with the medical regulatory authority in any country within the TERRITORY.

"IND ALLOWANCE" shall mean the allowance by the medical regulatory authority in any country within the TERRITORY to begin human clinical trials as a result of the submission of an IND for PRODUCT.

"KNOW-HOW" shall mean all proprietary or confidential information, data and know-how which relates to PRODUCT and shall include, without limitation, all chemical, pharmacological, toxicological, clinical, assay, quality control and manufacturing data and any other information and REAGENTS relating to PRODUCT and useful or required for the ANTIBODY RESEARCH and PRODUCT DEVELOPMENT, developed during the term of this CDA or known as of the EFFECTIVE DATE, to the extent that a PARTY is free to disclose, use, license, or sublicense such as provided by this CDA. In addition, the term "KNOW-HOW" shall include CDA INFORMATION.

"LICENSE AGREEMENT" shall mean the License Agreement between the PARTIES of even date.

"MAJOR EUROPEAN COUNTRY" shall mean any one of the following countries: [CONFIDENTIAL TREATMENT REQUESTED].

"PARTY" shall mean IDEC or TAISHO, as the case may be; "PARTIES" shall mean IDEC and TAISHO.

"PATENTS" shall mean all patents and patent applications which are or become owned or controlled by a PARTY or PARTIES jointly, and which such PARTY or PARTIES otherwise

have, now or in the future, the right to use, grant licenses or sublicenses during the term of this CDA, which generically or specifically claim PRODUCT or REAGENT, a process for manufacturing PRODUCT or REAGENT, an intermediate used in such process, a method to formulate or deliver PRODUCT or REAGENT or a use of PRODUCT or REAGENT. Included within the definition of PATENTS are any continuations, continuations-in-part, divisions, patents of addition, reissues, renewals or extensions thereof. Also included within the definition of PATENTS are any patents or patent applications which generically or specifically claim any improvements on PRODUCT or REAGENT, including the use of PRODUCT or REAGENT, or intermediates or manufacturing processes required or useful for production of PRODUCT or REAGENT which are developed by a PARTY or PARTIES, or which such PARTY or PARTIES otherwise has the right to use, grant licenses, now or in the future, during the term of this CDA. The current list of patent applications and patents encompassed within IDEC's PATENTS is set forth in APPENDIX A attached hereto. APPENDIX A shall be updated by the PARTIES from time to time.

"PIVOTAL TRIAL" shall mean the Registration Trial as used in the United States in regard to FDA procedure the status of which is equivalent to Phase III clinical studies as required under the Pharmaceutical Affairs Law in Japan.

"PRODUCT" shall mean any composition of matter, the intellectual property rights to which are owned in whole or in part by the PARTY, and to which either PARTY has the right to grant a right to the other PARTY to perform the research and development of the PRODUCT in accordance with ARTICLE 4 of this CDA as of the EFFECTIVE DATE or acquires such right during the term of this CDA, which composition of matter contains antibodies against MIF.

"PRODUCT DEVELOPMENT" shall mean the preclinical and clinical development program on a PRODUCT within the FIELD conducted during the term of this CDA or any extensions thereof under Section 9.01 primarily with the intent and purpose of generating data for submission to a regulatory authority in the TAISHO TERRITORY, in the case of TAISHO, and in the IDEC TERRITORY, in the case of IDEC, in support of an application for governmental approval required for commercializing PRODUCT for any indication. Such

development program shall be as carried out in accordance with ARTICLE 2 and APPENDIX C.

"REAGENT" shall mean the determinant of antibodies against MIF, cell lines expressing such antibodies and other compositions of matter, such as, but not limited to, the transfected cell lines expressing the PRODUCT, necessary or useful to develop or produce PRODUCT ."TAISHO TECHNOLOGY" shall mean all TAISHO KNOW-HOW and PATENTS which relate to PRODUCT or REAGENT, that TAISHO owns, or controls, in whole or in part, and to which TAISHO has the right to use, grant licenses or sublicenses and developed during the term of this CDA or known to TAISHO as of the EFFECTIVE DATE of this CDA.

"TAISHO TERRITORY" shall mean both TAISHO TERRITORY-A and TAISHO TERRITORY-B, collectively.

"TAISHO TERRITORY-A" shall mean Japan, People's Republic of China, Hong Kong, Republic of Korea, Singapore, Republic of China (Taiwan), Thailand, Indonesia, Philippines, Malaysia, India, Cambodia, Vietnam, Pakistan, Sri Lanka, Democratic People's Republic of Korea, Nepal, Bangladesh, Bhutan, Brunei, Myanmar, Macao, Maldives, Mongolia, Laos People's Democratic Republic and all territories and possessions of such countries. If TAISHO's license is terminated or reverted to IDEC in a particular country pursuant to LICENSE AGREEMENT Sections 4.01 or 5.05, such country shall be eliminated from the TAISHO TERRITORY-A.

"TAISHO TERRITORY-B" shall mean the United Kingdom, Germany, France, Spain, Italy, Portugal, Sweden, Switzerland, the Netherlands, Norway, Belgium, Austria, Denmark, Finland, Australia, New Zealand, Yugoslavia, Romania, Russia Federation, Slovak Republic, Czech Republic, Hungary, Finland, Bulgaria, Poland, Helenic Republic, Iceland, Ireland, Albania, Andora, Ukraine, Estonia, Croatia, San Marino, Slovenia, Vatican, Belarus, Bosnia and Herzegovina, Macedonia, Malta, Monaco, Moldova, Latvia, Lithuania, Liechtenstein, Luxembourg, Algeria, Kiribati, Solomon Islands, Tuvalu, Tonga, Nauru, Samoa, Vanuatu, Papua New Guinea, Palau, Fiji, Marshall Islands, Federated States of Micronesia, United Arab Emirates, Israel, Iraq, Iran, Kuwait, Saudi Arabia, Turkey, Azerbaijan, Afghanistan, Armenia, Yemen, Uzbekistan, Oman, Kazakhstan, Qatar, Cyprus, Kyrgyzstan, Georgia, Syria, Tajikistan,

Turkmenistan, Bahrain, Jordan, Lebanon and all territories and possessions of such countries. If TAISHO's license is terminated or reverted to IDEC in a particular country pursuant to LICENSE AGREEMENT Sections 4.01 or 5.05, such country shall be eliminated from the TAISHO TERRITORY-B."TERRITORY" shall mean both IDEC TERRITORY and TAISHO TERRITORY, collectively.

"THIRD PARTY(IES)" shall mean any party other than a PARTY to this CDA or an AFFILIATE of TAISHO or IDEC.

ARTICLE 2--RESEARCH AND DEVELOPMENT

2.01 The PARTIES shall collaborate in the research of antibodies against MIF and development of a PRODUCT with the objective of (i) [CONFIDENTIAL TREATMENT REQUESTED], and (ii) [CONFIDENTIAL TREATMENT REQUESTED]. Such research and development shall consist of two (2) phases: ANTIBODY RESEARCH and PRODUCT DEVELOPMENT.

(a) The ANTIBODY RESEARCH phase shall commence on the EFFECTIVE DATE and expire on the occurrence of earlier event of (i) [CONFIDENTIAL TREATMENT REQUESTED] or (ii) upon [CONFIDENTIAL TREATMENT REQUESTED]. PARTIES shall through the unanimous vote of the Steering Committee (defined below) and within [CONFIDENTIAL TREATMENT REQUESTED]. If PARTIES could confirm successful development thereof, the PRODUCT DEVELOPMENT phase shall automatically commence, and PARTIES shall confirm when to initiate PRODUCT DEVELOPMENT. In the event that [CONFIDENTIAL TREATMENT REQUESTED], the PARTIES will discuss and determine the future direction of this CDA or TAISHO may terminate this CDA with only those rights and obligations of the Parties set forth in Article 10.

(b) PRODUCT DEVELOPMENT for purposes of this CDA shall be limited to PRODUCT DEVELOPMENT and commercialization (under LICENSE AGREEMENT) of

humanized antibodies against the MIF antigen. The PARTIES will collaborate initially on the development of a first humanized antibody that shall be funded by the payments made under Article 3 of this CDA. If such first humanized antibody is later determined by the Steering Committee not to be clinically or commercially feasible, and is abandoned, the PARTIES will collaborate on development of a second humanized antibody, the properties of which will be decided and approved by the Steering Committee, based in part on the experience and information obtained from the development of the first humanized antibody. IDEC will not receive additional funding for the development of the second humanized antibody under this CDA. IDEC shall not be required to develop a third humanized antibody, regardless of the feasibility of the second antibody. If the PARTIES agree that development of a first or second humanized antibody requires the licensing of new technology [CONFIDENTIAL TREATMENT REQUESTED], the PARTIES shall share equally the license fees and any cash consideration necessary to secure any such licenses or technology necessary to make a humanized antibody.

2.02 Except as expressly set forth in this CDA (including its Appendices) and subject to the decision of the Steering Committee, IDEC shall have the authority to direct and shall jointly carry out with TAISHO the ANTIBODY RESEARCH and PRODUCT DEVELOPMENT. The general terms regarding the efforts to be undertaken in furtherance of ANTIBODY RESEARCH and PRODUCT DEVELOPMENT, including the objectives thereof, have been mutually agreed upon by the PARTIES, and such agreement is incorporated upon the EFFECTIVE DATE within APPENDIX B and APPENDIX C of this CDA and is a part thereof which may be amended from time to time by a mutual agreement of the PARTIES. During the term of this CDA, TAISHO may send one (1) researcher to IDEC. TAISHO shall be responsible for such scientist's salary, benefits, living expenses, travel expenses, supply allowance, etc.

2.03 The PARTIES acknowledge that the collaborative effort under this CDA involves subjective business and scientific decisions regarding the progress and direction of the ANTIBODY RESEARCH and PRODUCT DEVELOPMENT, which may require amending APPENDIX B and APPENDIX C from time to time. To facilitate the ANTIBODY RESEARCH and PRODUCT DEVELOPMENT, preceding the EFFECTIVE DATE, the PARTIES have established a committee containing senior research and development members in equal numbers from both PARTIES ("Steering Committee"), and such Steering Committee shall,

in good faith, manage the scientific objectives, and respective activities and responsibilities of the PARTIES for such ANTIBODY RESEARCH and PRODUCT DEVELOPMENT, including, but not limited to, the establishment of PRODUCT profile, time lines, feasibility criteria, protocol design, PRODUCT supply requirements for research, preclinical and Phase I clinical use, etc., as outlined in APPENDIX B AND C. Such Steering Committee shall have the authority to amend APPENDIX B and APPENDIX C from time to time as appropriate. Decisions by such Steering Committee shall be by unanimous agreement, failing which the decision shall be made by unanimous agreement of the PARTIES' respective Chief Executive Officers; failing which the decision shall be mediated or arbitrated as provided herein.

2.04 The PARTIES shall use BEST EFFORTS to carry out their respective responsibilities in the ANTIBODY RESEARCH and PRODUCT DEVELOPMENT in their respective TERRITORIES. TAISHO shall use BEST EFFORTS to initiate PRODUCT DEVELOPMENT in TAISHO TERRITORY in accordance with its PRODUCT DEVELOPMENT PLAN for TAISHO TERRITORY (APPENDIX E). Such APPENDIX shall be prepared by TAISHO and approved by the Steering Committee within one year of the execution of this CDA. Nevertheless, it is understood that the PARTIES require and shall have reasonable flexibility in conducting the ANTIBODY RESEARCH and PRODUCT DEVELOPMENT and in committing their respective resources thereto. If TAISHO fails to initiate such development in a certain country, TAISHO's licenses under Article 2 of the LICENSE AGREEMENT to such PRODUCT, including without limitation, and COMBINATION PRODUCT thereof, shall terminate and the right to make, have made, use, sell and have sold such PRODUCT or COMBINATION PRODUCT in such particular country shall revert to IDEC without further obligation of IDEC to TAISHO for such PRODUCT or COMBINATION PRODUCT in regard to such terminated country of TAISHO TERRITORY-A or TAISHO TERRITORY-B. TAISHO shall conduct the research work (under this CDA) by itself and shall not sublicense any rights as permitted under Article 4 hereunder to any third party during the term of this CDA, provided that TAISHO may use TAISHO THIRD PARTY defined in Section 2.08 as a subcontractor for the research on development work under this CDA (i.e., research laboratory, etc.).

2.05 The principal scientists who will direct the respective responsibilities of each PARTY are, for IDEC: [CONFIDENTIAL TREATMENT REQUESTED] or his designee, through preclinical development, and upon IND ALLOWANCE, [CONFIDENTIAL TREATMENT REQUESTED] or his designee, and for TAISHO: [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 the ANTIBODY RESEARCH and PRODUCT DEVELOPMENT, shall be directed to said principal scientists.

2.06 During the term of this CDA and except as expressly provided for otherwise herein, neither PARTY shall collaborate on research or development related to PRODUCT or antibodies or recombinant derivatives of such antibodies directed against MIF with any THIRD PARTY without the prior written consent of the other PARTY.

2.07 The REAGENTS, biological materials and/or chemicals provided by one PARTY to the other under this CDA shall be used in material compliance with all applicable laws and regulations of the country where they are used. TAISHO and IDEC each certifies: that it is regularly engaged in conducting tests in vitro or in animals used only for laboratory research purposes; that all REAGENTS, biological materials and/or chemicals which either PARTY receives from the other under this CDA will actually be used for these purposes only; and that no animal used for such tests will be used for any food purposes or kept as a domestic pet or livestock.

2.08 Unless and until IDEC exercises its option to CO-PROMOTE in TAISHO TERRITORY-B, TAISHO shall have full scientific and management authority and responsibility for the PRODUCT DEVELOPMENT within the TAISHO TERRITORY including attainment and maintenance of regulatory approvals and price registrations. IDEC shall have full scientific and management authority and responsibility for the PRODUCT DEVELOPMENT in the IDEC TERRITORY and if it exercises its option to CO-PROMOTE in a particular country in TAISHO TERRITORY-B, in such country in TAISHO TERRITORY-B. Each PARTY will exercise its BEST EFFORTS and diligence in carrying out its responsibilities in PRODUCT DEVELOPMENT. All such PRODUCT DEVELOPMENT activity shall be undertaken at TAISHO's expense in TAISHO TERRITORY-A and TAISHO TERRITORY-B (excluding

those expenses as shared by IDEC under CO-PROMOTION for any country in TAISHO TERRITORY-B). Notwithstanding the foregoing, 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. In preparation for clinical studies, the PARTIES agree to meet and discuss in the context of the Steering Committee, where appropriate, the design and implementation of a worldwide clinical development plan.

In addition, PARTIES may discuss and agree upon a collaborative clinical development agreement for Phase II and Phase III clinical studies relating to the PRODUCT to be conducted after the expiration of this CDA. Each PARTY shall report to the other on the status and progress of its efforts to develop PRODUCT on at least a quarterly schedule, and such report may take the form of a Steering Committee meeting. The Steering Committee shall meet as required but not less than at least once every [CONFIDENTIAL TREATMENT REQUESTED] months; such meetings can be by telephonic communication, written correspondence, or by face-to-face dialogue as agreed to by the members of the Steering Committee and the other representatives of both IDEC and TAISHO. In addition, each PARTY shall report to the other a written summary of results of research and development work it carries out, if any, [CONFIDENTIAL TREATMENT REQUESTED]. Each PARTY agrees to prepare and exchange written reports in English language concerning any results and data that must be used by either PARTY as supporting information for regulatory filings (e.g., Pre-clinical and clinical study reports, safety and efficacy data, an IND, and any other reports required to be filed with the FDA or identified by the FDA as key regulatory documents). Translation from English language to any other language is made by a PARTY who wishes to have such translation at its costs. The exchange of such report may be reasonably supplemented, at the request of the PARTY receiving a report, by correspondence and/or visits to the other PARTY's facilities.

