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, 1999

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.)

11011 Torreyana Road, San Diego, CA 92121
(Address of principal executive offices)(Zip code)

(858) 550-8500
(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, 1999 the Registrant had 20,706,588 shares of its common stock, $.001 par value, issued and outstanding.

IDEC PHARMACEUTICALS CORPORATION

FORM 10-Q -- QUARTERLY REPORT
FOR THE QUARTERLY PERIOD ENDED JUNE 30, 1999

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Item 1. Financial Statements.

IDEC PHARMACEUTICALS CORPORATION AND SUBSIDIARY

CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands, except par value)

	June 30, 1999	December 31, 1998
	(unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 68,505	$ 26,929
Securities available-for-sale	144,684	46,573
Contract revenue receivables, net	1,266	2,345
Due from related party, net	19,778	17,473
Inventories	9,487	5,346
Prepaid expenses and other current assets	4,256	2,361
Total current assets	247,976	101,027
Property and equipment, net	20,274	20,897
Investment and other assets	7,355	3,349
	$ 275,605	$ 125,273
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current portion of notes payable	$ 1,493	$ 1,910
Accounts payable	1,587	1,989
Accrued expenses	12,333	10,238
Deferred revenue	346	346
Total current liabilities	15,759	14,483
Notes payable, less current portion	120,394	2,095
Deferred rent and other long-term liabilities	2,801	2,267
Commitments		
Stockholders' equity:		
Convertible preferred stock, $.001 par value	--	--
Common stock, $.001 par value	20	20
Additional paid-in capital	190,432	184,282
Accumulated other comprehensive income - net unrealized gains (losses) on securities available-for-sale	(643)	1
Accumulated deficit	(53,158)	(77,875)
Total stockholders' equity	136,651	106,428
	$ 275,605	$ 125,273

See accompanying notes to condensed consolidated 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.	
	1999	1998	1999	1998
Revenues:				
Revenues from unconsolidated joint business	$21,045	$ 9,567	$40,324	$18,756
Contract revenues	1,249	4,496	2,481	7,141
License fees	13,000	10,000	13,000	16,300
	35,294	24,063	55,805	42,197
Operating costs and expenses:				
Manufacturing costs	879	2,855	4,886	6,930
Research and development	9,535	7,141	17,354	14,178
Selling, general and administrative	4,859	4,542	9,253	8,441
	15,273	14,538	31,493	29,549
Income from operations	20,021	9,525	24,312	12,648
Interest income, net	930	737	1,639	1,482
Income before taxes	20,951	10,262	25,951	14,130
Income tax provision	1,043	130	1,234	130
Net income	$19,908	$10,132	$24,717	$14,000
Earnings per share:				
Basic	$ 0.97	$ 0.51	$ 1.21	$ 0.71
Diluted	$ 0.80	$ 0.44	$ 1.01	$ 0.60
Shares used in calculation of earnings per share:				
Basic	20,517	19,805	20,399	19,722
Diluted	26,894	23,264	24,375	23,513

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,	
	1999	1998
Cash flows from operating activities:		
Net cash provided by operating activities	$ 24,267	$ 1,299
Cash flows from investing activities:		
Purchase of property and equipment	(1,532)	(631)
Purchase of securities available-for-sale	(142,106)	(30,877)
Sales and maturities of securities available-for-sale	43,358	26,938
Net cash used in investing activities	(100,280)	(4,570)
Cash flows from financing activities:		
Proceeds from issuance of convertible notes, net	112,792	--
Payments on notes payable	(1,080)	(1,822)
Proceeds from issuance of common stock	5,877	2,063
Net cash provided by financing activities	117,589	241
Net increase (decrease) in cash and cash equivalents	41,576	(3,030)
Cash and cash equivalents, beginning of period	26,929	34,847
Cash and cash equivalents, end of period	$ 68,505	$ 31,817

See accompanying notes to condensed consolidated financial statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation: The information at June 30, 1999, and for the three and six month periods ended June 30, 1999 and 1998, 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 (the "Company") Annual Report on Form 10-K for the year ended December 31, 1998.

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. Inventories consist of the following (table in thousands):

	June 30, 1999	December 31, 1998
Raw materials	$1,625	$2,273
Work in process	2,112	273
Finished goods	5,750	2,800
	$9,487	$5,346

Revenues from Unconsolidated Joint Business: Revenues from unconsolidated joint business consist of the Company's share of the pretax copromotion profits generated from its joint business arrangement with Genentech, Inc. ("Genentech"), revenue from bulk Rituxan(R) sales to Genentech, reimbursement from Genentech of the Company's sales force and development expenses and royalty income from F. Hoffmann-La Roche Ltd. ("Roche") on sales of Rituximab outside the United States. 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). The Company records its 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 will be recognized by Genentech, with the Company recording its share of the pretax copromotion profits on a quarterly basis, as defined in the Company's collaborative agreement with Genentech (Note 2). 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 the Company and Genentech. Revenue from bulk Rituxan sales is recognized when bulk Rituxan is accepted by Genentech. The Company's profit-sharing formula with Genentech has two tiers; the higher tier applies once a certain copromotion profit level is met. The profit-sharing formula resets to the lower tier on an annual basis, at the beginning of each year. During the second quarter, the Company began recording its 1999 profit share at the higher tier.

Contract Revenues: Contract revenues consist of nonrefundable research and development funding under collaborative agreements with the Company's various strategic partners and other funding under contractual arrangements with other parties. Contract research and development funding generally compensates the Company for discovery, preclinical and clinical expenses related to the collaborative development programs for certain products and product candidates of the Company and is recognized at the time research and development activities are performed under the terms of the collaborative agreements. 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, 1999 and December 31, 1998 are net of an allowance of $114,000 and $775,000, respectively.

License Fees: License fees consist of nonrefundable fees from product development milestone payments, the sale of license rights to the Company's proprietary gene expression technology and nonrefundable fees from the sale of product rights under collaborative development and license agreements with the Company's strategic partners. Revenues from product development milestone payments are recognized when the results or events stipulated in the agreement have been achieved. License fee payments received in excess of amounts earned are classified as deferred revenue.