IDEC shall share with TAISHO and/or TAISHO THIRD PARTY (defined below) all data generated or acquired related to PRODUCT DEVELOPMENT during the term of this CDA, provided that TAISHO THIRD PARTY's right to use such data shall be subject to the same exchange and confidential provision of such agreement. During the term of this CDA, if IDEC enters into an agreement with a THIRD PARTY under which IDEC grants such THIRD PARTY (IDEC THIRD PARTY) a license to make, have made, use or sell any PRODUCT in any country

in the IDEC TERRITORY, IDEC shall use its BESTS EFFORTS to include in such agreement exchange of information and confidentiality provisions substantially equivalent to those of Article 5 of this CDA requiring IDEC THIRD PARTY to share with TAISHO and/or TAISHO THIRD PARTY free of charge all data IDEC THIRD PARTY generates or acquires during the term of such agreement related to its development of such PRODUCT, including, but not limited to, any documents created for the purposes of regulatory submissions. IDEC THIRD PARTY's data shall be construed as KNOW-HOW described in Section 4.01, in the light of relationship between IDEC and TAISHO. On the other hand, TAISHO shall share with IDEC and/or IDEC THIRD PARTY all data generated or acquired related to PRODUCT DEVELOPMENT during the term of this CDA, provided that IDEC THIRD PARTY's right to use such data shall be subject to the same exchange and confidentiality provision of such agreement. During the term of this CDA, if TAISHO enters into an agreement with a THIRD PARTY under which TAISHO permits such THIRD PARTY (TAISHO THIRD PARTY) to use or have used any PRODUCT in any country in the TAISHO TERRITORY, TAISHO shall use its BEST EFFORTS to include in such agreement exchange of information and confidentiality provisions substantially equivalent to those of Article 5 of this CDA requiring TAISHO THIRD PARTY to share with IDEC and/or IDEC THIRD PARTY free of charge all data TAISHO THIRD PARTY generates or acquires during the term of such agreement related to its development of such PRODUCT, including, but not limited to, any documents created for the purposes of regulatory submissions. TAISHO THIRD PARTY's data shall be construed as KNOW-HOW described in Section 4.02, in the light of relationship between IDEC and TASHO.

ARTICLE 3--OF RESEARCH AND DEVELOPMENT

3.01 Fixed Research Funding. TAISHO shall contribute to the funding of the ANTIBODY RESEARCH costs and expenses incurred or to be incurred at IDEC by making non-refundable, non-creditable payments to IDEC to reimburse a part of costs and expenses thereof as follows:

1. Within thirty (30) days from the execution of this CDA	[CONFIDENTIAL TREATMENT REQUESTED]
2. Within thirty (30) days from the date of first confirmation by the Steering Committee of a high-affinity antibody that meets joint criteria as	[CONFIDENTIAL TREATMENT REQUESTED]

defined in APPENDIX C	[CONFIDENTIAL TREATMENT REQUESTED]
3. Within thirty (30) days from the date of first confirmation by the Steering Committee of a high-affinity antibody; reimbursement of costs related to [CONFIDENTIAL TREATMENT REQUESTED] and [CONFIDENTIAL TREATMENT REQUESTED]	[CONFIDENTIAL TREATMENT REQUESTED]

3.02 Development Funding. In addition to the payments under Section 3.01, TAISHO shall fund and reimburse a part of the costs and expenses for the PRODUCT DEVELOPMENT incurred by IDEC by making non-refundable, non-creditable payments to IDEC as set forth below.

Flat Quarterly Funding: During the continuance of this CDA, TAISHO shall make a flat quarterly funding of [CONFIDENTIAL TREATMENT REQUESTED] per quarter for the first year totaling [CONFIDENTIAL TREATMENT REQUESTED] and [CONFIDENTIAL TREATMENT REQUESTED] per quarter for the remaining three years totaling [CONFIDENTIAL TREATMENT REQUESTED] to IDEC commencing within thirty (30) days of the initiation of the first PRODUCT DEVELOPMENT phase and thereafter within thirty (30) days of each succeeding calendar quarter as long as this CDA is in effect, provided that, the aggregate amount of this flat quarterly funding shall not exceed EIGHTEEN AND A HALF MILLION US dollars (US$ 18,500,000).

These payments shall compensate IDEC for development, preclinical and clinical expenses related to the primary or back-up humanized anti-MIF antibody incorporated in any PRODUCT as set forth in APPENDIX B and APPENDIX C. For back-up anti-MIF antibodies other than those described in APPENDIX B and APPENDIX C (such as [CONFIDENTIAL TREATMENT REQUESTED]), IDEC will prepare a development plan with associated development costs and milestone payments, and the PARTIES will discuss in good faith an amendment to this CDA to include such costs and milestones. TAISHO may access and use data of the [CONFIDENTIAL TREATMENT REQUESTED] of any patient who completes treatment by receiving the last dose of PRODUCT pursuant to the study protocol during the term of this CDA, without any additional charge. Such data will consist of data listing reports furnished in hard copy by IDEC. [CONFIDENTIAL TREATMENT REQUESTED], but is not completed, the PARTIES shall discuss in good faith sharing the costs for completing such

study and any and all data will be shared by both PARTIES. If an agreement cannot be reached between the PARTIES regarding the sharing of costs, there will be no sharing of data.

3.03 Regarding Sections 3.01 and 3.02 IDEC shall provide TAISHO at the time of payment or upon request by TAISHO with supporting documents of expenses incurred by IDEC.

3.04 Consideration. In consideration for rights granted hereunder, TAISHO shall make the following milestone payments to IDEC as far as this CDA is in effect at the time of occurrence of the following events:

(a) Within thirty (30) days of the Master Cell Bank Establishment for the first PRODUCT :

[CONFIDENTIAL TREATMENT REQUESTED]

(b) Within thirty (30) days of IND ALLOWANCE for the first PRODUCT in the United States:

[CONFIDENTIAL TREATMENT REQUESTED]

TAISHO may withhold any withholding taxes to be imposed on milestone payments of this Section 3.04 if required by applicable law or regulation and pay such taxes to an appropriate tax authorities on behalf of IDEC, provided that TAISHO shall provide IDEC with certificates on the payment of such withholding taxes.

3.05 Payments. All payments in this Article 3 shall be made in U.S. dollars.

3.06 The provision of Sections 3.01, 3.02 and 3.04 shall apply to only the first PRODUCT and to the extent this CDA is effective. in the event that the first PRODUCT is replaced with new PRODUCT under Section 2.01 (b), payments which have not been made under Sections 3.01, 3.02 and 3.04 as applicable shall thereafter apply to such new PRODUCT.

ARTICLE 4--RIGHTS

4.01 For the purpose of this CDA and subject to the terms hereof, TAISHO has the royalty free right to use and have used IDEC TECHNOLOGY only to carry out ANTIBODY RESEARCH and PRODUCT DEVELOPMENT. IDEC grants TAISHO no rights under this CDA to make or sell PRODUCT; this CDA does not grant a license to IDEC manufacturing technology; these rights are the subject of the LICENSE AGREEMENT.

4.02 For the purpose of this CDA and subject to the terms hereof, IDEC has the royalty free right to use and have used TAISHO TECHNOLOGY to only carry out ANTIBODY RESEARCH and PRODUCT DEVELOPMENT. TAISHO grants IDEC no rights under this CDA to make or sell PRODUCT; these rights are the subject of the LICENSE AGREEMENT.

4.03 This CDA shall not be construed to grant any rights or licenses other than those specifically and unambiguously permitted hereunder.

ARTICLE 5--EXCHANGE OF INFORMATION AND CONFIDENTIALITY

5.01 During the term of this CDA, each PARTY shall promptly disclose to and/or supply the other PARTY with its KNOW-HOW to the extent reasonably necessary to enable the other PARTY to carry out ANTIBODY RESEARCH and PRODUCT DEVELOPMENT, where applicable. Under no circumstances, however, will IDEC be obligated to transfer its manufacturing technology hereunder.

5.02 The PARTIES recognize that the holder of a drug approval application may be required to submit information and file reports to various governmental agencies on PRODUCT under clinical investigation, PRODUCT proposed for marketing, or marketed PRODUCT. Information must be submitted at the time of initial filing for investigational use in humans and at the time of a request for market approval of a new drug. In addition, supplemental information must be provided on PRODUCT at periodic intervals and adverse drug experiences must be reported at more frequent intervals depending on the severity of the experience. Consequently, each PARTY agrees to establish a joint written pharmacovigilence policy that complies with the International Committee for Harmonization guidelines.

5.03 The PARTIES agree throughout the duration of this CDA to maintain records and otherwise establish procedures to assure material compliance with all regulatory, professional or other legal requirements which apply to the development, promotion and marketing of PRODUCT.

5.04 Neither TAISHO nor IDEC may, during the term of this CDA and for a period of [CONFIDENTIAL TREATMENT REQUESTED] after the later date of expiration or termination of this CDA, disclose or reveal to THIRD PARTIES any KNOW-HOW 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 for the purposes of investigating, developing, manufacturing, marketing or seeking partners for PRODUCT in their respective TERRITORY or for securing essential or desirable authorizations, privileges or rights from governmental agencies, or is required to be disclosed to a governmental agency or 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 (unless otherwise disclosed confidentially at any time by TAISHO to IDEC or IDEC to TAISHO), 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 KNOW-HOW 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 KNOW-HOW is granted.

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 IDEC or TAISHO that must be disclosed to the public and IDEC's or TAISHO's shareholders via a press release. A draft press release regarding the initiation of the PRODUCT DEVELOPMENT phase shall be prepared by IDEC or TAISHO and reviewed in good faith and approved by IDEC and TAISHO concurrently with the review and approval of the Steering Committee of a high-affinity antibody or anytime thereafter. 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, or seeking partners for PRODUCT in their respective TERRITORY as prescribed in Section 2.08 above, 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.

5.05 The PARTIES acknowledge the importance of written publications and oral presentation of scientific and clinical findings emanating from ANTIBODY RESEARCH and PRODUCT DEVELOPMENT, and the role they play in furthering the objectives of the PARTIES; provided however, that such publications or presentations are done in a manner reasonably consistent with the protection of either PARTY's TECHNOLOGY. Accordingly, neither TAISHO nor IDEC shall submit for written, electronic or oral publication any manuscript, abstract or the like, which includes data or other information generated or provided by the other PARTY in the course of, or otherwise as a result of, ANTIBODY RESEARCH or PRODUCT 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.

5.06 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 6--PATENTS AND PATENT PROSECUTION

6.01 Each PARTY shall have and retain sole and exclusive title to all inventions, discoveries and patentable CDA INFORMATION which are made, conceived, reduced to

practice and generated solely by its employees or agents in the course of or as a result of the ANTIBODY RESEARCH or PRODUCT DEVELOPMENT. IDEC and TAISHO shall own a fifty percent (50%) undivided interest in all inventions, discoveries and patentable CDA INFORMATION made, conceived, reduced to practice or generated jointly by employees or agents of both PARTIES in the course of or as a result of the ANTIBODY RESEARCH or PRODUCT DEVELOPMENT. Inventorship of invention, discoveries and patentable CDA INFORMATION shall be subject to and determined by the patent laws of the country where the patent applications are filed.

6.02 (a) Upon the making, conceiving or reducing to practice of any invention or discovery by a PARTY as referred to in Section 6.01, within a reasonable period of time to take appropriate protection measures for such invention or discovery, such PARTY shall provide the other PARTY with a written summary in the English language of such invention or discovery.

(i) IDEC shall have the first right, using in-house or outside legal counsel selected at IDEC's sole discretion, to prepare, file, prosecute, maintain and extend PATENTS concerning all such inventions and discoveries owned in whole or in part by IDEC in countries of IDEC's choice throughout the world, with appropriate credit to TAISHO representatives, including the naming of such parties as inventors, where appropriate, for which IDEC shall bear the costs relating to such activities which occur at IDEC's request or direction. IDEC shall use BEST EFFORTS to solicit TAISHO's advice and review of the nature and text of such patent applications and material prosecution matters related thereto in reasonably sufficient time prior to filing thereof, and IDEC shall take into account TAISHO's reasonable comments related thereto. Upon presentation of an itemized invoice detailing IDEC's expenses, TAISHO shall promptly reimburse IDEC for the reasonable out-of-pocket costs IDEC incurs in filing, prosecuting and maintaining such PATENTS in the TAISHO TERRITORY-A and in a country of TAISHO TERRITORY-B where IDEC does not elect a co-exclusive license, and for one-half of the reasonable out-of-pocket costs IDEC incurs in the country of TAISHO TERRITORY-B which IDEC elects a co-exclusive license. TAISHO shall hold all information disclosed to it under this Section as confidential subject to the provisions of ARTICLE 5 of this CDA. Unless IDEC desires to maintain the subject matter of such PATENTS as a trade secret, TAISHO shall at its full discretion have the right to assume responsibility for any such PATENT or any part of

any such PATENT which IDEC intends to abandon or otherwise cause or allow to be forfeited. IDEC shall diligently prosecute and maintain such PATENTS in the TERRITORY. Notwithstanding foregoing any and all activities of filing, prosecuting and maintaining PATENTS jointly owned by the PARTIES shall be made by an agreement of PARTIES.

(ii) TAISHO shall have the first right, using in-house or outside legal counsel selected at TAISHO's sole discretion, to prepare, file, prosecute, maintain and extend PATENTS concerning all such inventions and discoveries owned in whole by TAISHO in countries of TAISHO's choice within the TERRITORY, for which TAISHO shall bear the costs relating to such activities. TAISHO shall use BEST EFFORTS to solicit IDEC's advice and review of the nature and text of such PATENTS and material prosecution matters related thereto in reasonably sufficient time prior to filing thereof, and TAISHO shall take into account IDEC's reasonable comments related thereto. IDEC shall reimburse TAISHO for the reasonable out-of-pocket costs TAISHO incurs in filing, prosecuting and maintaining such PATENTS in the IDEC TERRITORY. IDEC shall hold all information disclosed to it under this Section as confidential subject to the provisions of ARTICLE 5 of this CDA. Unless TAISHO desires to maintain the subject matter of such PATENTS as a trade secret, IDEC shall at its full discretion have the right to assume responsibility for any such PATENT or any part of any such PATENT which TAISHO intends to abandon or otherwise cause or allow to be forfeited. TAISHO shall diligently prosecute and maintain such PATENTS in the TERRITORY.

(b) If IDEC, prior or subsequent to filing certain PATENTS on such inventions or discoveries which are owned in whole by IDEC or in part by TAISHO, elects not to maintain the subject matter of such PATENTS as a trade secret and elects not to prosecute or maintain such PATENTS or certain claims encompassed by such PATENTS, IDEC shall give TAISHO notice thereof within a reasonable period prior to allowing such PATENTS or such certain claims encompassed by such PATENTS to lapse or become abandoned or unenforceable, and TAISHO shall at its full discretion thereafter have the right, at its sole expense, to prepare, file, prosecute and maintain such PATENTS or divisional applications related to such certain claims encompassed by such PATENTS concerning all such inventions and discoveries in countries of its choice throughout the world. If TAISHO, prior or subsequent to filing PATENTS on such inventions or discoveries which are owned in whole by TAISHO, elects not

to maintain the subject matter of such PATENTS as a trade secret and elects not to prosecute or maintain such PATENTS or certain claims encompassed by such PATENTS, TAISHO shall give IDEC notice thereof within a reasonable period prior to allowing such PATENTS or such certain claims encompassed by such PATENTS to lapse or become abandoned or unenforceable, and IDEC shall at its full discretion thereafter have the right, at its sole expense, to prepare, file, prosecute and maintain such PATENTS or divisional applications related to such certain claims encompassed by such PATENTS concerning all such inventions and discoveries in countries of its choice throughout the world

The PARTY filing PATENTS for jointly owned inventions and discoveries shall do so in the name of and on behalf of both TAISHO and IDEC.