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 the earnings of the Company. 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,	
	1999	1998	1999	1998
Numerator:				
Net income	$19,908	$10,132	$24,717	$14,000
Adjustments for interest, net of income tax effect	1,568	--	--	--
Net income, adjusted	21,476	10,132	24,717	14,000
Denominator:				
Weighted-average shares outstanding	20,517	19,805	20,399	19,722
Effect of dilutive securities:				
Dilutive options	2,563	1,966	2,485	2,281
Convertible preferred	1,491	1,491	1,491	1,508
Warrants	--	2	--	2
Convertible zero-coupon notes due 2019	2,323	--	--	--
Dilutive potential common shares	6,377	3,459	3,976	3,791
Weighted-average shares and dilutive potential common shares	26,894	23,264	24,375	23,513
Basic earnings per share	$ 0.97	$ 0.51	$ 1.21	$ 0.71
Diluted earnings per share	$ 0.80	$ 0.44	$ 1.01	$ 0.60

Excluded from the calculation of diluted earnings per share for the six months ended June 30, 1999 was 1,786,000 weighted average shares of common stock from the assumed conversion of 20-year convertible zero coupon subordinated notes ("Notes") because their effect was anti-dilutive.

Comprehensive Income: Comprehensive income for the six months ended June 30, 1999 and 1998 was $24,104,000 and $14,091,000, respectively.

NOTE 2. RELATED PARTY ARRANGEMENTS

In March 1995, the Company and Genentech entered into a collaborative agreement for the clinical development and commercialization of the Company's anti-CD20 monoclonal antibody, Rituxan, for the treatment of relapsed or refractory, low-grade or follicular, CD20-positive, B-cell non-Hodgkin's lymphomas ("B-cell non-Hodgkin's lymphomas"). Concurrent with the collaborative agreement the Company and Genentech also entered into an expression technology license agreement for a proprietary gene expression technology developed by the Company and a preferred stock purchase agreement providing for certain equity investments in the Company by Genentech. Under the terms of these agreements, the Company has received payments totaling $58,500,000. Additionally, the Company 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, the Company and Genentech are copromoting Rituxan in the United States under a joint business arrangement, with the Company receiving a share of the pretax copromotion profits. The Company anticipates that it will transfer all manufacturing activities for bulk Rituxan to Genentech by the end of the third quarter of 1999. Under the Company's agreement with Genentech, the sales price of bulk Rituxan sold to Genentech is capped at a price that is currently less than the Company's cost to manufacture bulk Rituxan. Included in inventories at June 30, 1999, is $5,750,000 of bulk Rituxan inventory that is expected to be sold to Genentech.

Under the terms of separate agreements with Genentech, commercialization of Rituxan outside the United States is the responsibility of Roche, except in Japan, where Zenyaku Kogyo Co., Ltd. ("Zenyaku") will be responsible for

product development, marketing and sales. The Company will receive royalties on sales outside the United States. Additionally, the Company will receive royalties on sales of Genentech products manufactured using the Company's proprietary gene expression system.

NOTE 3. NOTES PAYABLE

In February 1999, the Company raised approximately $112,792,000, net of underwriting commissions and expenses of $3,766,000, through the private sale of Notes. Upon maturity, the Notes will have an aggregate principal face value of $345,000,000. The Notes were priced with a yield to maturity of 5.5 percent annually. Each $1,000 aggregate principal face value Note is convertible at the holders' option at any time through maturity into 6.734 shares of the Company's common stock at an initial conversion price of $50.17. The Company is 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 the Company to purchase the Notes on February 16, 2004, 2009 or 2014 at a price equal to the issue price plus the accrued original issue discount to the date of purchase, with the Company having the option to repay the Notes plus the accrued original issue discount in cash, the Company's common stock or a combination thereof. The Company has the option to redeem the Notes any time on or after February 16, 2004.

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

OVERVIEW

IDEC Pharmaceuticals Corporation is primarily engaged in the commercialization, research and development of targeted therapies for the treatment of cancer and autoimmune diseases. In November 1997, the Company received approval from the U.S. Food and Drug Administration ("FDA") to market its first product, Rituxan, in the United States, and in June 1998, Roche, the Company's European marketing partner was granted marketing authorization for Rituximab in all European Union countries. 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). Rituxan is being copromoted in the United States under a joint business arrangement with Genentech, with the Company receiving a share of the pretax copromotion profits. 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. The Company receives royalties on Rituxan sales outside the United States.

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

Revenues from unconsolidated joint business consist of the Company's share of the pretax copromotion profits generated from its joint business arrangement with Genentech, revenue from bulk Rituxan sales to Genentech and reimbursement from Genentech of the Company's sales force and development expenses. Revenues from unconsolidated joint business also include royalty income on sales of Rituxan outside the United States. The Company records its royalty income from Roche with a one-quarter lag. Under the joint business arrangement, all U.S. sales of Rituxan and associated expenses will be recognized by Genentech, with the Company recording its share of the pretax copromotion profits on a quarterly basis, as defined in the Company's 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 by the Company and Genentech. The Company's profit-sharing formula with Genentech has two tiers; the higher tier applies once a certain copromotion profit level is met. The profit-sharing formula resets to the lower tier on an annual basis, at the beginning of each year. During the second quarter, the Company began recording its 1999 profit share at the higher tier.

Contract revenues include nonrefundable research and development funding under collaborative agreements with the Company's various strategic partners and other funding under contractual arrangements with other parties. Contract research and development funding generally compensates the Company for discovery, preclinical and clinical expenses related to the collaborative development programs for certain products of the Company.

License fees include nonrefundable fees from product development milestone payments, the sale of license rights to the Company's proprietary gene expression technology and nonrefundable fees from the sale of product rights under collaborative development and license agreements with the Company's strategic partners.

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 the achievement and level of profitability for the Company.

The Company anticipates that it will transfer all manufacturing activities for bulk Rituxan to Genentech by the end of the third quarter of 1999. The cost of bulk Rituxan sold to Genentech is recorded as manufacturing costs in the Company's condensed consolidated statements of operations. Under the Company's agreement with Genentech, the sales price of bulk Rituxan sold to Genentech is capped at a price that is currently less than the Company's cost to manufacture bulk Rituxan. Following the transfer of all manufacturing activities for bulk Rituxan to Genentech, the Company anticipates using its available capacity for production of specification setting lots and commercial inventory of ZEVALIN(TM) (formally known as IDEC-Y2B8), production of clinical material, and some third-party contract manufacturing.