6.03 Notwithstanding the provisions of Section 6.02 of this CDA, each PARTY shall, at its own expense, provide reasonable assistance to the other PARTY to facilitate filing of all PATENTS covering inventions referred to in Section 6.01 of this CDA and shall execute all documents deemed necessary or desirable therefor.

ARTICLE 7--PRODUCT SUPPLY

7.01 During the term of this CDA and that of LICENSE AGREEMENT, IDEC shall manufacture, at TAISHO's request and [CONFIDENTIAL TREATMENT REQUESTED], and supply to TAISHO its requirements of PRODUCT manufactured under GMP guidelines for preclinical studies including safety studies, and clinical trials in the TERRITORY. The amount of PRODUCT requested by TAISHO must be reasonably related to requirements for conducting such studies under the appropriate protocols, with an appropriate lead-time no less than [CONFIDENTIAL TREATMENT REQUESTED] provided to IDEC and such requirements shall not exceed [CONFIDENTIAL TREATMENT REQUESTED] on an assumption that such amount is enough to cover necessary requirements for such studies. IDEC shall establish cell lines, manufacture and set specifications in accordance with applicable FDA, KOSEISHO, and EMEA guidelines; however, if additional development expense is required to meet KOSEISHO's or EMEA's guidelines, TAISHO agrees to reimburse IDEC for such additional expenses at reasonable price to be agreed upon between the PARTIES taking IDEC's

allocated cost into consideration. IDEC shall attempt to deliver such PRODUCT within [CONFIDENTIAL TREATMENT REQUESTED] from TAISHO and using IDEC's BEST EFFORTS.

ARTICLE 8--REVERSIONS TO IDEC

8.01 If TAISHO, in its sole discretion, elects to abandon, discontinue, or forego development of any PRODUCT for all indications of such PRODUCT within the TAISHO TERRITORY-A, or TAISHO TERRITORY-B, TAISHO shall give IDEC written notice to that effect and TAISHO's right under ARTICLE 4 in regard to TAISHO TERRITORY-A and/or TAISHO TERRITORY-B shall terminate and the rights to develop shall revert to IDEC, and IDEC shall have no further obligations to TAISHO for such PRODUCT in regard to such terminated TAISHO TERRITORY-A and/or TAISHO TERRITORY-B.

ARTICLE 9--TERM AND TERMINATION

9.01 This CDA shall come into effect on the EFFECTIVE DATE and, unless earlier terminated hereunder, shall continue to be in effect until the first to occur of: (a) [CONFIDENTIAL TREATMENT REQUESTED]; or (b) [CONFIDENTIAL TREATMENT REQUESTED]. If continued research or development is desirable, the collaboration may be extended by a separate agreement between the PARTIES, on reasonable terms and conditions to be negotiated in good faith.

9.02 Following the expiration of this CDA pursuant to Section 9.01 above, each PARTY shall retain a perpetual and co-exclusive right to carry out research and development of the PRODUCT to the extent such right is granted to each PARTY pursuant to ARTICLE 4 hereof.

9.03 If either PARTY materially fails or neglects to perform its obligations except a case beyond its control set forth in this CDA and if such default is not corrected within [CONFIDENTIAL TREATMENT REQUESTED] days after receiving written notice from the other PARTY with respect to such default, such other PARTY shall have the right to terminate this CDA by giving written notice to the PARTY in default provided the notice of termination is given within [CONFIDENTIAL TREATMENT REQUESTED] months of the default and

prior to correction of the default. In which case terminating PARTY shall have the right described in Section 9.02 above.

9.04 TAISHO may terminate this CDA in its entirety or with respect to any country in the TAISHO TERRITORY by giving IDEC at least [CONFIDENTIAL TREATMENT REQUESTED] days written notice thereof based on a reasonable determination, using the same standards TAISHO would use in assessing whether or not to continue development of a product of its own making, that the patent, medical/scientific, technical, regulatory or commercial profile of PRODUCT does not justify continued development of PRODUCT. Termination of this CDA with respect to any country in the TAISHO TERRITORY under this provision shall terminate all rights and licenses granted to TAISHO in such country under ARTICLE 4 with full reversion to IDEC of all IDEC's interest and rights in IDEC TECHNOLOGY in such country and TAISHO shall have no further obligation to IDEC for such terminated country.

9.05 If the LICENSE AGREEMENT is terminated due to TAISHO's default prior to the expiration of the term of this CDA, this CDA shall be automatically terminated and if the LICENSE AGREEMENT is terminated due to IDEC's default, Section 9.02 hereof shall be applied thereto.

9.06 Either PARTY may terminate this CDA if, at any time, the other PARTY shall file in any court or agency pursuant to any statute or regulation of any state or country, a petition in bankruptcy or insolvency or for reorganization or for an arrangement or for the appointment of a receiver or trustee of the PARTY or of its assets, or if the other PARTY proposes a written agreement of composition or extension of its debts, or if the other PARTY shall be served with an involuntary petition against it, filed in any insolvency proceeding, and such petition shall not be dismissed within [CONFIDENTIAL TREATMENT REQUESTED] days after the filing thereof, or if the other PARTY shall propose or be a PARTY to any dissolution or liquidation, or if the other PARTY shall make an assignment for the benefit of creditors.

9.07 Notwithstanding the bankruptcy of a PARTY, or the impairment of performance by a PARTY of its obligations under this CDA as a result of bankruptcy or insolvency of such PARTY, the non-bankrupt PARTY shall be entitled to retain the rights granted herein, subject to bankrupt PARTY's rights to terminate this CDA for reasons other than bankruptcy or insolvency

as expressly provided in this CDA, and subject to performance by the non-bankrupt PARTY of its preexisting obligations under this CDA.

ARTICLE 10--RIGHTS AND DUTIES UPON TERMINATION

10.01 Upon termination of this CDA, IDEC shall have the right to retain any sums already paid by TAISHO hereunder, and TAISHO shall pay all sums accrued hereunder which are then due.

10.02 Termination of this CDA shall terminate all rights and further obligations between the PARTIES arising from this CDA, including, but not limited to, the payment obligations outlined in Sections 3.01, 3.02 and 3.04, provided, however, those described in the second paragraph of Section 5.04 for data or other information generated or provided by either PARTY during the term of this CDA, the first paragraph of Section 5.04, Sections 2.07, 5.02, 5.03, 5.05, 5.06, 6.01, 9.02 through 9.07 (except 9.06), 10.01, 10.02, 10.03, 10.04 and ARTICLES 7, 11, 13 through 19, and existing rights against the other PARTY for a breach by that PARTY shall survive any termination of this CDA.

10.03 Termination of this CDA under Section 9.03 for a default by IDEC shall terminate TAISHO's obligation to make any remaining payments required by this CDA including ARTICLE 3 for the period effective as of the date IDEC received written notice from TAISHO with respect to such default if after the elapse of sixty (60) days from receipt of such notice such default is not corrected. Termination of this CDA with respect to all countries of the TAISHO TERRITORY under Section 9.04 shall terminate TAISHO's obligation to make any remaining payments required by this CDA including ARTICLE 3 for periods after the effective date of termination.

10.04 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 11--WARRANTIES, REPRESENTATIONS, INSURANCE AND INDEMNIFICATIONS

11.01 As of the EFFECTIVE DATE, IDEC warrants that, to the best of its belief and knowledge, it owns the entire right and title to the extent of its ownership interest in IDEC TECHNOLOGY, or has the right to use, and grant the license outlined in ARTICLE 4 with respect to IDEC'S TECHNOLOGY, and has the right to enter into this CDA.

11.02 NOTHING IN THIS CDA SHALL BE CONSTRUED AS A WARRANTY THAT PATENTS ARE VALID OR ENFORCEABLE OR THAT THE EXERCISE OF SUCH DOES NOT INFRINGE ANY VALID PATENT RIGHTS OF THIRD PARTIES.

11.03 IDEC warrants and represents that it has no present knowledge of the existence of any preclinical or clinical data or information concerning the PRODUCT which suggests that there may exist toxicity, safety and/or efficacy concerns which may materially impair the utility and/or safety of the PRODUCT.

11.04 Either PARTY (INDEMNIFYING PARTY) shall indemnify and hold harmless the other PARTY (INDEMNIFIED PARTY), its officers, directors, shareholders, employees, successors and assigns from any loss, damage, or liability, 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, (a) death, brought by or on behalf of an injured party, and (b) 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 INDEMNIFYING PARTY (or any AFFILIATES or sublicensees); except to the extent such damages, claims, costs, losses, liabilities or expenses are directly and proximately caused by INDEMNIFIED PARTY's gross negligence, willful action or inaction and provided:

(a) INDEMNIFYING PARTY shall not be obligated under this Section, if it is shown by evidence acceptable in a court of law having jurisdiction over the subject matter and meeting the appropriate degree of proof for such action, that the injury was the result of the gross negligence or willful misconduct of any employee or agent of INDEMNIFIED PARTY;

(b) INDEMNIFYING PARTY shall have no obligation under this Section, unless:

(i) INDEMNIFIED PARTY gives INDEMNIFYING PARTY prompt written notice of any claim or lawsuit or other action for which it seeks to be indemnified under this CDA;

(ii) INDEMNIFYING PARTY is granted full authority and control over the defense, including settlement, against such claim or lawsuit or other action; and

(iii) INDEMNIFIED PARTY cooperates fully with INDEMNIFYING PARTY and its agents in defense of the claims or lawsuit or other action; and

(c) INDEMNIFIED PARTY 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, that INDEMNIFYING PARTY 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 INDEMNIFIED PARTY seeks indemnification under this Section.

11.05 IDEC shall defend, indemnify and hold harmless TAISHO 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 or its licensee's activities under this CDA, including, but not limited to, IDEC's activities related to any breach of a representation or warranty made to TAISHO by IDEC under this CDA. However, IDEC shall not defend, indemnify and hold harmless TAISHO 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) which are directly and proximately caused by TAISHO's gross negligence or willful action or inaction which is held in legal proceedings in a court having jurisdiction. TAISHO 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; however, 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 TAISHO seeks indemnification under this Section.

11.06 TAISHO 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 TAISHO's or its AFFILIATE's activities under this CDA, including, but not limited, to any breach of a representation or warranty made to IDEC by TAISHO under this CDA. However, TAISHO shall not 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) which are directly and proximately caused by IDEC's gross negligence or willful action or inaction which is held in legal proceedings in a court having jurisdiction. 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; however, TAISHO 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.

11.07 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 12--FORCE MAJEURE

12.01 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 13--GOVERNING LAW

13.01 This CDA shall be governed by the laws of the State of California, U.S.A.

ARTICLE 14--DISPUTE RESOLUTION

14.01 The PARTIES agree that any legal dispute, controversy or claim (except as to any issue relating to intellectual property in whole or in part by IDEC) arising out of or relating to this CDA, or the breach, termination, or invalidity thereof, shall be resolved through negotiation, mediation and/or binding arbitration. If a legal dispute arises between the PARTIES, and if said dispute cannot be resolved after a face-to-face, good faith negotiations in the U.S the PARTIES agree to first try in good faith to resolve such dispute by mediation administered by the American Arbitration Association in accordance with its Commercial Mediation Rules . If efforts at mediation are unsuccessful, any unresolved controversy or claim between the PARTIES shall be resolved by binding arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association, except as modified by this Section 14.01. 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, California. The PARTIES agree that they shall share equally the cost of the mediation/arbitration filing and hearing fees, and the cost of the mediator/arbitrator. Each PARTY must bear its own attorney's fees and associated costs and expenses.

14.02 Notwithstanding anything contained in Section 14.01 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 PARTY's rights hereunder through reformation of contract, specific performance, injunction, or similar equitable relief.

ARTICLE 15--SEPARABILITY

15.01 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.

15.02 If any of the terms or provisions of this CDA are in conflict with any applicable 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.

15.03 In the event that the terms and conditions of this CDA are materially altered as a result of Sections 15.01 or 15.02, the PARTIES will renegotiate the terms and conditions of this CDA to resolve any inequities.

ARTICLE 16--ENTIRE AGREEMENT

16.01 This CDA, together with the LICENSE AGREEMENT entered into as of the EFFECTIVE DATE, constitutes the entire agreement between the PARTIES relating to the subject matter hereof and supersedes all previous writings and understandings. 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 17--NOTICES

17.01 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
11011 Torreyana Road
San Diego, California 92121 U.S.A.
Attention: Corporate Secretary

Copy to: President

TAISHO PHARMACEUTICAL CO., LTD.
24-1 Takata 3-chome, Toshima-ku
Tokyo 170-8633, Japan
Attention: Group Manager of Licensing Division

ARTICLE 18--ASSIGNMENT

18.01 This CDA and the rights 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 PARTY, provided, however, that either PARTY 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 consent but giving notice to the other PARTY.

ARTICLE 19--RECORDATION

19.01 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.

ARTICLE 20--IN COUNTERPARTS

20.01 This CDA may be executed in duplicate, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the PARTIES, through their authorized officers, have executed this CDA.

TAISHO PHARMACEUTICAL CO., LTD.

By: /s/ Akira Uehara

Title: President

Date: December 9, 1999

IDEC PHARMACEUTICALS CORPORATION

By: /s/ William H. Rastetter, Ph.D.

Title: Chairman, President, and Chief Executive Officer

Date: 12/22/99

CONFIDENTIAL TREATMENT REQUESTED

COLLABORATIVE DEVELOPMENT AGREEMENT

APPENDIX A - PATENTS

U.S. PATENT APPLICATIONS			
SERIAL NUMBER	FILED	CNI DOCKET	STATUS
[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]	[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]	[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]	[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]
[CONFIDENTIAL TREATMENT REQUESTED]	[CONFIDENTIAL TREATMENT REQUESTED]	[CONFIDENTIAL TREATMENT REQUESTED]	[CONFIDENTIAL TREATMENT REQUESTED]

FOREIGN PATENT APPLICATION			
COUNTRY	APPLICATION NO.	CNI DOCKET	STATUS
[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]	[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]	[CONFIDENTIAL TREATMENT REQUESTED]	[CONFIDENTIAL TREATMENT REQUESTED]

CONFIDENTIAL TREATMENT REQUESTED

COLLABORATIVE DEVELOPMENT AGREEMENT

APPENDIX B - ANTIBODY RESEARCH

A. GENERATION AND ISOLATION OF [CONFIDENTIAL TREATMENT REQUESTED]

1. Generation of humanized antibodies

The [CONFIDENTIAL TREATMENT REQUESTED] produced by the [CONFIDENTIAL TREATMENT REQUESTED] were shown to have [CONFIDENTIAL TREATMENT REQUESTED], although binding to [CONFIDENTIAL TREATMENT REQUESTED]. Antibodies with [CONFIDENTIAL TREATMENT REQUESTED], however, are required for [CONFIDENTIAL TREATMENT REQUESTED]. The [CONFIDENTIAL TREATMENT REQUESTED] humanized with an affinity to [CONFIDENTIAL TREATMENT REQUESTED]. [CONFIDENTIAL TREATMENT REQUESTED]. [CONFIDENTIAL TREATMENT REQUESTED] it has [CONFIDENTIAL TREATMENT REQUESTED], after which [CONFIDENTIAL TREATMENT REQUESTED].

[CONFIDENTIAL TREATMENT REQUESTED]:

[CONFIDENTIAL TREATMENT REQUESTED]
[CONFIDENTIAL TREATMENT REQUESTED].

1.2 [CONFIDENTIAL TREATMENT REQUESTED]

[CONFIDENTIAL TREATMENT REQUESTED]. Antibodies with binding [CONFIDENTIAL TREATMENT REQUESTED] will be selected as candidates for [CONFIDENTIAL TREATMENT REQUESTED]. [CONFIDENTIAL TREATMENT REQUESTED].

1.3 Construction of humanized antibodies

[CONFIDENTIAL TREATMENT REQUESTED]. [CONFIDENTIAL TREATMENT REQUESTED] humanized [CONFIDENTIAL TREATMENT REQUESTED] antibody will be modeled onto an [CONFIDENTIAL TREATMENT REQUESTED]. [CONFIDENTIAL TREATMENT REQUESTED]. The modeled humanized [CONFIDENTIAL TREATMENT REQUESTED] will then be [CONFIDENTIAL TREATMENT REQUESTED]. The [CONFIDENTIAL TREATMENT REQUESTED]. The recombinant humanized [CONFIDENTIAL TREATMENT REQUESTED] will be [CONFIDENTIAL TREATMENT REQUESTED], [CONFIDENTIAL TREATMENT REQUESTED] and then [CONFIDENTIAL TREATMENT REQUESTED].

2. Generation of [CONFIDENTIAL TREATMENT REQUESTED] antibodies

A backup strategy to the humanized [CONFIDENTIAL TREATMENT REQUESTED] strategy will be to select [CONFIDENTIAL TREATMENT REQUESTED]. This, however, falls outside the scope of this agreement and should be addressed separately at the Steering Committee level .

CONFIDENTIAL TREATMENT REQUESTED

COLLABORATIVE DEVELOPMENT AGREEMENT

APPENDIX C - PRODUCT DEVELOPMENT

1. Characterization of [CONFIDENTIAL TREATMENT REQUESTED] antibodies

The humanized antibodies described in Appendix B will be tested for the following criteria in order to [CONFIDENTIAL TREATMENT REQUESTED]:

[CONFIDENTIAL TREATMENT REQUESTED].

If cross reactive with [CONFIDENTIAL TREATMENT REQUESTED] the antibodies will be tested in [CONFIDENTIAL TREATMENT REQUESTED]

2. Preparation of [CONFIDENTIAL TREATMENT REQUESTED]

Prior to the preparation of the [CONFIDENTIAL TREATMENT REQUESTED], [CONFIDENTIAL TREATMENT REQUESTED] will be [CONFIDENTIAL TREATMENT REQUESTED] for [CONFIDENTIAL TREATMENT REQUESTED]. [CONFIDENTIAL TREATMENT REQUESTED] will be determined. [CONFIDENTIAL TREATMENT REQUESTED] should [CONFIDENTIAL TREATMENT REQUESTED] certain [CONFIDENTIAL TREATMENT REQUESTED]

2.1 [CONFIDENTIAL TREATMENT REQUESTED]

[CONFIDENTIAL TREATMENT REQUESTED] will be based on [CONFIDENTIAL TREATMENT REQUESTED] and [CONFIDENTIAL TREATMENT REQUESTED]. All [CONFIDENTIAL TREATMENT REQUESTED] have been [CONFIDENTIAL TREATMENT REQUESTED] and [CONFIDENTIAL TREATMENT REQUESTED].

2.2 [CONFIDENTIAL TREATMENT REQUESTED] of [CONFIDENTIAL TREATMENT REQUESTED]

[CONFIDENTIAL TREATMENT REQUESTED] will be based on [CONFIDENTIAL TREATMENT REQUESTED] and [CONFIDENTIAL TREATMENT REQUESTED]. All [CONFIDENTIAL TREATMENT REQUESTED] have been [CONFIDENTIAL TREATMENT REQUESTED] and [CONFIDENTIAL TREATMENT REQUESTED].

2.3 Characterization of [CONFIDENTIAL TREATMENT REQUESTED] and [CONFIDENTIAL TREATMENT REQUESTED]

[CONFIDENTIAL TREATMENT REQUESTED] will be conducted on [CONFIDENTIAL TREATMENT REQUESTED] from [CONFIDENTIAL TREATMENT REQUESTED] to [CONFIDENTIAL TREATMENT REQUESTED]. [CONFIDENTIAL TREATMENT REQUESTED] will be [CONFIDENTIAL TREATMENT REQUESTED] for [CONFIDENTIAL TREATMENT REQUESTED] will be conducted to ensure the [CONFIDENTIAL TREATMENT REQUESTED].

3. [CONFIDENTIAL TREATMENT REQUESTED] Studies

CONFIDENTIAL TREATMENT REQUESTED

3.1 Effects of [CONFIDENTIAL TREATMENT REQUESTED] in a [CONFIDENTIAL TREATMENT REQUESTED] model

We have evidence that [CONFIDENTIAL TREATMENT REQUESTED].

Potential lead [CONFIDENTIAL TREATMENT REQUESTED], therefore, will be tested for the ability to [CONFIDENTIAL TREATMENT REQUESTED]. The antibodies will also be tested for [CONFIDENTIAL TREATMENT REQUESTED] with [CONFIDENTIAL TREATMENT REQUESTED].

If [CONFIDENTIAL TREATMENT REQUESTED] is observed, IDEC will [CONFIDENTIAL TREATMENT REQUESTED] for their effect on [CONFIDENTIAL TREATMENT REQUESTED] in the [CONFIDENTIAL TREATMENT REQUESTED] and also by using the following [CONFIDENTIAL TREATMENT REQUESTED]:

3.2 [CONFIDENTIAL TREATMENT REQUESTED]

We found that [CONFIDENTIAL TREATMENT REQUESTED] can [CONFIDENTIAL TREATMENT REQUESTED] in [CONFIDENTIAL TREATMENT REQUESTED] up until the [CONFIDENTIAL TREATMENT REQUESTED] of [CONFIDENTIAL TREATMENT REQUESTED]. The onset of [CONFIDENTIAL TREATMENT REQUESTED], as measured by [CONFIDENTIAL TREATMENT REQUESTED] and other parameters, [CONFIDENTIAL TREATMENT REQUESTED]. [CONFIDENTIAL TREATMENT REQUESTED].

Potential [CONFIDENTIAL TREATMENT REQUESTED] will be [CONFIDENTIAL TREATMENT REQUESTED] for the ability to [CONFIDENTIAL TREATMENT REQUESTED] with or without [CONFIDENTIAL TREATMENT REQUESTED].

3.3 [CONFIDENTIAL TREATMENT REQUESTED]in susceptible [CONFIDENTIAL TREATMENT REQUESTED]

[CONFIDENTIAL TREATMENT REQUESTED] has reported that [CONFIDENTIAL TREATMENT REQUESTED] can [CONFIDENTIAL TREATMENT REQUESTED] of [CONFIDENTIAL TREATMENT REQUESTED]. The [CONFIDENTIAL TREATMENT REQUESTED] should establish [CONFIDENTIAL TREATMENT REQUESTED] with [CONFIDENTIAL TREATMENT REQUESTED] in order to [CONFIDENTIAL TREATMENT REQUESTED] the [CONFIDENTIAL TREATMENT REQUESTED] of our [CONFIDENTIAL TREATMENT REQUESTED].

4. [CONFIDENTIAL TREATMENT REQUESTED] studies [CONFIDENTIAL TREATMENT REQUESTED] humanized [CONFIDENTIAL TREATMENT REQUESTED]

A [CONFIDENTIAL TREATMENT REQUESTED] will be conducted using a [CONFIDENTIAL TREATMENT REQUESTED] that [CONFIDENTIAL TREATMENT REQUESTED] similar to that observed in [CONFIDENTIAL TREATMENT REQUESTED].

Humanized [CONFIDENTIAL TREATMENT REQUESTED] will be [CONFIDENTIAL TREATMENT REQUESTED] to be determined as acceptable from

[CONFIDENTIAL TREATMENT REQUESTED] for [CONFIDENTIAL TREATMENT REQUESTED] of the [CONFIDENTIAL TREATMENT REQUESTED].

5. [CONFIDENTIAL TREATMENT REQUESTED]

5.1 [CONFIDENTIAL TREATMENT REQUESTED] of a [CONFIDENTIAL TREATMENT REQUESTED] and [CONFIDENTIAL TREATMENT REQUESTED] for transfer [CONFIDENTIAL TREATMENT REQUESTED]

IDEC will [CONFIDENTIAL TREATMENT REQUESTED] using [CONFIDENTIAL TREATMENT REQUESTED] and IDEC proprietary technology, in order to [CONFIDENTIAL TREATMENT REQUESTED] and [CONFIDENTIAL TREATMENT REQUESTED].

6. [CONFIDENTIAL TREATMENT REQUESTED]

6.1 Preliminary [CONFIDENTIAL TREATMENT REQUESTED]

[CONFIDENTIAL TREATMENT REQUESTED] to [CONFIDENTIAL TREATMENT REQUESTED] of the [CONFIDENTIAL TREATMENT REQUESTED] in various [CONFIDENTIAL TREATMENT REQUESTED] will be [CONFIDENTIAL TREATMENT REQUESTED] at [CONFIDENTIAL TREATMENT REQUESTED]. [CONFIDENTIAL TREATMENT REQUESTED] will be conducted [CONFIDENTIAL TREATMENT REQUESTED] the [CONFIDENTIAL TREATMENT REQUESTED] of [CONFIDENTIAL TREATMENT REQUESTED] to the [CONFIDENTIAL TREATMENT REQUESTED] of the [CONFIDENTIAL TREATMENT REQUESTED] in [CONFIDENTIAL TREATMENT REQUESTED]. [CONFIDENTIAL TREATMENT REQUESTED] for the effect of these [CONFIDENTIAL TREATMENT REQUESTED] on the [CONFIDENTIAL TREATMENT REQUESTED] of the [CONFIDENTIAL TREATMENT REQUESTED]. [CONFIDENTIAL TREATMENT REQUESTED] indicating [CONFIDENTIAL TREATMENT REQUESTED] will be [CONFIDENTIAL TREATMENT REQUESTED] and the results [CONFIDENTIAL TREATMENT REQUESTED].

6.2 Determination of a [CONFIDENTIAL TREATMENT REQUESTED] for use in [CONFIDENTIAL TREATMENT REQUESTED]

[CONFIDENTIAL TREATMENT REQUESTED] will be conducted to evaluate the [CONFIDENTIAL TREATMENT REQUESTED] of the antibody. The [CONFIDENTIAL TREATMENT REQUESTED] that will be evaluated include the [CONFIDENTIAL TREATMENT REQUESTED] on the chemical and physical properties and [CONFIDENTIAL TREATMENT REQUESTED] of the antibody. [CONFIDENTIAL TREATMENT REQUESTED] will be explored. [CONFIDENTIAL TREATMENT REQUESTED] will be examined to [CONFIDENTIAL TREATMENT REQUESTED] the antibody in [CONFIDENTIAL TREATMENT REQUESTED]. [CONFIDENTIAL TREATMENT REQUESTED] will be based on [CONFIDENTIAL TREATMENT REQUESTED].

6.3 Standard [CONFIDENTIAL TREATMENT REQUESTED]

The [CONFIDENTIAL TREATMENT REQUESTED] will be [CONFIDENTIAL TREATMENT REQUESTED] in [CONFIDENTIAL TREATMENT REQUESTED]. The standard [CONFIDENTIAL TREATMENT REQUESTED] will be fully [CONFIDENTIAL TREATMENT REQUESTED] by the following parameters:

[CONFIDENTIAL TREATMENT REQUESTED]

7. [CONFIDENTIAL TREATMENT REQUESTED]

Based on [CONFIDENTIAL TREATMENT REQUESTED] factors, several [CONFIDENTIAL TREATMENT REQUESTED] are being considered. Some [CONFIDENTIAL TREATMENT REQUESTED] may offer [CONFIDENTIAL TREATMENT REQUESTED] and require [CONFIDENTIAL TREATMENT REQUESTED], but have [CONFIDENTIAL TREATMENT REQUESTED]. [CONFIDENTIAL TREATMENT REQUESTED] under consideration [CONFIDENTIAL TREATMENT REQUESTED], but are not [CONFIDENTIAL TREATMENT REQUESTED] to:

[CONFIDENTIAL TREATMENT REQUESTED]

8. [CONFIDENTIAL TREATMENT REQUESTED] Allowance

To submit [CONFIDENTIAL TREATMENT REQUESTED] and initiate [CONFIDENTIAL TREATMENT REQUESTED] after [CONFIDENTIAL TREATMENT REQUESTED] allowance (a minimum of [CONFIDENTIAL TREATMENT REQUESTED].

9. Clinical Studies

Below are typical [CONFIDENTIAL TREATMENT REQUESTED] IDEC has [CONFIDENTIAL TREATMENT REQUESTED] with [CONFIDENTIAL TREATMENT REQUESTED].

9.1 [CONFIDENTIAL TREATMENT REQUESTED]

a) To define a [CONFIDENTIAL TREATMENT REQUESTED] for [CONFIDENTIAL TREATMENT REQUESTED] when given to patients

b) To characterize [CONFIDENTIAL TREATMENT REQUESTED]

c) To measure [CONFIDENTIAL TREATMENT REQUESTED]

9.2 [CONFIDENTIAL TREATMENT REQUESTED]

- [CONFIDENTIAL TREATMENT REQUESTED] levels will be examined
- [CONFIDENTIAL TREATMENT REQUESTED] to be determined
- [CONFIDENTIAL TREATMENT REQUESTED]
- [CONFIDENTIAL TREATMENT REQUESTED]

[CONFIDENTIAL TREATMENT REQUESTED] as appropriate

- [CONFIDENTIAL TREATMENT REQUESTED] allowance. Accession to be completed within [CONFIDENTIAL TREATMENT REQUESTED]

9.3 [CONFIDENTIAL TREATMENT REQUESTED]

- [CONFIDENTIAL TREATMENT REQUESTED] levels will be examined

- [CONFIDENTIAL TREATMENT REQUESTED] - determined according to [CONFIDENTIAL TREATMENT REQUESTED]

- [CONFIDENTIAL TREATMENT REQUESTED]

- [CONFIDENTIAL TREATMENT REQUESTED][CONFIDENTIAL TREATMENT REQUESTED] will start as soon as [CONFIDENTIAL TREATMENT REQUESTED] have been established in the [CONFIDENTIAL TREATMENT REQUESTED]. [CONFIDENTIAL TREATMENT REQUESTED] to be completed within [CONFIDENTIAL TREATMENT REQUESTED]. Total length of [CONFIDENTIAL TREATMENT REQUESTED] for [CONFIDENTIAL TREATMENT REQUESTED] will probably be [CONFIDENTIAL TREATMENT REQUESTED], depending on [CONFIDENTIAL TREATMENT REQUESTED] time prior to [CONFIDENTIAL TREATMENT REQUESTED], etc.