The Company has incurred increasing annual operating expenses and, with the commercialization of Rituxan, the Company expects such trends to continue. The Company had until 1998 incurred annual operating losses since its inception in 1985 and the sustained profitability of the Company will be dependent upon the continued commercial success of Rituxan, product development, revenues from the achievement of product development objectives and licensing transactions. As of June 30, 1999, the Company had an accumulated deficit of $53.2 million.

RESULTS OF OPERATIONS

Revenues from unconsolidated joint business for the three and six months ended June 30, 1999 totaled $21.0 million and $40.3 million, respectively, compared to $9.6 million and $18.8 million for the comparable periods in 1998. Revenues from unconsolidated joint business for the three and six months ended June 30, 1999 and 1998 reflect the financial results from the commercialization of Rituxan through the Company's collaboration with Genentech. Included in these revenues are the Company's share of pretax copromotion profits, bulk Rituxan sales to Genentech, reimbursement from Genentech of the Company's Rituxan sales force and development expenses and royalty income on sales of Rituxan outside the United States. Under its agreement with Genentech, the Company's pretax copromotion profit-sharing formula has two tiers. The higher tier applies once a certain copromotion profit level is met and will reset to the lower tier on an annual basis, at the beginning of each year. The Company began recording its annual profits using the higher tier in the second quarter of 1999 and in the third quarter of 1998.

Rituxan net sales to third-party customers in the United States recorded by Genentech for the three and six months ended June 30, 1999 amounted to $68.3 million and $120.3 million, respectively, compared to $32.0 million and $67.2 million for the comparable periods in 1998. The Company believes that the growth in sales is being driven, in part, by increased prescribing for the approved indication and by the re-treatment of patients who responded to Rituxan therapy and by increased use outside of the approved indication.

Contract revenues for the three and six months ended June 30, 1999 totaled $1.2 million and $2.5 million, respectively, compared to $4.5 million and $7.1 million for the comparable periods in 1998. The decrease in contract research revenues for the three and six months ended June 30, 1999 resulted primarily from decreased funding under collaborative development agreements with SmithKline Beecham p.l.c. ("SmithKline Beecham"), Seikagaku Corporation ("Seikagaku") and Eisai Co. Ltd. ("Eisai").

License fees for the three and six months ended June 30, 1999 totaled $13.0 million compared to $10.0 million and $16.3 million for the comparable periods in 1998. The increase in license fees for the three months ended June 30, 1999 is due to a $13.0 million upfront licensing fee from Schering AG ("Schering"), for commercialization of ZEVALIN outside the United States. License fees for the three and six months ended June 1998 are primarily due to a $10.0 million product development milestone payment from Genentech for European approval of Rituxan. 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 the achievement and level of profitability for the Company. The Company continues to pursue other collaborative and license arrangements, however, no assurance can be given that any such arrangements will be realized.

Manufacturing costs totaled $0.9 million and $4.9 million for the three and six months ended June 30, 1999, respectively, compared to $2.9 million and $6.9 million for the comparable periods in 1998. Manufacturing costs for 1999 and 1998 relate to production of bulk Rituxan sold to Genentech. Manufacturing costs are recognized when Genentech accepts bulk Rituxan inventory. The decrease in manufacturing costs for the three and six months ended June 30, 1999 is due to the timing of bulk Rituxan sales to Genentech. The Company anticipates that it will transfer all manufacturing activities for bulk Rituxan to Genentech by the end of the third quarter of 1999. The Company expects to continue incurring substantial manufacturing related costs and expenses as it anticipates using its available capacity for production of specification setting lots and commercial inventory of ZEVALIN, production of clinical material and some third-party contract manufacturing.

Research and development expenses totaled $9.5 million and $17.4 million for the three and six months ended June 30, 1999, respectively, compared to $7.1 million and $14.2 million for the comparable periods in 1998. The increase in research and development expenses for the three and six months ended June 30, 1999 is primarily due to increased personnel expenses and clinical trial expenses for the Company's products under development, offset in part by decreased contract manufacturing and other outside service expenses.

The Company expects to continue incurring substantial additional research and development expenses in the future, due to expansion or addition of research and development programs; technology in-licensing and regulatory-related expenses; preclinical and clinical testing of the Company's various products under development; and production scale-up and manufacturing of products used in clinical trials.

Selling, general and administrative expenses totaled $4.9 million and $9.3 million for the three and six months ended June 30, 1999, respectively, compared to $4.5 million and $8.4 million for the comparable periods in 1998. Selling, general and administrative expenses increased in 1999 due to increased sales and marketing expenses resulting from the commercialization of Rituxan. Selling, general and administrative expenses necessary to support sales and administration, expanded manufacturing capacity, expanded clinical trials, research and development and the potential expansion of the sales and marketing organization are expected to increase in the foreseeable future.

The Company's income tax provision totaled $1.0 million and $1.2 million for the three and six months ended June 30, 1999, respectively, and was the result of an alternative minimum tax system that only allows the utilization of net operating loss carryforwards to offset 90% of taxable income. At December 31, 1998, the Company had a valuation allowance equal to its deferred tax assets of $47.6 million since the Company had not established a pattern of profitable operations for tax purposes. Should the Company continue to have profitable operations for tax purposes, the Company believes that its deferred tax assets (comprised primarily of net operating loss carryforwards and research and experimentation credits) may become recoverable, and therefore, the Company anticipates that it would record tax benefits relating to its deferred tax assets in the fourth quarter of 1999. The Company's net operating loss carryforwards available to offset future taxable income at December 31, 1998 were approximately $72.0 million for federal income tax purposes and begin to expire in 1999. The future utilization of net operating loss carryforwards may be limited under the Internal Revenue Code (the "IRC") due to IRC defined ownership changes.

LIQUIDITY AND CAPITAL RESOURCES

The Company has financed its operating and capital expenditures since inception principally through the sale of equity securities, commercialization of Rituxan, license fees, contract revenues, lease financing transactions and debt and interest income. The Company expects to finance its current and planned operating requirements principally through cash on hand, funds from its joint business arrangement with Genentech and with funds from existing collaborative agreements and contracts which the Company believes will be sufficient to meet its near-term operating requirements. Existing collaborative research agreements and contracts, however, could be canceled by the contracting parties. In addition, the Company 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 such additional funds will be obtained through these sources on acceptable terms, if at all. Should the Company not enter into any such arrangements, the Company anticipates its cash, cash equivalents and securities available-for-sale, together with the existing agreements and joint business arrangement, will be sufficient to finance the Company's 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, the Company's business could be materially and adversely affected.

The Company's working capital and capital requirements will depend upon numerous factors, including: the continued commercial success of Rituxan; progress of the Company's 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 the Company devotes to the development of manufacturing, sales and marketing capabilities; technological advances; status of competitors; and the ability of the Company to establish collaborative arrangements with other organizations.

Until required for operations, the Company's policy under established guidelines is to keep its cash reserves in bank deposits, certificates of deposit, commercial paper, corporate notes, United States government instruments and other readily marketable debt instruments, all of which are investment-grade quality.

At June 30, 1999, the Company had $213.2 million in cash, cash equivalents and securities available-for-sale compared to $73.5 million at December 31, 1998. Sources of cash, cash equivalents and securities available-for-sale during the six months ended June 30, 1999, include $112.8 million from the Notes offering discussed below, $24.3

million from operations and $5.9 million from the issuance of common stock issued under employee stock option and purchase plans. Uses of cash, cash equivalents and securities available-for-sale during the six months ended June 30, 1999, included $1.5 million used to purchase capital equipment and $1.1 million used to pay notes payable.

In February 1999, the Company raised approximately $112.8 million, net of underwriting commissions and expenses of $3.8 million, through the private sale of the Notes. 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 6.734 shares of the Company's common stock at an initial conversion price of $50.17. The Company is 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 the Company 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 the Company having the option to repay the Notes plus accrued original issue discount in cash, the Company's common stock or a combination thereof. The Company has the right to redeem the Notes on or after February 16, 2004.

In September 1997, the Company and Cytokine Pharmasciences, Inc., formally known as Cytokine Networks, Inc., ("CPI") entered into a development and license agreement. Under the terms of the development and license agreement with CPI, the Company may make payments to CPI totaling up to $10.5 million, subject to attainment of certain product development milestone events, of which $3.0 million has been paid through June 30, 1999. In August 1999, the Company announced it terminated its development of 9-aminocamptothecin ("9-AC"), following a Phase II clinical trial. The Company concluded that 9-AC would not yield the desired benefits to solid-tumor cancer patients. The Company acquired 9-AC from Pharmacia & Upjohn S.p.A. ("Pharmacia & Upjohn") and would have paid $6.0 million to Pharmacia and Upjohn had it taken 9-AC into a Phase III clinical trial and $7.0 million if 9-AC had been approved by the FDA.

YEAR 2000 COMPLIANCE

Many computer systems and software products were designed to accept and track only two digit year entries in the date field (i.e. "99" for 1999). This causes an ambiguity when handling dates in and after the year 2000. Some systems also used specific dates (such as 9/9/99) to indicate special issues such as deleted data. Some programs also miscalculate the leap year 2000. As a result, computer systems and/or software used by many companies may need to be upgraded to properly address such "Year 2000" issues.

The Company has an ongoing Year 2000 Program and has appointed a Year 2000 Program Manager and a Year 2000 Task Force. The Company has completed an initial inventory and review of all system hardware, operating systems (including manufacturing and laboratory control systems) and application software in order to identify potential Year 2000 problems and has begun implementing planned upgrades and testing in many systems. The Company believes that it has corrected over 90% of identified noncompliant items. The Company does not know the precise financial impact of making required system and software modifications, but the Company currently expects such costs will not exceed $2.0 million including costs already incurred. The actual financial cost of correcting Year 2000 problems could, however, exceed this estimate. The Company's plan also includes sending inquiries to major third party suppliers and partners seeking assurance that they are Year 2000 compliant. The Company's business, financial condition and results of operations could be materially adversely affected if third party suppliers, manufacturers, service providers and other entities do not adequately address their Year 2000 Issues or if the Company fails to successfully complete its initiatives.

The Company is currently relying upon Genentech to provide for all Year 2000-related reviews, upgrades and contingency plans relating to the manufacture, distribution and sale of Rituxan; however, the Company has not received such contingency plan from Genentech. Genentech initiated contingency planning in March 1999, and these plans are scheduled for completion in September 1999. Any failure by Genentech to address issues which could result in their inability to timely produce, distribute and sell Rituxan would have a material adverse impact the Company's business.

The Company has begun to put into place contingency plans to deal with non-Rituxan related failures resulting from Year 2000 issues. The Company expects to complete its contingency plans during the third quarter of 1999.

RISK FACTORS

This Form 10-Q contains forward-looking statements that involve a number of risks and uncertainties. You should be aware that such statements are projections or estimates as to future events, which may or may not occur. When used in this Form 10-Q, the terms "we", "our", and "us" refer to the Company.

In addition to the other information in this Form 10-Q, you should carefully consider the following risk factors. If any of these risks actually occur, our business, financial condition and results of operations could be materially adversely affected. The risks and uncertainties described below are not the only ones facing our company, 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. 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 in Europe;
- 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 product 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 of Rituxan by Genentech to customers in the United States and by Roche to customers in Europe;
- rate and success of product approvals;
- 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 $17 1/4 per share and $103 3/16 per share during the twelve months ended July 31, 1999. 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;
- hedge and/or arbitrage activities by holders of our Notes;
- period to period fluctuations in our financial results; and
- market trends relating to or affecting stock prices throughout our industry, whether or not related to results or news regarding us or our competitors.

WE 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. The completion rate of these 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. For example, we recently terminated our development of 9-AC following a Phase II clinical trial. We concluded that 9-AC would not yield the desired benefit to solid-tumor cancer patients. In addition, IDEC-151 was first clinically tested in Phase I and Phase I/II clinical trials for rheumatoid arthritis in collaboration with our partner, SmithKline Beecham. In February 1999, we announced that SmithKline Beecham was discontinuing development efforts for IDEC-151 in rheumatoid arthritis. The Company and SmithKline Beecham are currently re-evaluating the clinical strategies for IDEC-151, including responsibility for development and whether or not to pursue studies in psoriasis, rheumatoid arthritis and/or other potential indications.

The FDA regulates clinical trials. 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 or Phase III testing will be completed timely or successfully, if at all, with respect to any of our potential products. Furthermore, we cannot be certain that patients enrolled in our clinical trials will respond to our product candidates, that any product candidate will be safe and effective or that data derived from

the trials will be suitable for submission to the FDA or satisfactorily support a biologics licensing application ("BLA") or a new drug application ("NDA").