10. [CONFIDENTIAL TREATMENT REQUESTED] Clinical Studies

- [CONFIDENTIAL TREATMENT REQUESTED] of finished product

- [CONFIDENTIAL TREATMENT REQUESTED] to be defined by the parties

CONFIDENTIAL TREATMENT REQUESTED

COLLABORATIVE DEVELOPMENT AGREEMENT

APPENDIX D - MANUFACTURING PROCESS

(a) APPENDIX D - MANUFACTURING PROCESS

1. Manufacturing

- A supply of vials from the [CONFIDENTIAL TREATMENT REQUESTED] sufficient for ongoing manufacturing purposes
- Written descriptions for [CONFIDENTIAL TREATMENT REQUESTED].
- Written descriptions for [CONFIDENTIAL TREATMENT REQUESTED].
- Written descriptions for [CONFIDENTIAL TREATMENT REQUESTED].
- Written descriptions for [CONFIDENTIAL TREATMENT REQUESTED].
- Written descriptions for [CONFIDENTIAL TREATMENT REQUESTED].
- Media and buffer descriptions for [CONFIDENTIAL TREATMENT REQUESTED].
- Recommended manufacturers of [CONFIDENTIAL TREATMENT REQUESTED], including [CONFIDENTIAL TREATMENT REQUESTED].
- Summary of historical performance for each step of the process, including [CONFIDENTIAL TREATMENT REQUESTED].

The intent of the MANUFACTURING PROCESS is to [CONFIDENTIAL TREATMENT REQUESTED] of the manufacturing process to [CONFIDENTIAL TREATMENT REQUESTED] using [CONFIDENTIAL TREATMENT REQUESTED] and an [CONFIDENTIAL TREATMENT REQUESTED] suitable for [CONFIDENTIAL TREATMENT REQUESTED].

2. Product Testing

[CONFIDENTIAL TREATMENT REQUESTED] will be tested for the [CONFIDENTIAL TREATMENT REQUESTED]. [CONFIDENTIAL TREATMENT REQUESTED] will be characterized [CONFIDENTIAL TREATMENT REQUESTED]. [CONFIDENTIAL TREATMENT REQUESTED] will again be characterized [CONFIDENTIAL TREATMENT REQUESTED]. These assays and procedure have already been established and validated at [CONFIDENTIAL TREATMENT REQUESTED] in support of the development of several other [CONFIDENTIAL TREATMENT REQUESTED].

2.1 [CONFIDENTIAL TREATMENT REQUESTED]

[CONFIDENTIAL TREATMENT REQUESTED] will be based on [CONFIDENTIAL TREATMENT REQUESTED] and, if required, on [CONFIDENTIAL TREATMENT REQUESTED].

2.2 [CONFIDENTIAL TREATMENT REQUESTED]

[CONFIDENTIAL TREATMENT REQUESTED] will be based on [CONFIDENTIAL TREATMENT REQUESTED], and, if required, on [CONFIDENTIAL TREATMENT REQUESTED].

2.3 [CONFIDENTIAL TREATMENT REQUESTED]

[CONFIDENTIAL TREATMENT REQUESTED] will be based on [CONFIDENTIAL TREATMENT REQUESTED], and, if required, on [CONFIDENTIAL TREATMENT REQUESTED].

x

CONFIDENTIAL TREATMENT

COLLABORATIVE DEVELOPMENT AGREEMENT

APPENDIX E - PRODUCT DEVELOPMENT PLAN FOR TAISHO TERRITORY

CONFIDENTIAL TREATMENT REQUESTED EXHIBIT 10.11

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.

LICENSE AGREEMENT

TAISHO PHARMACEUTICAL CO., LTD. - IDEC PHARMACEUTICALS CORPORATION

CONFIDENTIAL TREATMENT

LICENSE AGREEMENT
TAISHO PHARMACEUTICAL CO., LTD. - IDEC PHARMACEUTICALS CORPORATION

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CONFIDENTIAL TREATMENT

LICENSE AGREEMENT

This LICENSE AGREEMENT, effective this 22nd day of December, l999 ("EFFECTIVE DATE"), between Taisho Pharmaceutical Co., Ltd., a corporation organized under Japanese law and having its principal executive offices at 24-1, Takata 3-chome, Toshima-ku, Tokyo, 170-8633, Japan ("TAISHO") and IDEC Pharmaceuticals Corporation, a company organized under the laws of the State of Delaware and having its principal executive offices at 11011 Torreyana Road, San Diego, California 92121, USA ("IDEC").

BACKGROUND

WHEREAS, IDEC is the owner of all right, title and interest in, or otherwise has the right to grant certain licenses in, certain patents and patent applications identified in APPENDIX A hereto, and know-how relating to products directed against Macrophage Migration Inhibitory Factor ("MIF"), and the use of such products for the potential palliation, evaluation, diagnosis and treatment and/or prophylaxis of human disease states which are caused or exacerbated by MIF;

WHEREAS, TAISHO desires to obtain certain licenses from IDEC under the aforesaid patents, patent applications, and know-how to make and sell such products, and IDEC is willing to grant to TAISHO such licenses;

WHEREAS, by a Collaborative Development Agreement ("CDA") entered into as of even date, 1999 between TAISHO and IDEC, both TAISHO and IDEC have agreed to collaborate in research of antibodies against MIF and development of PRODUCT (hereinafter defined) in their respective territories; and

WHEREAS, it is the desire of IDEC and TAISHO that PRODUCT developed under the collaboration and subject to the licenses hereunder be part of a funded and coordinated development and commercialization plan.

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:

CONFIDENTIAL TREATMENT REQUESTED

ARTICLE 1
DEFINITIONS

"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 LICENSE AGREEMENT 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 election of the directors thereof 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 LICENSE AGREEMENT.

"BEST EFFORTS" shall mean the maximum effort consistent with the rational and prudent exercise of business judgment for a commercial enterprise in the biopharmaceuticals or pharmaceutical industry. For example, a measure of BEST EFFORTS shall be not less than the effort accorded a project of high priority which results from the in house research of a PARTY to this LICENSE AGREEMENT.

"CDA" shall mean the Collaborative Development Agreement between the PARTIES of even date.

"CDA INFORMATION" shall mean any and all proprietary or confidential data, information, know-how and results obtained from the research and development under the CDA, [CONFIDENTIAL TREATMENT REQUESTED] with exception that TAISHO obtains manufacturing rights of PRODUCT or FINISHED PRODUCT under Section 10.02.

"CO-PROMOTION" shall mean, for purposes of this LICENSE AGREEMENT, a way of collaboration by the PARTIES under which TAISHO, its AFFILIATE or its sublicensee as one PARTY and IDEC or its AFFILIATE as the other PARTY, shall each deploy its own sales force to market the FINISHED PRODUCT under the same tradename or trademark, both PARTIES jointly promote the FINISHED PRODUCT in the same country and in the same FIELD, which is implemented for any country in TAISHO TERRITORY-B if IDEC determines to do so having exercised its option under Section 2.03 of this LICENSE AGREEMENT.

"COMBINATION PRODUCT" shall mean a product which includes PRODUCT and further comprises one or more other therapeutically or prophylactically active compositions of matter.

"EMEA" shall mean the European Medicines Evaluation Agency.

"FIELD" shall mean use of the PRODUCT(S) for in vivo therapy of human disease and in vivo diagnosis and in vitro diagnosis and evaluation of [CONFIDENTIAL TREATMENT REQUESTED].

"FINISHED PRODUCT" shall mean PRODUCT formulated in finished form for sale or use.

"IDEC TECHNOLOGY" shall mean all IDEC KNOW-HOW and PATENTS which relate to PRODUCT or REAGENT, that IDEC owns, or controls, in whole or in part, and to which IDEC has the right to use, grant licenses or sublicenses and developed during the term of the CDA or known to IDEC as of the EFFECTIVE DATE of the CDA.

"IDEC TERRITORY" shall mean the entire world, except TAISHO TERRITORY.

"KNOW-HOW" shall mean all proprietary or confidential information, data and know-how which relates to PRODUCT and FINISHED PRODUCT and shall include, without limitation, all chemical, pharmacological, toxicological, clinical, assay, quality control and manufacturing data (but shall not include manufacturing know-how) and any other information and REAGENTS relating to PRODUCT and FINISHED PRODUCT and commercialization of PRODUCT and FINISHED PRODUCT for any indication within the FIELD, developed during the term of this LICENSE AGREEMENT or known as of the EFFECTIVE DATE, to the extent that a PARTY is free to disclose, use, license, or sublicense such as provided by this LICENSE AGREEMENT. In addition, the term "KNOW-HOW" shall include CDA INFORMATION.

"MAJOR EUROPEAN COUNTRY" shall mean any one of the following countries:[CONFIDENTIAL TREATMENT REQUESTED].

"NET SALES" shall mean the gross receipts from sales of FINISHED PRODUCT in the FIELD and TAISHO TERRITORY by TAISHO or its sublicensees to any unrelated THIRD PARTY under this LICENSE AGREEMENT, less deductions for (i) transportation charges, including insurance; (ii) sales, excise and consumption taxes paid or allowed by TAISHO and any other governmental charges imposed upon the production, importation, use or sale of such FINISHED PRODUCT; (iii) normal and customary trade, quantity and cash discounts, rebates and chargebacks allowed and actually taken; and (iv) allowances or credits to customers on account of rejection or return of FINISHED PRODUCT subject to royalty under this LICENSE AGREEMENT. Sales between or among TAISHO and its AFFILIATES shall be excluded from the computation of NET SALES except where such AFFILIATES are end users, but NET SALES shall include the subsequent final sales to THIRD PARTIES by such AFFILIATES.

"PARTY" shall mean IDEC or TAISHO, as the case may be; "PARTIES" shall mean IDEC and TAISHO.

"PATENTS" shall mean all patents and patent applications which are or become owned or controlled by a PARTY or PARTIES jointly, and which such PARTY or PARTIES otherwise have, now or in the future, the right to use, grant licenses or sublicenses during the term of this LICENSE AGREEMENT, which generically or specifically claim PRODUCT, FINISHED PRODUCT or REAGENT, a process for manufacturing PRODUCT, FINISHED PRODUCT or REAGENT, an intermediate used in such process, a method to formulate or deliver PRODUCT, FINISHED PRODUCT or REAGENT or a use of PRODUCT, FINISHED PRODUCT or REAGENT. Included within the definition of PATENTS are any continuations, continuations-in-part, divisions, patents of addition, reissues, renewals or extensions thereof. Also included within the definition of PATENTS are any patents or patent applications which generically or specifically claim any improvements on PRODUCT, FINISHED PRODUCT or REAGENT, including the use of PRODUCT or REAGENT, or intermediates or manufacturing processes required or useful for production of PRODUCT, FINISHED PRODUCT or REAGENT which are developed by a PARTY, or which such PARTY otherwise has the right to use, grant licenses or sublicenses, now or in the future, during the term of this LICENSE AGREEMENT. The current list of patent applications and patents encompassed within IDEC's PATENTS is set forth

in APPENDIX A attached hereto. APPENDIX A shall be updated by the PARTIES from time to time.

"PIVOTAL TRIAL" shall mean the Registration Trial as used in the United States in regard to FDA procedure whose status is equivalent to Phase III clinical studies as required under the Pharmaceutical Affairs Law in Japan.

"PRODUCT" shall mean any composition of matter, the intellectual property rights to which are owned in whole or in part by PARTY, and to which either PARTY has the right to grant a license or sublicenses to the other PARTY in accordance with ARTICLE 2 of this LICENSE AGREEMENT as of the EFFECTIVE DATE or acquires such right during the term of this LICENSE AGREEMENT, which composition of matter contains antibodies against MIF.

"REAGENT" shall mean the determinant of antibodies against MIF, cell lines expressing such antibodies and other compositions of matter, such as, but not limited to, the transfected cell lines expressing the PRODUCT, necessary or useful to develop or produce PRODUCT.

"TAISHO TECHNOLOGY" shall mean all TAISHO KNOW-HOW and PATENTS which relate to PRODUCT or REAGENT, that TAISHO owns, or controls, in whole or in part, and to which TAISHO has the right to use, grant licenses or sublicenses and developed during the term of the CDA or known to TAISHO as of the EFFECTIVE DATE of the CDA.

"TAISHO TERRITORY" shall mean both TAISHO TERRITORY-A and TAISHO TERRITORY-B collectively.

"TAISHO TERRITORY-A" shall mean Japan, People's Republic of China, Hong Kong, Republic of Korea, Singapore, Republic of China (Taiwan), Thailand, Indonesia, Philippines, Malaysia, India, Pakistan, Cambodia, Vietnam, Sri Lanka, Democratic People's Republic of Korea, Nepal, Bangladesh, Bhutan, Brunei, Myanmar, Macao, Maldives, Mongolia, Laos People's Democratic Republic and all territories and possessions of such countries. If TAISHO's license is terminated or reverted to IDEC in a particular country pursuant to Section 4.01 or 5.05, such country shall be eliminated from the TAISHO TERRITORY-A.

"TAISHO TERRITORY-B" shall mean the United Kingdom, Germany, France, Spain, Italy, Portugal, Switzerland, the Netherlands, Norway, Australia, New Zealand, Yugoslavia, Romania, Russian Federation, Slovak Republic, Czech Republic, Denmark, Hungary, Finland, Bulgaria, Belgium, Poland, Helenic Republic, Iceland, Ireland, Albania, Andora, Ukraine, Estonia, Croatia, San Marino, Slovenia, Vatican, Belarus, Bosnia and Herzegovina, Macedonia, Malta, Monaco, Moldova, Latvia, Lithuania, Liechtenstein, Luxembourg, Algeria, Kiribati, Solomon Islands, Tuvalu, Tonga, Nauru, Samoa, Vanuatu, Papua New Guinea, Palau, Fiji, Marshall Islands, Federated States of Micronesia, United Arab Emirates, Israel, Iraq, Iran, Kuwait, Saudi Arabia, Turkey, Azerbaijan, Afganistan, Armenia, Yemen, Uzbekistan, Oman, Kazakhstan, Qatar, Cyprus, Kyrgyzstan, Georgia, Syria, Tajikistan, Turkmenistan, Bahrain, Jordan, Lebanon and all territories and possessions of such countries. If TAISHO's license is terminated or reverted to IDEC in a particular country pursuant to Section 4.01 or 5.05, such country shall be eliminated from the TAISHO TERRITORY--B.

"THIRD PARTY(IES)" shall mean any party other than a PARTY to this LICENSE AGREEMENT or an AFFILIATE of TAISHO or IDEC.

ARTICLE 2
GRANTS

2.01 TAISHO License. IDEC hereby grants to TAISHO a perpetual, exclusive license, with the right to grant sublicenses, under IDEC's PATENTS and KNOW-HOW to make, have made, use, sell and have sold PRODUCT and FINISHED PRODUCT within the FIELD and TAISHO TERRITORY.

2.02 IDEC License. TAISHO hereby grants to IDEC a perpetual, co-exclusive (with TAISHO) license under TAISHO PATENTS and KNOW HOW to make, have made, use, and sell PRODUCT and FINISHED PRODUCT within the FIELD and TAISHO TERRITORY in the case and the country where IDEC selected the conversion to a perpetual co-exclusive license in Section 2.03.