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, 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 RELY HEAVILY ON CONTRACT MANUFACTURERS

We rely heavily upon third party manufacturers to manufacture significant portions of our products and product candidates. Our own manufacturing capacity is limited and we are capable of producing only a limited quantity of bulk Rituxan and other product candidates. 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 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.

We anticipate that we will transfer all manufacturing of bulk Rituxan to Genentech by the end of the third quarter of 1999. We currently manufacture bulk Rituxan at a cost in excess of a fixed price, thereby decreasing our margins on revenue received under our arrangement with Genentech, and we expect this condition to continue until such time as we transfer all of the manufacturing of bulk Rituxan to Genentech. We rely upon Genentech to provide a majority of Rituxan manufacturing in order to meet worldwide requirements and to complete all fill/finish requirements and we will rely on Genentech for all Rituxan manufacturing after the transfer is completed. 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.

We also may rely upon SmithKline Beecham to fulfill all our manufacturing requirements for IDEC-151. ZEVALIN has multiple components that require successful coordination among several third party contract manufacturers. 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 can be successfully coordinated.

Upon the completion in 1999 of our obligation to manufacture bulk Rituxan, we will undertake conversion of our manufacturing facility to a multi-product facility, where we will initially manufacture ZEVALIN and anti-gp39 antibodies. We cannot be certain that this conversion will be successful, that it will receive all necessary regulatory approvals, or that, even if it is successful and such approvals are received, it will be completed 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 and our ability to timely file our product license

applications 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.

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. 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 the applicable governmental approval of new suppliers or any loss of a sole source supplier 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. 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. Consequently, we cannot be certain that we will be able to produce or acquire rights to new products with commercial potential. In addition, 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 recently filed a BLA for a radiolabeled murine antibody product for the treatment of low-grade non-Hodgkin's lymphomas. 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 their 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. We also 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.

We are aware that an opposition has been recently filed in the European patent office to a granted European application that has been licensed to us, which application contains claims relating to the use of anti-gp39 antibodies as a therapeutic. Also, we are aware of an opposition that was recently filed to a granted European patent application which names us as the applicant and which relates to PROVAX and therapeutic use thereof. If either or both of the oppositions is successful, 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:

- U.S. patent and patent applications and foreign counterparts filed by Bristol-Myers Company that relate to antibodies to a B7 antigen;
- a U.S. patent assigned to Columbia University, which we believe has been exclusively licensed to Biogen, related to monoclonal antibodies to the 5C8 antigen found on T cells. We believe the 5C8 antigen and gp39, the target for our anti-gp39 antibodies and our collaboration with Eisai, are the same protein expressed on the surface of T cells;
- 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; and
- three U.S. patents and foreign counterparts, assigned to Burroughs Wellcome, relating to therapeutic uses of CHO glycosylated 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, Inc. 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 June 30, 1999, 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 sales of their Herceptin product and Rixutan. Based upon the nature of the claims made and the information available to Genentech, Genentech believes that the outcome of these actions is not likely to have a material adverse effect on their financial position, results of operations or cash flow, 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 Rixutan, and depending on the suit's outcome, it could have 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, our partners and we 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 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 are subject to numerous other FDA requirements, and to government inspection at all times. Our 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, we cannot be certain that such programs 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, development and manufacture 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.

FAILURE TO ADEQUATELY ADDRESS THE YEAR 2000 ISSUE COULD ADVERSELY AFFECT OUR BUSINESS

We have assessed and continue to assess the potential impact of the situation commonly referred to as the Year 2000 Issue. The Year 2000 Issue concerns the inability of many information systems and computer software products to properly recognize and process date sensitive information. As a result information systems and computer software used by many companies may need to be modified and upgraded.

We have an ongoing Year 2000 Program and have appointed a Year 2000 Program Manager and a Year 2000 Task Force. We have completed an initial inventory and review of all system hardware, operating systems (including manufacturing and laboratory control systems) and application software in order to identify potential Year 2000 problems and we have begun implementing planned upgrades and testing in many systems. We believe that we have corrected over 90% of identified noncompliant items. We do not know the precise financial impact of making the required system and software modifications, but we currently expect such costs will not exceed $2.0 million including costs already incurred. The actual financial cost of correcting Year 2000 problems could, however, exceed this estimate. Our plan also includes sending inquiries to our major third party suppliers and partners seeking assurance that they are Year 2000 compliant. Our business, financial condition and results of operations could be materially adversely affected if third party suppliers, manufacturers, service providers and other entities do not adequately address their Year 2000 Issues or if we fail to successfully complete our initiatives.

We are currently relying upon Genentech to provide for all Year 2000-related reviews, upgrades and contingency plans relating to the manufacture, distribution and sale of Rituxan; however, we have not received such contingency plan from Genentech. Genentech initiated contingency planning in March 1999, and these plans are scheduled for completion in September 1999. Any failure by Genentech to address

issues which could result in their inability to timely produce, distribute and sell Rituxan would have a material adverse impact on our business.

We have begun to put into place contingency plans to deal with non-Rituxan related failures resulting from Year 2000 issues. We expect to complete our contingency plans during the third quarter of 1999.

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 LEVERAGED US CONSIDERABLY

As a result of issuing the Notes in February 1999, we raised approximately $112.8 million, net of underwriting commissions and expenses of $3.8 million by incurring indebtedness of $345.0 million at maturity. 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 the Company 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 our company 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 (227,514 shares of non-voting convertible preferred stock were outstanding as of June 30, 1999) , 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.

WE HAVE NOT PAID AND DO NOT PLAN TO PAY DIVIDENDS

We have never declared or paid cash dividends on our common stock. We currently plan to retain any earnings for use in our business and therefore do not anticipate paying any dividends in the future.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

The Company is exposed to a variety of risks, including changes in interest rates affecting the return on its investments and the cost of its debt. At June 30, 1999 there have not been any material changes in market risk as reported by the Company in its Annual Report on Form 10-K for the year ended December 31, 1998 except as to the market risk associated with the Notes issued in February 1999.

Due to the fixed rate nature of the Notes, an immediate 10% change in interest rates would not have a material impact on the Company's financial condition or the results of its operations.

Underlying market risk exists related to an increase in the Company's stock price or an increase in interest rates which may make conversion of the Notes to common stock beneficial to the Notes holder. Conversion of the Notes would have a dilutive effect on the Company's 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 20, 1999, the Company held its Annual Meeting of Stockholders at which the stockholders approved all of the proposals listed below:

(1) The election of William H. Rastetter, Ph.D., Charles C. Edwards, M.D., and The Honorable Lynn Schenk to the Board of Directors to serve for a three-year term ending in the year 2002, 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 6,335,000 shares to a total of 7,135,000 shares.

(3) The amendment to the Company's 1995 Employee Stock Purchase Plan to increase the total number of common shares authorized for issuance thereunder from 495,000 shares to a total of 695,000 shares.

(4) The selection of KPMG LLP as the Company's independent public accountants for the fiscal year ending December 31, 1999.

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

	For Election	Withheld
William H. Rastetter, Ph.D.	18,416,461	179,013
Charles C. Edwards, M.D.	18,423,730	171,744
The Honorable Lynn Schenk	18,414,574	180,900

The proposal to amend the 1988 Stock Option Plan received 11,694,771 affirmative votes (for the amendment), 6,848,143 negative votes (against the amendment) and 52,560 votes abstained. The proposal did not receive any broker nonvotes.

The proposal to amend the 1995 Employee Stock Purchase Plan received 16,903,120 affirmative votes (for the amendment), 1,642,778 negative votes (against the amendment) and 49,576 votes abstained. This proposal did not receive any broker nonvotes.

The proposal to select KPMG LLP as the Company's independent public accountants received 18,542,584 affirmative votes (for the selection), 27,390 negative votes (against the selection), and 25,500 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) Exhibits.

The following exhibits are referenced.

Exhibit Number	Description
10.10*	Collaboration & License Agreement between the Company and Schering Aktiengesellschaft dated June 9, 1999.
10.30	IDEC Pharmaceuticals Corporation. Deferred Compensation Plan, dated January 1, 1999.
10.50 (1)	Amended and Restated 1988 Stock Option Plan (Amended and restated May 20, 1999).
10.51 (1)	Amended and Restated 1995 Employee Stock Purchase Plan (Amended and restated May 20, 1999).
11.1	Reference is made to Note 1 of the Condensed Consolidated Financial Statements.
27.1	Financial Data Schedule.

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

(1) Incorporated by reference to exhibits 99.1 and 99.4, respectively, to the Company's Registration Statement on Form S-8, File No. 333-81625.

(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 13, 1999

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

Date: August 13, 1999

By: /s/ Phillip M. Schneider
Phillip M. Schneider
Vice President and
Chief Financial Officer
(Principal Financial and
Accounting Officer)

EXHIBIT 10.10

COLLABORATION & LICENSE AGREEMENT

SCHERING AKTIENGESELLSCHAFT

AND

IDEC PHARMACEUTICALS CORPORATION

COLLABORATION & LICENSE AGREEMENT

THE COLLABORATION AGREEMENT is made effective as of the 9th day of June, 1999 (the "Effective Date") by and between IDEC PHARMACEUTICALS CORPORATION, a Delaware corporation, having its principal place of business at 11011 Torreyana Road, San Diego, California 92121 ("IDEC") and SCHERING AKTIENGESELLSCHAFT, a German corporation, having its principal place of business at Mullerstrasse 178, D-13342 Berlin, Germany ("SCHERING"). IDEC and SCHERING are sometimes referred to herein individually as a "Party" and collectively as the "Parties," and references to IDEC and SCHERING shall include its Affiliates.

RECITALS

1. IDEC is currently conducting U.S. registration clinical trials of a radiolabeled monoclonal antibody to the human CD20 antigen designated IDEC-Y2B8 ("Y2B8") for treatment of B-cell lymphomas. IDEC has established the infrastructure for development, manufacture, marketing and sales of biological products. Thus, IDEC intends to seek registration and market Y2B8 in the United States territory.

2. SCHERING has worldwide expertise in the area of development, registration, manufacturing, distribution and marketing of pharmaceutical products.

3. IDEC desires to grant to SCHERING, and SCHERING desires to obtain, rights to market Y2B8 worldwide with the exception of the United States, all on the terms and conditions set forth herein.

ARTICLE 1.

DEFINITIONS

"2B8" means the unlabeled monoclonal antibody to CD20 positive B- cells more particularly described on EXHIBIT B to this Collaboration Agreement.

"AFFILIATE" means an entity which, directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with IDEC or SCHERING, as the case may be. As used in this definition, "control" means the direct or indirect ownership of fifty percent (50%) or more of the stock, having the right to vote for directors thereof, or the possession of the power to direct or cause the direction of the management and policies of an entity, whether through the ownership of the outstanding voting securities or by contract or otherwise.

"ALLOCABLE OVERHEAD" means costs incurred by a Party or for its account which are attributable to a Party's supervisory services, occupancy costs, and its payroll, information systems, human relations and purchasing functions and which are allocated to company departments based on space occupied or headcount or other activity-based method, excluding compensation related to a Party's stock option program or any program that replaces such program. Allocable Overhead shall not include any costs attributable to general corporate activities including, by way of example, executive management, investor relations, business development, legal affairs and finance.

"ANTIBODY CONJUGATE" means 2B8 conjugated with MxDTPA

"ANTIBODY MANUFACTURING COST" means IDEC's direct costs and charges, including Allocable Overhead, related to the manufacture, packaging and shipment of 2B8, and shall exclude costs and charges related to or occasioned by unused manufacturing capacity, the manufacture of other products at IDEC's facilities, amortization of property, plant or equipment not specifically related to manufacturing 2B8, and any employee costs associated with equity incentive plans. EXHIBIT D to this Agreement sets out a breakdown of IDEC's current Antibody Manufacturing Cost.

"BUSINESS DAY" means a day on which banking institutions are open for business in California, U.S.A. and Berlin, Germany.

"COLLABORATION AGREEMENT" means this Collaboration & License Agreement dated the Effective Date between IDEC and SCHERING.