2.03 Option for Co-Exclusive by Territory. IDEC shall have the option to convert at its discretion at any time before expiration of sixty (60) days from completion of the [CONFIDENTIAL TREATMENT REQUESTED], the exclusive license throughout the TAISHO TERRITORY-B granted under Section 2.01 (subject to the limitations set forth in this Section 2.03), to a perpetual co-exclusive license with the right to sublicense, on a country-by-country basis within TAISHO TERRITORY-B (with only IDEC or IDEC's AFFILIATE) under IDEC's PATENTS and KNOW-HOW to make, have made, use, sell and have sold PRODUCT and FINISHED PRODUCT within the FIELD. Such co-exclusive license shall be implemented by entering into an agreement for CO-PROMOTION, the non-financial terms and conditions of which shall be finally negotiated before the initiation of [CONFIDENTIAL TREATMENT REQUESTED]. In the event IDEC does not exercise such option for a co-exclusive license before the end of the above sixty (60) days period in TAISHO TERRITORY-B, TAISHO may seek a partner in TAISHO TERRITORY-B, for developing or marketing of FINISHED PRODUCT including an arrangement for co-promotion. However, if TAISHO has not secured a partner for marketing and promotion of PRODUCT in TAISHO TERRITORY-B, (i.e. this means that no written agreement between third party and TAISHO is executed) by the latter of completion of [CONFIDENTIAL TREATMENT REQUESTED], in which case, IDEC shall notify in writing TAISHO of its intention to exercise such first negotiation right. IDEC shall have the first right to negotiate a partnership agreement for a period of [CONFIDENTIAL TREATMENT REQUESTED]. Thereafter, TAISHO may enter into a partnership agreement, provided that the terms are not less favorable to TAISHO than the terms last offered IDEC. In the event IDEC elects to CO-PROMOTE in any country in TAISHO TERRITORY-B, any sublicensing in such country in TAISHO TERRITORY-B shall be subject to IDEC's approval, which approval will not be unreasonably withheld or delayed. On sixty (60) days written notice, IDEC having exercised the co-exclusive option may renounce its rights to the co-exclusive license in its entirety and vest exclusive license rights in TAISHO. Upon any such renouncement of co-exclusive rights by IDEC, payments shall revert to the exclusive payment schedule set forth in Section 3.02(a) hereof. However, TAISHO shall not be required to make up the difference for any past milestone payments under the co-exclusive license payment under Section 3.02(b) as compared with milestone payments for exclusive license under Section 3.02(a). If IDEC exercises its option under this Section 2.03 to convert to a co-exclusive license

in TAISHO TERRITORY-B, but later chooses to opt out, no reimbursement of royalty payments or fees shall be due TAISHO.

2.04 In case IDEC has exercised its option as provided under Section 2.03, either PARTY may not grant licenses or sublicenses to its co-exclusive rights under Section 2.03 to THIRD PARTIES for TAISHO TERRITORY-B, except for the purpose of entering into collaborative development agreements between any such THIRD PARTY and IDEC or TAISHO that provide the support, as is appropriate at the time, for research, development and/or commercialization of PRODUCT, or as otherwise agreed to by the PARTIES in writing.

2.05 This LICENSE AGREEMENT shall not be construed to grant any rights or licenses other than those specifically and unambiguously granted hereunder. Except as provided herein, this License Agreement shall not be construed to grant manufacturing rights.

ARTICLE 3
PAYMENTS

3.01 As consideration for the license under IDEC's PATENTS and KNOW-HOW granted to TAISHO under this LICENSE AGREEMENT, TAISHO shall pay to IDEC the following payments described in Article 3.

3.02 (a) To IDEC--Under TAISHO TERRITORY-A AND TAISHO TERRITORY-B. If TAISHO maintains its exclusive license in the TAISHO TERRITORY-A, and TAISHO TERRITORY-B and IDEC elects not to exercise its option under Section 2.02 hereof, TAISHO shall pay IDEC a royalty of [CONFIDENTIAL TREATMENT REQUESTED] on NET SALES of FINISHED PRODUCT for the [CONFIDENTIAL TREATMENT REQUESTED] of the PRODUCT in each country and [CONFIDENTIAL TREATMENT REQUESTED]. TAISHO shall further make payments to IDEC as follows:

1.	Within thirty (30) days of Initiation of Phase II testing of the first PRODUCT in the United States	[CONFIDENTIAL TREATMENT REQUESTED]

		[CONFIDENTIAL TREATMENT REQUESTED]
2.	Within thirty (30) days of Initiation of the first PIVOTAL TRIAL or Phase III testing of the first PRODUCT	
3.	Within thirty (30) days of BLA Filing of the first PRODUCT in U.S.A.	[CONFIDENTIAL TREATMENT REQUESTED]

(b) If IDEC, under TAISHO TERRITORY-B of co-exclusive license, elects a co-exclusive license within TAISHO TERRITORY-B under Section 2.03 before expiration of sixty (60) days from completion of the last patient of the first multidose Phase I clinical testing, the PARTIES shall share [CONFIDENTIAL TREATMENT REQUESTED] all of the FINISHED PRODUCT commercialization costs and profits, on a country-by-country basis, in such countries in TAISHO TERRITORY-B where IDEC (or an IDEC AFFILIATE) shall implement CO-PROMOTION with TAISHO (or a TAISHO sublicensee) If IDEC exercises its option for a co-exclusive license within the TAISHO TERRITORY-B under Section 2.03 before expiration of sixty (60) days from completion of the [CONFIDENTIAL TREATMENT REQUESTED] hereof, thereafter TAISHO shall make payments to IDEC according to the following schedule instead of Section 3.02 (a):

1.	Initiation of Phase II testing of the first PRODUCT in the United States	[CONFIDENTIAL TREATMENT REQUESTED]
2.	Initiation of PIVOTAL TRIAL or Phase III testing of the first PRODUCT	[CONFIDENTIAL TREATMENT REQUESTED]
3.	BLA Filing of the first PRODUCT in U.S.A.	[CONFIDENTIAL TREATMENT REQUESTED]

3.03 To Third Parties. In addition, TAISHO shall be responsible for all royalty payments made to THIRD PARTIES (excluding royalties to Cytokine Networks, Inc.), for licenses to certain enabling technologies in its exclusive TAISHO TERRITORY, royalty in co-exclusive country in TAISHO TERRITORY-B shall be [CONFIDENTIAL TREATMENT REQUESTED] between the PARTIES.

3.04 The provisions of Article 3 shall apply to only the first PRODUCT and to the extent this LICENSE AGREEMENT is effective. TAISHO and IDEC shall negotiate in good faith the terms for the collaboration of second generation products which mean back-up anti-MIF antibodies other than those described in APPENDIX B and APPENDIX C of the CDA [CONFIDENTIAL TREATMENT REQUESTED].

3.05 Determination of royalties for NET SALES of any COMBINATION PRODUCT shall be mutually agreed upon by the PARTIES.

3.06 IDEC shall provide TAISHO at the time of payment or upon request by TAISHO with supporting documents of expenses incurred by IDEC under this Article 3.

ARTICLE 4
DEVELOPMENT AND COMMERCIALIZATION IN TAISHO TERRITORY

4.01 TAISHO will use BEST EFFORTS and diligence to develop and commercialize the PRODUCT in each country of TAISHO TERRITORY in which regulatory approval is granted, taking into account the scientific and commercial potential for PRODUCT, including without limitation each of the potential indications therefor. TAISHO agrees to provide promotional support, a sales force, medical education, and at all times be prepared to outline in detail its selling time, expenditures, promotional and direct mail efforts, journal ads, and medical education efforts. If TAISHO elects to abandon, discontinue, or forego development and/or commercialization of any PRODUCT for all indications of such PRODUCT in any country in TAISHO TERRITORY-A or TAISHO TERRITORY-B, or fails after a reasonable period of time to initiate such development and commercialization, in such country TAISHO's licenses under ARTICLE 2 to such PRODUCT, including without limitation, and COMBINATION PRODUCT thereof, shall terminate and the rights to make, have made, use, sell and have sold such PRODUCT or COMBINATION PRODUCT in such particular country shall revert to IDEC without further obligation of IDEC to TAISHO for such PRODUCT or COMBINATION PRODUCT in regard to such terminated TAISHO TERRITORY-A or TAISHO TERRITORY-B.

4.02 If TAISHO is not interested in developing or launching PRODUCT for a particular indication in any country in the TAISHO TERRITORY-A or TAISHO TERRITORY-B or fails after a reasonable period of time to initiate such development in such country, and the PARTIES reasonably determine that the commercialization of such indication will not adversely impact TAISHO's commercialization activities under this LICENSE AGREEMENT, then TAISHO shall promptly give IDEC its written consent to permit IDEC to develop and

commercialize such indication in such terminated country alone or with any THIRD PARTY, which consent shall not be unreasonably withheld or delayed.

4.03 TAISHO shall have no obligation for the PRODUCT or country where TAISHO's rights terminated under Section 4.01 or 4.02.

ARTICLE 5
TERM AND TERMINATION

5.01 This LICENSE AGREEMENT shall come into force on EFFECTIVE DATE and shall, unless the CDA is earlier terminated according to its provisions or this LICENSE AGREEMENT is earlier terminated hereunder, continue to be in effect on a country-by-country basis until [CONFIDENTIAL TREATMENT REQUESTED]. The terms of this LICENSE AGREEMENT shall continue to be in effect after expiration of the CDA.

5.02 TAISHO's royalty obligations for a particular FINISHED PRODUCT under Section 3.01 in each country of the TAISHO TERRITORY shall expire on a country-by-country basis upon [CONFIDENTIAL TREATMENT REQUESTED] in each such country in the TAISHO TERRITORY in which a FINISHED PRODUCT is marketed by or for TAISHO regardless of existing or non-existing of PATENTS or number of PATENTS; [CONFIDENTIAL TREATMENT REQUESTED]. This LICENSE AGREEMENT shall terminate country-by-country basis upon expiration of this royalty period including EXTENSION PERIOD. Expiration of this royalty period in any country under this provision shall not preclude TAISHO from continuing to market any PRODUCT and FINISHED PRODUCT and to use KNOW-HOW in such country without further royalty payments.

5.03 If the CDA is earlier terminated due to reasons other than IDEC's default or its insolvency, this LICENSE AGREEMENT shall be automatically terminated.

5.04 If either PARTY materially fails or neglects to perform its obligations, except a case beyond its control, set forth in this LICENSE AGREEMENT and if such default is not corrected within [CONFIDENTIAL TREATMENT REQUESTED] days after receiving written notice from the other PARTY with respect to such default, such other PARTY shall have the right to terminate this LICENSE AGREEMENT by giving written notice to the PARTY in default provided the notice of termination is given within [CONFIDENTIAL TREATMENT REQUESTED] of when the default becomes known to such PARTY and prior to correction of the default, in which case terminating PARTY shall have the rights to continue and to market any PRODUCT and FINISHED PRODUCT without any further obligation to the other PARTY.

5.05 TAISHO may terminate this LICENSE AGREEMENT in its entirety or a particular country by giving IDEC at least [CONFIDENTIAL TREATMENT REQUESTED] written notice thereof based on a reasonable determination, using the same standards TAISHO would use in assessing whether or not to continue development of a product of its own making, that the patent, medical/scientific, technical, regulatory or commercial profile of PRODUCT does not justify continued development of PRODUCT. Termination of this LICENSE AGREEMENT with respect to any country in the TAISHO TERRITORY under this provision shall terminate all licenses vested to TAISHO in such country under ARTICLE 2 with full reversion to IDEC of all IDEC's interest and rights in IDEC's PATENT and KNOW-HOW in such country and TAISHO shall have no further obligation to IDEC for such terminated country.

5.06 Either PARTY may terminate this LICENSE AGREEMENT if, at any time, the other PARTY shall file in any court or agency pursuant to any statute or regulation of any state or country, a petition in bankruptcy or insolvency or for reorganization or for an arrangement or for the appointment of a receiver or trustee of the PARTY or of its assets, or if the other PARTY proposes a written agreement of composition or extension of its debts, or if the other PARTY shall be served with an involuntary petition against it, filed in any insolvency proceeding, and such petition shall not be dismissed within sixty (60) days after the filing thereof, or if the other

PARTY shall propose or be a PARTY to any dissolution or liquidation, or if the other PARTY shall make an assignment for the benefit of creditors.

5.07 Notwithstanding the bankruptcy of a PARTY, or the impairment of performance by a PARTY of its obligations under this LICENSE AGREEMENT as a result of bankruptcy or insolvency of such PARTY, the non-bankrupt PARTY shall be entitled to retain the licenses vested herein, subject to bankrupt PARTY's rights to terminate this LICENSE AGREEMENT for reasons other than bankruptcy or insolvency as expressly provided in this LICENSE AGREEMENT, and subject to performance by the non-bankrupt PARTY of its preexisting obligations under this LICENSE AGREEMENT.

ARTICLE 6
RIGHTS AND DUTIES UPON TERMINATION

6.01 Upon termination of this LICENSE AGREEMENT, IDEC shall have the right to retain any sums already paid by TAISHO hereunder, and TAISHO shall pay all sums accrued hereunder which are then due.

6.02 Termination of this LICENSE AGREEMENT shall terminate all rights and further obligations between the PARTIES arising from this LICENSE AGREEMENT, provided, however those described in Sections 7.01, 7.02, 7.04, 7.05, 7.06, 7.07, and 7.08 for data or other information generated or provided by either PARTY during the term of the LICENSE AGREEMENT, Sections 5.02, 5.04, 5.05, 5.07, 6.01 through 6.04, 8.02 and ARTICLES 9, 10, 11, 12, 13, 15, 16, 19 and 20, and existing rights against the other PARTY for a breach by that PARTY shall survive any termination of this LICENSE AGREEMENT.

6.03 Termination of this LICENSE AGREEMENT under Section 5.04 for a default by IDEC shall terminate TAISHO's obligation to make any remaining payments required by this LICENSE AGREEMENT including ARTICLE 3 for the period effective as of the date IDEC received written notice from TAISHO with respect to such default if after the elapse of sixty (60) days from receipt of such notice such default is not corrected. Termination of this LICENSE AGREEMENT with respect to all countries of the TERRITORY under Section 5.05 shall

terminate TAISHO's obligation to make any remaining payments required by this LICENSE AGREEMENT including ARTICLE 3 for periods after the effective date of termination.

6.04 All rights to terminate, and rights upon termination, provided for either PARTY in this LICENSE AGREEMENT are in addition to other remedies in law or equity which may be available to either PARTY.

ARTICLE 7
EXCHANGE OF INFORMATION AND CONFIDENTIALITY

7.01 The PARTIES recognize that the holder of a drug approval application may be required to submit information and file reports to various governmental agencies on PRODUCT under clinical investigation, PRODUCT proposed for marketing, or marketed PRODUCT. Information must be submitted at the time of initial filing for investigational use in humans and at the time of a request for market approval of a new drug. In addition, supplemental information must be provided on PRODUCT at periodic intervals and adverse drug experiences must be reported at more frequent intervals depending on the severity of the experience. Consequently, each PARTY agrees to, prior to IND filing, establish a joint written pharmacovigilence policy that complies with the International Committee for Harmonization.

7.02 Each PARTY shall promptly inform the other PARTY of any information that it obtains or develops in any country of the world regarding the safety of PRODUCT or FINISHED PRODUCT and 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 or FINISHED PRODUCT. In this regard, each PARTY agrees that, throughout the duration of this LICENSE AGREEMENT and thereafter, it will notify the other PARTY immediately of any information concerning any PRODUCT or FINISHED PRODUCT or package complaint, or any serious or unexpected animal or human side effect, injury, toxicity or sensitivity reaction or any unexpected incidence or severity thereof associated with the preclinical studies as well as clinical uses, studies, investigations, tests and marketing of PRODUCT or FINISHED PRODUCT, whether or not determined to be attributable to PRODUCT or FINISHED 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, cancer, the result of an overdose 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 or FINISHED PRODUCT; (ii) conditions or developments not encountered during clinical studies of PRODUCT or FINISHED 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 or FINISHED PRODUCT, whether or not considered related thereto.