"COMBINATION PRODUCT ADJUSTMENT" means the following: in the event a Kit is sold in the form of a combination product containing one or more active ingredients in addition to a Kit , Net Sales for such combination product will be adjusted by multiplying actual Net Sales of such combination product by the fraction *_____* where A is the *_____* and B is the *_____*. If, on a country-by-country basis, the other active component or components in the combination are not sold separately in said country, Net Sales shall be calculated by multiplying actual Net Sales of such combination product by the fraction *_____* where A is *_____* and C *_____*. If, on a country-by-country basis, neither the Kit nor the other active component or components of the combination product is sold separately in said country, Net Sales shall be determined by the Parties in good faith.

"COMMERCIALLY REASONABLE AND DILIGENT" means those efforts consistent with the exercise of prudent scientific and business judgement, as applied to other pharmaceutical products of similar potential and market size by the Party in question.

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_____ Indicates that material has been omitted and confidential treatment has been requested therefor. All such omitted material has been filed separately with Secretary of the Commission in the Company's Application Requesting Confidential Treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934, as amended.

"CONTROL" or "CONTROLLED" means possession of the ability to grant a license or sublicense as provided for herein without violating the terms of any agreement or other arrangement with any Third Party.

"COST OF GOODS SOLD" shall mean the total of: (i) Antibody Manufacturing Cost; (ii) Non-Antibody Components Supply Cost; and (iii) Manufacturing Royalties.

"DEVELOPMENT COSTS" means costs, including Allocable Overhead, required to obtain the marketing authorization and/or ability to manufacture, formulate, fill, ship and/or sell a Licensed Product in the Field in commercial quantities. Development Costs shall include but are not limited to the cost of supplies of antibody, chelate, and isotopes, the cost of studies on the toxicological, pharmacokinetic, metabolic or clinical aspects of a Licensed Product conducted internally or by individual investigators, or consultants necessary for the purpose of obtaining and/or maintaining Regulatory Approval of a Licensed Product in the Field, and costs for preparing, submitting, reviewing or developing data or information for the purpose of submission to a governmental authority to obtain and/or maintain approval of a Licensed Product in the Field. Development Costs shall include expenses for compensation, benefits and travel and other employee-related expenses, as well as data management, statistical designs and studies, document preparation, and other expenses associated with the clinical testing program and the preparation, filing, and presentation of Drug Approval Applications to the regulatory authorities for marketing approval of the Licensed Product.

"DEVELOPMENT PLAN" means the comprehensive plan for the development of the Licensed Product as set out on EXHIBIT A, designed to generate the preclinical, process development/manufacturing scale-up, clinical and regulatory information required to obtain Regulatory Approval in the United States. The Development Plan shall refer to all activities related to preclinical testing, toxicology, formulation, selection criteria of contract manufacturers, clinical and commercial product supply plans, quality assurance/quality control, clinical studies and regulatory affairs for Licensed Product in connection with obtaining Regulatory Approvals of such Product in the United States.

"DRUG APPROVAL APPLICATION" means an application that a Party reasonably believes in good faith is sufficient to obtain Regulatory Approval required for commercial sale or use of the Licensed Product as a drug in the Initial Indication in a regulatory jurisdiction, including: (1) in the case of Drug Approval Applications for Regulatory Approval in the United States, Biologic License Application(s) and all supplements filed pursuant to the requirements of the FDA and related to the Initial Indication (including all documents, data and other information concerning a Licensed Product which are necessary for, or included in, FDA approval to market the Licensed Product); and, (2) in the case of Drug Approval Applications for Regulatory Approval in the European Union, the counterparts to the Drug Approval Applications and supplements described in (1) above for Regulatory Approval to EMEA.

"EFFECTIVE DATE" means June ___, 1999.

"EMEA" means the European Medicines Evaluation Agency.

"*_____*".

"FDA" means the United States Food and Drug Administration.

"FIELD" means the use of Licensed Product for the diagnosis, prevention and therapy of all diseases, conditions and disorders in humans.

"*_____* DRUG APPROVAL APPLICATION" means the *_____* the Drug Approval Applications to be submitted to the FDA relating to the treatment of *_____* further designated as the *_____* in the Development Plan and in Section 4.2 of the Collaboration Agreement.

"*_____*".

"*_____*".

"IDEC" means IDEC Pharmaceuticals Corporation, a Delaware corporation, and its Affiliates.

"IDEC KNOW-HOW" means all Information, whether currently existing or developed or obtained during the course of the Collaboration Agreement, and whether or not patentable or confidential, that is now Controlled or hereinafter becomes Controlled by IDEC or its Affiliates and that relates to the research, development, utilization, manufacture or sale of the Licensed Product. Notwithstanding anything herein to the contrary, IDEC Know-how shall exclude IDEC Patents.

"IDEC PATENT" means any Patent owned or Controlled by IDEC or its Affiliates including its interest in any Patents owned jointly by the Parties as provided hereunder either at the Effective Date or at any time during the term of the Collaboration Agreement which covers the research, development, manufacture, use, importation, sale or offer for sale of the Licensed Product.

"*_____*".

"IN2B8" means that certain *_____* more particularly described on EXHIBIT B to the Collaboration Agreement.

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"INFORMATION" means techniques and data relating to the Licensed Product, including, but not limited to, biological materials, inventions, practices, methods, knowledge, know-how, skill, experience, test data (including pharmacological, toxicological and clinical test data), analytical and quality control data, marketing, pricing, distribution, cost, sales, manufacturing, patent data or descriptions.

"Initial Indication" means the treatment of *_____*.

"KIT" means an *_____* that includes: *_____*.

"LICENSED PRODUCT(S)" means either: Antibody Conjugate alone or Antibody Conjugate plus Non-Antibody Components or Y2B8; or, *_____* (a) developed by IDEC or (b) the intellectual property rights to which are owned or Controlled, in whole or in part, by IDEC, in either (a) or (b) as of the Effective Date or during the term of the Collaboration Agreement.

"LICENSED TERRITORY" means all countries in the world, excluding the United States.

"MAJOR EUROPEAN COUNTRY" means the *_____*.

"MANUFACTURING ROYALTIES" shall mean the royalties payable by IDEC to Third Parties for licenses to manufacture or have manufactured 2B8, Antibody Conjugate, and Non-Antibody Components, for as long as such royalties are payable. The royalties currently payable by IDEC are listed in EXHIBIT F to this Agreement.