7.03 Each PARTY shall 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 FINISHED PRODUCT or the continued development or marketing of PRODUCT or FINISHED PRODUCT. Upon receipt of any such information, a 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.

7.04 The PARTIES agree throughout the duration of this LICENSE AGREEMENT to maintain records and otherwise establish procedures to assure material compliance with all regulatory, professional or other legal requirements that apply to the development, promotion and marketing of PRODUCT or FINISHED PRODUCT.

7.05 Neither TAISHO nor IDEC may, during the term of this LICENSE AGREEMENT and for a period of [CONFIDENTIAL TREATMENT REQUESTED] after the later date of expiration or termination of this LICENSE AGREEMENT, disclose or reveal to THIRD PARTIES any KNOW-HOW

received from the other PARTY which relates substantially to a PRODUCT or FINISHED PRODUCT, except that such other PARTY may use or disclose such KNOW-HOW for the purposes of investigating, developing, manufacturing, marketing or seeking partners for PRODUCT or FINISHED PRODUCT or for securing essential or desirable authorizations, privileges or rights from governmental agencies, or is required to be disclosed to a governmental agency or is necessary to file or prosecute patent applications concerning PRODUCT or FINISHED PRODUCT or to carry out any litigation concerning PRODUCT or FINISHED 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 LICENSE AGREEMENT or the CDA (unless otherwise disclosed confidentially at any time by TAISHO to IDEC or IDEC to TAISHO), or is disclosed to the receiving PARTY by a THIRD PARTY having the right to do so; any such exception must be demonstrated by written proof. The PARTIES shall take reasonable measures to ensure that no unauthorized use or disclosure is made by others to whom access to such information is granted.

7.06 Nothing herein shall be construed as preventing either PARTY from disclosing any information received from the other PARTY to a sublicensee of the receiving PARTY, provided such sublicensee has undertaken a similar obligation of confidentiality with respect to the KNOW-HOW.

7.07 The PARTIES agree that the formal initiation of this LICENSE AGREEMENT will likely constitute "material information" for IDEC or TAISHO that must be disclosed to the public and IDEC's or TAISHO's shareholders via a press release. Such a press release shall be prepared by IDEC or TAISHO and reviewed in good faith and approved by TAISHO or IDEC concurrently with the review and approval of this LICENSE AGREEMENT.

Notwithstanding the foregoing, no public announcement or other disclosure to THIRD PARTIES concerning the terms of this LICENSE AGREEMENT shall be made, either directly or indirectly, by either PARTY to this LICENSE AGREEMENT, 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.

7.08 Nothing in this LICENSE AGREEMENT 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 or FINISHED PRODUCT in any manner it reasonably deems appropriate, including, for example, by disclosing to regulatory authorities confidential or other information received from each other PARTY or THIRD PARTIES.

ARTICLE 8
INVENTIONS, PATENTS AND PATENT PROSECUTION

8.01 IDEC shall disclose to TAISHO as KNOW-HOW the complete texts of all PATENTS filed by IDEC prior to the EFFECTIVE DATE as well as all information received concerning the institution or possible institution of any interference, opposition, re-examination, reissue, revocation, nullification or any official proceeding involving a PATENT anywhere in the TAISHO TERRITORY. TAISHO shall have the right to review all such PATENTS and all proceedings related thereto and make recommendations to IDEC concerning them and their conduct. IDEC agrees to keep TAISHO fully informed of the course of patent prosecution or other proceedings of such PATENTS including providing TAISHO with copies of substantive communications, search reports and THIRD PARTY observations submitted to or received from patent offices within the TAISHO TERRITORY. TAISHO shall provide such patent consultation to IDEC related to such PATENTS at no cost to IDEC. TAISHO shall reimburse IDEC for the reasonable out-of-pocket costs IDEC has incurred or will incur in filing, prosecuting and maintaining such PATENTS in the TAISHO TERRITORY, provided that, such reasonable out-of-pocket costs for any country in TAISHO TERRITORY-B for which IDEC has determined to implement CO-PROMOTION shall be shared [CONFIDENTIAL TREATMENT REQUESTED] between IDEC and TAISHO. TAISHO shall hold all information disclosed to it under this Section as confidential subject to the provisions of ARTICLE 7 of this LICENSE AGREEMENT. IDEC shall diligently

prosecute and maintain such PATENTS in the TAISHO TERRITORY. TAISHO shall at its full discretion have the right to assume responsibility for any PATENT or any part of any PATENT which IDEC intends to abandon or otherwise cause or allow to be forfeited.

8.02 Each PARTY shall have and retain sole and exclusive title to all inventions, discoveries and patentable CDA INFORMATION which are made, conceived, reduced to practice and generated solely by its employees or agents in the course of or as a result of the research and development under the CDA or during the term of this LICENSE AGREEMENT. IDEC and TAISHO shall own a fifty percent (50%) undivided interest in all inventions, discoveries and patentable CDA INFORMATION made, conceived, reduced to practice or generated jointly by employees or agents of both PARTIES in the course of or as a result of the research and development under the CDA or during the term of this LICENSE AGREEMENT. Inventorship of inventions, discoveries and patentable CDA INFORMATION shall be subject to and determined by the patent laws of the country where the patent applications are filed.

8.03 (a) Upon the making, conceiving or reducing to practice of any invention or discovery by a PARTY as referred to in Section 8.02, within a reasonable period of time to take appropriate protection measures for such invention or discovery, such PARTY shall provide the other PARTY with a written summary in the English language of such invention or discovery.

(i) IDEC shall have the first right, using in-house or outside legal counsel selected at IDEC's sole discretion, to prepare, file, prosecute, maintain and extend PATENTS concerning all such inventions and discoveries owned in whole by IDEC or jointly by TAISHO and IDEC in countries of IDEC's choice throughout the world, with appropriate credit to TAISHO representatives, including the naming of such representatives as inventors, where appropriate, for which IDEC shall bear the costs relating to such activities which occur at IDEC's request or direction. IDEC shall use BEST EFFORTS to solicit TAISHO's advice and review of the nature and text of such patent applications and material prosecution matters related thereto in reasonably sufficient time prior to filing thereof, and IDEC shall take into account TAISHO's reasonable comments related thereto. Upon presentation of an itemized invoice detailing IDEC's expenses. TAISHO shall reimburse IDEC for the reasonable out-of-pocket costs IDEC incurs in filing, prosecuting and maintaining such PATENTS in the TAISHO

TERRITORY-A and in a country of TAISHO TERRITORY-B where IDEC does not elect a co-exclusive license, and for one-half of the reasonable out-of-pocket costs IDEC incurs in the country of TAISHO TERRITORY-B which IDEC elects a co-exclusive license. TAISHO shall hold all information disclosed to it under this Section as confidential subject to the provisions of ARTICLE 7 of this LICENSE AGREEMENT. TAISHO shall at its full discretion have the right to assume responsibility for any such PATENT or any part of any such PATENT which IDEC intends to abandon or otherwise cause or allow to be forfeited. IDEC shall diligently prosecute and maintain such PATENTS in the TAISHO TERRITORY. Notwithstanding foregoing any and all activities of filing, prosecuting and maintaining a PATENT jointly owned by the PARTIES shall be made by an agreement of PARTIES.

(ii) TAISHO shall have the first right, using in-house or outside legal counsel selected at TAISHO's sole discretion, to prepare, file, prosecute, maintain and extend PATENTS concerning all such inventions and discoveries owned in whole by TAISHO in countries of TAISHO's choice throughout the world, for which TAISHO shall bear the costs relating to such activities. TAISHO shall use BEST EFFORTS to solicit IDEC's advice and review of the nature and text of such PATENTS and material prosecution matters related thereto in reasonably sufficient time prior to filing thereof, and TAISHO shall take into account IDEC's reasonable comments related thereto. IDEC shall reimburse TAISHO for the reasonable out-of-pocket costs TAISHO incurs in filing, prosecuting and maintaining such PATENTS in the IDEC TERRITORY. IDEC shall hold all information disclosed to it under this Section as confidential subject to the provisions of ARTICLE 7 of this LICENSE AGREEMENT. IDEC shall at its full discretion have the right to assume responsibility for any such PATENT or any part of any such PATENT which TAISHO intends to abandon or otherwise cause or allow to be forfeited. TAISHO shall diligently prosecute and maintain such PATENTS in the IDEC TERRITORY.

(b) If IDEC, prior or subsequent to filing certain PATENTS on such inventions or discoveries which are owned in part by TAISHO, elects not to file, prosecute or maintain such PATENTS or certain claims encompassed by such PATENTS, IDEC shall give TAISHO notice thereof within a reasonable period prior to allowing such PATENTS or such certain claims encompassed by such PATENTS to lapse or become abandoned or unenforceable, and TAISHO shall at its full discretion thereafter have the right, at its sole expense, to prepare,

file, prosecute and maintain such PATENTS or divisional applications related to such certain claims encompassed by such PATENTS concerning all such inventions and discoveries in countries of its choice throughout the world. If TAISHO, prior or subsequent to filing PATENTS on such inventions or discoveries which are owned in whole by TAISHO, elects not to file, prosecute or maintain such PATENTS or certain claims encompassed by such PATENTS, TAISHO shall give IDEC notice thereof within a reasonable period prior to allowing such PATENTS or such certain claims encompassed by such PATENTS to lapse or become abandoned or unenforceable, and IDEC shall at its full discretion thereafter have the right, at its sole expense, to prepare, file, prosecute and maintain such PATENTS or divisional applications related to such certain claims encompassed by such PATENTS concerning all such inventions and discoveries in countries of its choice throughout the world.

(c) The PARTY filing PATENTS for jointly owned inventions and discoveries shall do so in the name of and on behalf of both TAISHO and IDEC.

8.04 Notwithstanding the provisions of Section 8.03, each PARTY shall, at its own expense, provide reasonable assistance to the other PARTY to facilitate filing of all PATENTS covering inventions referred to in Section 8.02 hereof and shall execute all documents deemed necessary or desirable therefor.

ARTICLE 9
PATENT LITIGATION

9.01 In the event of the institution of any suit for patent infringement by a THIRD PARTY against IDEC, TAISHO and/or its sublicensees involving the manufacture, use, sale, distribution or marketing of PRODUCT or FINISHED PRODUCT, the PARTY sued shall promptly notify the other PARTY in writing. Either PARTY sued shall have the right but not the obligation to defend such suit at its own expense. IDEC and TAISHO shall assist one another and cooperate in any such litigation to a reasonable extent at the other's request without expense to the requesting PARTY.

9.02 In the event that IDEC or TAISHO becomes aware of actual or threatened infringement of a PATENT related to PRODUCT or FINISHED PRODUCT, that PARTY shall

promptly notify the other PARTY in writing. IDEC shall undertake reasonable evaluation of such infringing activity and have the first right but not the obligation to bring, at its own expense, an infringement action or file any other appropriate action or claim directly related to infringement of a PATENT owned in whole or in part by IDEC, wherein such infringement relates to PRODUCT or FINISHED PRODUCT, against any THIRD PARTY and as the case may be to use TAISHO's name in connection therewith. If IDEC does not commence a particular infringement action within one hundred and twenty (120) days after it received such written notice, TAISHO, after notifying IDEC in writing, shall be entitled but not the obligation to bring such infringement action or any other appropriate action or claim at its own expense. TAISHO shall undertake reasonable evaluation of such infringing activity and have the first right but not the obligation to bring, at its own expense, an infringement action or file any other appropriate action or claim directly related to infringement of a PATENT owned in whole by TAISHO, wherein such infringement relates to PRODUCT or FINISHED PRODUCT, against any THIRD PARTY and as the case may be to use IDEC's name in connection therewith. If TAISHO does not commence a particular infringement action within one hundred and twenty (120) days after it received such written notice, IDEC, after notifying TAISHO in writing, shall be entitled but not the obligation to bring such infringement action or any other appropriate action or claim at its own expense. The PARTY conducting such action shall have full control over its conduct. In any event, IDEC and TAISHO shall assist one another and cooperate in any such litigation to a reasonable extent at the other's request without expense to the requesting PARTY.

9.03 IDEC and TAISHO shall recover their respective actual out-of-pocket expenses, or equitable proportions thereof, associated with any litigation or settlement thereof from any recovery made by any PARTY. Any excess amount shall be shared between TAISHO and IDEC, with each PARTY receiving an amount proportional to the amount spent by such PARTY on such litigation or settlement thereof relative to the total amount spent by both PARTIES on such litigation or settlement thereof. Neither PARTY shall settle any dispute with any alleged infringer without the prior written consent of the other PARTY, and such written consent shall not be unreasonably withheld.

9.04 The PARTIES shall keep one another informed of the status of and of their respective activities regarding any litigation or settlement thereof concerning PRODUCT or FINISHED PRODUCT.

ARTICLE 10
PRODUCT SUPPLY

10.01 During commercialization of the PRODUCT under the LICENSE AGREEMENT, IDEC shall manufacture, at TAISHO's request and at [CONFIDENTIAL TREATMENT REQUESTED], and supply TAISHO's clinical (excluding preclinical studies and clinical trials described in Section 7.01 of the CDA) and commercial requirements of PRODUCT manufactured under GMP guidelines.

10.02 TAISHO's Manufacturing Rights:

(a) TAISHO TERRITORY-A TAISHO shall have the right and option to elect to manufacture by itself and/or have manufactured by its AFFILIATES PRODUCT or FINISHED PRODUCT in TAISHO TERRITORY-A, provided that [CONFIDENTIAL TREATMENT REQUESTED]. If TAISHO fulfills the above requirements and elects to manufacture, IDEC shall only be obligated to [CONFIDENTIAL TREATMENT REQUESTED]. TAISHO warrants that under these circumstances, it will negotiate for and secure all licenses necessary to manufacture PRODUCT or FINISHED PRODUCT. IDEC shall provide assistance that it feels is reasonably necessary for TAISHO to secure all licenses necessary to manufacture PRODUCT or FINISHED PRODUCT.

[CONFIDENTIAL TREATMENT REQUESTED], TAISHO may then manufacture or sublicense the right to manufacture bulk drug of the PRODUCT or FINISHED PRODUCT to a THIRD PARTY for commercial purpose in

TAISHO TERRITORY-A. [CONFIDENTIAL TREATMENT REQUESTED]. TAISHO shall be responsible for providing adequate facilities and trained personnel as well as the procedures for establishment and compliance with Japanese or EMEA regulatory requirements for such manufacturing and being granted license (if required) of any process or facility. Such process transfer shall, for example, be achieved by mail, facsimile, or at meetings in San Diego. [CONFIDENTIAL TREATMENT REQUESTED].

(b) TAISHO TERRITORY-B If IDEC does not elect to CO-PROMOTE in TAISHO TERRITORY-B, TAISHO shall have the same manufacturing rights and obligations in TAISHO TERRITORY-B as it does in TAISHO TERRITORY-A. TAISHO warrants that under the circumstances, it will negotiate for and secure all licenses necessary to manufacture PRODUCT or FINISHED PRODUCT in TAISHO TERRITORY-B. However, if IDEC elects to CO-PROMOTE in TAISHO TERRITORY-B, IDEC shall retain all rights to manufacture PRODUCT and FINISHED PRODUCT.

[CONFIDENTIAL TREATMENT REQUESTED], TAISHO may then manufacture or sublicense the right to a THIRD PARTY to manufacture bulk drug of PRODUCT or FINISHED PRODUCT for commercial purpose in TAISHO TERRITORY-B.

[CONFIDENTIAL TREATMENT REQUESTED]. TAISHO shall be responsible for providing adequate facilities and trained personnel as well as the procedures for establishment and compliance with Japanese or EMEA regulatory requirements for such manufacturing and being granted license (if required) of any process or facility. Such process transfer shall, for example, be achieved by mail, facsimile, or at meetings in San Diego. [CONFIDENTIAL TREATMENT REQUESTED].

ARTICLE 11
TRADEMARKS AND TRADENAMES

11.01 Nothing in this LICENSE AGREEMENT shall be construed as a grant of rights, by license or otherwise, to a PARTY to use trademarks and tradenames owned by the other PARTY for any purpose.

11.02. Nothing in this LICENSE AGREEMENT shall be construed as a grant of rights, by license or otherwise, to either PARTY, to use the name of the other PARTY or its AFFILIATES for any purpose whatsoever except as may otherwise be expressly provided for in this LICENSE AGREEMENT.

ARTICLE 12
STATEMENTS AND REMITTANCES

12.01 TAISHO shall keep and require its AFFILIATES or sublicensees to keep complete and accurate records of all sales of FINISHED PRODUCT under the licenses granted herein. IDEC shall have the right, at IDEC's expense, through a certified public accountant or

like person reasonably acceptable to TAISHO, to examine such records during regular business hours during the life of this LICENSE AGREEMENT and for one (1) year after the later of its termination or the last sale of FINISHED PRODUCT by TAISHO subject to the royalty obligations outlined in Section 3.02; provided, however, that such examination shall not take place more often than once a year and shall not cover such records for more than the preceding two (2) years and provided further that such accountant shall report to IDEC only as to the accuracy and completeness of the royalty statements and payments.

12.02 Within sixty (60) days after the close of each calendar quarter, TAISHO shall deliver to IDEC a true accounting of all FINISHED PRODUCT sold by TAISHO and its AFFILIATES or sublicensees during such quarter and shall at the same time pay all royalties due. Such accounting shall show sales on a country-by-country and FINISHED PRODUCT-by-FINISHED PRODUCT basis.

12.03 Any tax paid or required to be withheld by TAISHO on any payment payable to IDEC under this LICENSE AGREEMENT shall be deducted from the amount of payments otherwise due. TAISHO shall secure and send to IDEC written proof of any such taxes withheld and paid by TAISHO or its AFFILIATES for the benefit of IDEC in a form sufficient to satisfy the United States Internal Revenue Service.

12.04 All royalties due under this LICENSE AGREEMENT shall be payable in U.S. dollars. If governmental regulations prevent remittances from a country of the TAISHO TERRITORY to any other country with respect to sales made in that country, the obligation of TAISHO to pay royalties on sales in that country shall be suspended until such remittances are possible, and once they are possible, TAISHO shall pay IDEC any back royalties which may be owed. Alternatively, IDEC shall have the right, upon giving written notice to TAISHO, to receive payment in that country in local currency.

12.05 Monetary conversions from the currency of a foreign country, in which FINISHED PRODUCT is sold, into United States currency shall be made at the average of selling and buying official exchange rate as certified by Citibank, N.A., New York, New York, U.S.A. for financial transactions in that country on the last business day of the calendar quarter for which the royalties are being paid.

ARTICLE 13
WARRANTIES, REPRESENTATIONS, INSURANCE
AND INDEMNIFICATIONS

13.01 As of the EFFECTIVE DATE, IDEC warrants that, to the best of its belief and knowledge, it owns the entire right and title to the extent of its ownership interest in PATENTS and KNOW-HOW, or has the right to use, and grant the license outlined in ARTICLE 2 with respect to PATENTS and KNOW-HOW, and has the right to enter into this LICENSE AGREEMENT.

13.02 NOTHING IN THIS LICENSE AGREEMENT SHALL BE CONSTRUED AS A WARRANTY THAT PATENTS ARE VALID OR ENFORCEABLE OR THAT THE EXERCISE OF SUCH DOES NOT INFRINGE ANY VALID PATENT RIGHTS OF THIRD PARTIES.

13.03 IDEC warrants and represents that it has no present knowledge of the existence of any pre-clinical or clinical data or information concerning the PRODUCT which suggests that there may exist toxicity, safety and/or efficacy concerns which may materially impair the utility and/or safety of the PRODUCT.

13.04 Either PARTY (INDEMNIFYING PARTY) shall indemnify and hold harmless the other PARTY(INDEMNIFIED PARTY), its officers, directors, shareholders, employees, successors and assigns from any loss, damage, or liability, 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, (a) death, brought by or on behalf of an injured party, and (b) 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 INDEMNIFYING PARTY (or any its AFFILIATES); except to the extent such damages, claims, costs, losses, liabilities or expenses are directly and proximately caused by INDEMNIFIED PARTY's gross negligence, willful action or inaction and provided:

(a) INDEMNIFYING PARTY shall not be obligated under this Section, if it is shown by evidence acceptable in a court of law having jurisdiction over the subject matter and meeting the appropriate degree of proof for such action, that the injury was the result of the gross negligence or willful misconduct of any employee or agent of INDEMNIFIED PARTY;

(b) INDEMNIFYING PARTY shall have no obligation under this Section, unless (i) INDEMNIFIED PARTY gives INDEMNIFYING PARTY prompt written notice of any claim or lawsuit or other action for which it seeks to be indemnified under this LICENSE AGREEMENT, (ii) INDEMNIFYING PARTY is granted full authority and control over the defense, including settlement, against such claim or lawsuit or other action, and (iii) INDEMNIFIED PARTY cooperates fully with INDEMNIFYING PARTY and its agents in defense of the claims or lawsuit or other action; and

(c) INDEMNIFIED PARTY 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, that INDEMNIFYING PARTY 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 INDEMNIFIED PARTY seeks indemnification under this Section.

13.05 IDEC shall defend, indemnify and hold harmless TAISHO 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 or its licensee's activities under this LICENSE AGREEMENT, including, but not limited to, IDEC's activities related to any breach of a representation or warranty made to TAISHO by IDEC under this LICENSE AGREEMENT. However, IDEC shall not defend, indemnify and hold harmless TAISHO 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) which are directly and proximately caused by TAISHO's gross negligence or willful action or inaction which is held in legal proceedings in a court having jurisdiction. TAISHO 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; however, 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 TAISHO seeks indemnification under this Section.

13.06 TAISHO 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 TAISHO's or its AFFILIATE's activities under this LICENSE AGREEMENT, including, but not limited to, any breach of a representation or warranty made to IDEC by TAISHO under this LICENSE AGREEMENT. However, TAISHO shall not 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) which are directly and proximately caused by IDEC's gross negligence or willful action or inaction which is held in legal proceedings in a court having jurisdiction. 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; however, TAISHO 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.

13.07 Notwithstanding anything else in this LICENSE AGREEMENT, the CDA or otherwise, neither PARTY will be liable with respect to any subject matter of this LICENSE AGREEMENT 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 LICENSE AGREEMENT and the CDA, for any incidental or consequential damages, or for cost of procurement of substitute goods, technology, or services.

ARTICLE 14
FORCE MAJEURE

14.01 If the performance of any part of this LICENSE AGREEMENT by either PARTY, or of any obligation under this LICENSE AGREEMENT, 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 LICENSE AGREEMENT may be required in order to arrive at an equitable solution.

ARTICLE 15
GOVERNING LAW

15.01 This LICENSE AGREEMENT shall be governed by the laws of the State of California, U.S.A..

ARTICLE 16
DISPUTE RESOLUTION

16.01 The PARTIES agree that any legal dispute, controversy or claim (except as to any issue relating to intellectual property in whole or in part by IDEC) arising out of or relating to this LICENSE AGREEMENT, or the breach, termination, or invalidity thereof, shall be resolved through negotiation, mediation and/or binding arbitration. If a legal dispute arises between the PARTIES, and if said dispute cannot be resolved after face to face, good faith negotiations in the U.S. among the PARTIES' respective Chief Executive Officers, the PARTIES agree to first try in good faith to resolve such dispute by mediation administered by the American Arbitration Association in accordance with its Commercial Mediation Rules. If efforts at mediation are

unsuccessful, any unresolved controversy or claim between the PARTIES shall be resolved by binding arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association, except as modified by this Section 16.01. 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 mediation or arbitration proceeding shall be conducted in the English language in San Francisco, California. The PARTIES agree that they shall share equally the cost of the mediation/arbitration filing and hearing fees, and the cost of the mediator/arbitrator. Each PARTY must bear its own attorney's fees and associated costs and expenses.

16.02 Notwithstanding anything contained in Section 16.01 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 PARTY's rights hereunder through reformation of contract, specific performance, injunction, or similar equitable relief.

ARTICLE 17
SEPARABILITY

17.01 In the event any portion of this LICENSE AGREEMENT shall be held illegal, void or ineffective, the remaining portions hereof shall remain in full force and effect.

17.02 If any of the terms or provisions of this LICENSE AGREEMENT are in conflict with any applicable 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.

17.03 In the event that the terms and conditions of this LICENSE AGREEMENT are materially altered as a result of Sections 17.01 or 17.02, the PARTIES will renegotiate the terms and conditions of this LICENSE AGREEMENT to resolve any inequities.

ARTICLE 18
ENTIRE AGREEMENT

18.01 This LICENSE AGREEMENT together with the CDA, entered into as of the EFFECTIVE DATE, constitute the entire agreement between the PARTIES relating to the subject matter hereof and supersedes all previous writings and understandings. No terms or provisions of this LICENSE AGREEMENT 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 LICENSE AGREEMENT by written instruments specifically referring to and executed in the same manner as this LICENSE AGREEMENT.

ARTICLE 19
NOTICES

19.01 Any notice required or permitted under this LICENSE AGREEMENT shall be sent by certified mail, facsimile, or overnight courier service, postage pre-paid to the following addresses of the PARTIES:

IDEC PHARMACEUTICALS CORPORATION
11011 Torreyana Road
San Diego, California 92121 U.S.A.
Attention: Corporate Secretary

Copy to: President

TAISHO PHARMACEUTICAL CO., LTD.
24-1 Takata 3-chome, Toshima-ku
Tokyo 170-8633, Japan
Attention: Group Manager of Licensing Division

19.02 Any notice required or permitted to be given concerning this LICENSE AGREEMENT shall be effective upon receipt by the PARTY to whom it is addressed.

ARTICLE 20
ASSIGNMENT

20.01 This LICENSE AGREEMENT 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 LICENSE AGREEMENT nor any interest hereunder shall be assignable by either PARTY without the written consent of the other provided, however, that either PARTY may assign this LICENSE AGREEMENT 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 LICENSE AGREEMENT relates, without obtaining consent but giving notice to the other PARTY.

ARTICLE 21
RECORDATION

21.01 The PARTIES shall have the right, at any time during the term of this LICENSE AGREEMENT, to record, register, or otherwise notify this LICENSE AGREEMENT in any patent office or other appropriate facility anywhere in the world, and the PARTIES shall provide reasonable assistance to each other in effecting such recording.

ARTICLE 22
EXECUTION IN COUNTERPARTS

22.01 This LICENSE AGREEMENT may be executed in duplicate, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the PARTIES, through their authorized officers, have executed this LICENSE AGREEMENT.

TAISHO PHARMACEUTICAL CO., LTD.
By: /s/ Akira Uehara

Title: President

Date: December 9, 1999

IDEC PHARMACEUTICALS CORPORATION
By: /s/ William H. Rastetter, Ph.D.

Title: Chairman, President, and Chief Executive Officer

Date: 12/22/99

CONFIDENTIAL TREATMENT REQUESTED

APPENDIX A

PATENT AND PATENT APPLICATIONS

U.S. PATENT APPLICATIONS			
SERIAL NUMBER	FILED	CNI DOCKET	STATUS
[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]	[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]	[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]	[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]
[CONFIDENTIAL TREATMENT REQUESTED]	[CONFIDENTIAL TREATMENT REQUESTED]	[CONFIDENTIAL TREATMENT REQUESTED]	[CONFIDENTIAL TREATMENT REQUESTED]

FOREIGN PATENT APPLICATION			
COUNTRY	APPLICATION NO.	CNI DOCKET	STATUS
[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]	[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]	[CONFIDENTIAL TREATMENT REQUESTED]	[CONFIDENTIAL TREATMENT REQUESTED]

CONFIDENTIAL TREATMENT REQUESTED

APPENDIX B

MANUFACTURING PROCESS

1. Manufacturing

- A supply of vials from the [CONFIDENTIAL TREATMENT REQUESTED] sufficient for ongoing manufacturing purposes
- Written descriptions for [CONFIDENTIAL TREATMENT REQUESTED].
- Written descriptions for [CONFIDENTIAL TREATMENT REQUESTED].
- Written descriptions for [CONFIDENTIAL TREATMENT REQUESTED].
- Written descriptions for [CONFIDENTIAL TREATMENT REQUESTED].
- Written procedures for [CONFIDENTIAL TREATMENT REQUESTED].
- Media preparation descriptions for [CONFIDENTIAL TREATMENT REQUESTED].
- Recommended manufacturers of [CONFIDENTIAL TREATMENT REQUESTED], including [CONFIDENTIAL TREATMENT REQUESTED].
- Summary of historical performance for each step of the process, including [CONFIDENTIAL TREATMENT REQUESTED].

The intent of the MANUFACTURING PROCESS is to [CONFIDENTIAL TREATMENT REQUESTED] of the manufacturing process to [CONFIDENTIAL TREATMENT REQUESTED] using [CONFIDENTIAL TREATMENT REQUESTED] and an [CONFIDENTIAL TREATMENT REQUESTED] suitable for [CONFIDENTIAL TREATMENT REQUESTED].

2.0 Product Testing

[CONFIDENTIAL TREATMENT REQUESTED] will be tested for the [CONFIDENTIAL TREATMENT REQUESTED]. [CONFIDENTIAL TREATMENT REQUESTED] will be characterized [CONFIDENTIAL TREATMENT REQUESTED]. [CONFIDENTIAL TREATMENT REQUESTED] will again be characterized [CONFIDENTIAL TREATMENT REQUESTED]. These assays and procedure have already been established and validated at [CONFIDENTIAL TREATMENT REQUESTED] in support of the development of several other [CONFIDENTIAL TREATMENT REQUESTED].

2.1 [CONFIDENTIAL TREATMENT REQUESTED]

[CONFIDENTIAL TREATMENT REQUESTED] will be based on [CONFIDENTIAL TREATMENT REQUESTED] and, if required, on [CONFIDENTIAL TREATMENT REQUESTED].

2.2 [CONFIDENTIAL TREATMENT REQUESTED]

[CONFIDENTIAL TREATMENT REQUESTED] will be based on [CONFIDENTIAL TREATMENT REQUESTED], and, if required, on [CONFIDENTIAL TREATMENT REQUESTED].

2.3 [CONFIDENTIAL TREATMENT REQUESTED]

[CONFIDENTIAL TREATMENT REQUESTED] will be based on [CONFIDENTIAL TREATMENT REQUESTED], and, if required, on [CONFIDENTIAL TREATMENT REQUESTED].

5

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE CONDENSED CONSOLIDATED BALANCE SHEETS AND CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS FOR THE YEAR ENDED JUNE 30, 2000 CONTAINED IN THE COMPANY'S QUARTERLY REPORT ON FORM 10-Q AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS AND THE NOTES THERETO.

1,000

6-MOS
DEC-31-2000
JAN-01-2000
JUN-30-2000
111,983
162,274
1,534
283
778
313,579
48,209
22,776
352,133
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0
0
22
197,740
352,133
0
62,787
0
33,894
0
0
3,522
20,481
3,557
0
0
0
0
0
16,924
0.38
0.32