"NET SALES" means the amount invoiced by SCHERING, its Affiliates or its sublicensees on account of sales of the Kit to Third Parties in the Licensed Territory, less reasonable and customary deductions applicable to the Kit for (i) transportation charges and charges such as insurance relating thereto paid by the selling party; (ii) sales and excise taxes or customs duties paid by the selling party and any other governmental charges imposed upon the sale of the Kit and paid by the selling party; (iii) distributors fees or rebates or allowances actually granted, allowed or incurred in the ordinary course of business in connection with the sale of the Kit in an arms length transaction; (iv) quantity discounts, cash discounts or chargebacks actually granted, allowed or incurred in the ordinary course of business in connection with the sale of the Kit; and (v) allowances or credits to customers in the ordinary course of business in connection with the sale of the Kit, not in excess of the selling price of such Kit, on account of governmental requirements, rejection, outdating, recalls or return of the Kit.

For the purpose of calculating Net Sales, the Parties recognize that (a) a Party's customers may include persons in the *_____* who enter into agreements with a Party as to *_____* even though *_____* and even though payment for such Kit is not made *_____* and (b) in such

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cases, *_____* paid by a *_____* can be *_____* in order to calculate Net Sales. *_____*.

Any deductions listed above which involve a payment by a Party shall be taken as a deduction against aggregate sales for the period in which the payment or deduction is made. Sales of the Kit between SCHERING and its Affiliates or sublicensees shall be excluded from the computation of Net Sales except where any such Affiliate or sublicensee is an end user of Kit or Licensed Product. Net Sales shall be accounted for in accordance with International Accounting Standards consistently applied. The amount obtained by deducting (i) through (v) from the gross amount invoiced shall then be adjusted by the Combination Product Adjustment, if applicable.

"NON-ANTIBODY COMPONENTS" shall means all components of the Kit other than the Antibody Conjugate.

"NON-ANTIBODY COMPONENTS SUPPLY COST" shall mean the invoiced costs and charges of the suppliers of Non-Antibody Components to IDEC together with the invoiced costs of the Third Party manufacturer for manufacture of Antibody Conjugate from 2B8 provided by IDEC, negotiated at an arm's-length basis in accordance with the terms of this Agreement.

"PARTIES" means IDEC and SCHERING.

"PARTY" means IDEC or SCHERING, as applicable.

"PATENT(S)" means (i) valid and enforceable letters patent, including any extension, registration, confirmation, reissue, re-examination or renewal thereof and (ii) pending applications for letters patent, including provisional applications and any continuation, division or continuation-in-part.

"PATENT COSTS" means the fees and expenses paid to outside legal counsel and experts, and filing and maintenance expenses, incurred after the Effective Date in connection with the establishment and maintenance of rights under Patents covering any Licensed Product, including costs of patent interference, reexamination, reissue, opposition and revocation proceedings.

"REGULATORY APPROVAL" means any approvals, product and/or establishment licenses, BLAs, BLA Equivalents, registrations or authorizations of any federal, state or local regulatory agency, department, bureau or other governmental entity, necessary for the commercial manufacture, use, storage, import, export, transport, marketing or sale of a Licensed Product in a regulatory jurisdiction.

"*_____*".

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"SCHERING" means Schering Aktiengesellschaft, a German corporation.

"SCHERING KNOW-HOW" means all Information, whether currently existing or developed or obtained during the course of the Collaboration Agreement, and whether or not patentable or confidential, that is now Controlled or hereinafter becomes Controlled by SCHERING or its Affiliates and that relates to the research, development, utilization, manufacture or sale of the Licensed Product. Notwithstanding anything herein to the contrary, SCHERING Know-how shall exclude SCHERING Patents.

"SCHERING PATENT" means any Patent owned or Controlled by SCHERING or its Affiliates including its interest in any Patents owned jointly by the Parties as provided hereunder either at the Effective Date or at any time during the term of the Collaboration Agreement which covers the research, development, manufacture, use, importation, sale or offer for sale of the Licensed Product.

"*_____* DRUG APPROVAL APPLICATION" means the *_____* the Drug Approval Applications to be submitted to the FDA relating to the treatment of *_____* as further designated as the *_____* in the Development Plan and in Section 4.2 of the Collaboration Agreement.

"STEERING COMMITTEE" means that committee established pursuant to Section 3.1 of the Collaboration Agreement.

"SUPPLY AGREEMENT" means the Supply Agreement between SCHERING and IDEC of even date.

"THIRD PARTY" means any entity other than IDEC or SCHERING.

"THIRD PARTY ROYALTIES" means royalties payable by either Party to a Third Party in connection with the manufacture, use or sale of Licensed Product in a particular jurisdiction.

"UNITED STATES" means the United States of America, its territories and possessions.

"VALID AND ENFORCEABLE PATENT" means an issued/granted unexpired IDEC Patent that has not been held invalid or unenforceable in an unappealed or unappealable decision of a court or competent body having jurisdiction thereof; provided, that such IDEC Patent would, but for the licenses granted under this Collaboration Agreement, be infringed by the manufacture, use, sale or import of Kits, Kit Components, or Licensed Product.

"Y2B8" means that certain yttrium-labeled monoclonal antibody to B cells more particularly described on EXHIBIT B to the Collaboration Agreement.

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ARTICLE 2.

SCOPE OF COLLABORATION

2.1 DEVELOPMENT COSTS AND DATA TRANSFER.

(a) IDEC shall carry out, and, at its own expense, shall bear all Development Costs for carrying out the Development Plan to seek Regulatory Approval of Licensed Product in the Field in the United States through the date of Regulatory Approval of Licensed Product in the United States.

(b) IDEC shall provide SCHERING with a complete copy of all documents filed with the FDA to support the Drug Approval Applications. Unless otherwise agreed by the Parties under Section 3.1(c), IDEC's obligation shall not include any post-Regulatory Approval Drug Approval Applications submitted by IDEC in the Initial Indication, e.g., any Phase IV studies.

(c) In consideration of IDEC's development efforts, transfer of the Drug Approval Application(s) registration dossiers and for the licenses granted in this Collaborative Agreement, SCHERING agrees to fund IDEC for carrying out the Development Plan to the extent outlined below in this Section 2.1(c). The Development Plan represents a good faith estimate by IDEC, as of the Effective Date, of IDEC's timeline associated with carrying out the Licensed Product development in the United States.

Accordingly, SCHERING shall fund IDEC's development efforts with fixed *_____* payments *_____* as follows, and IDEC will use such funds to support the development of the Licensed Product:

_____

(d) SCHERING shall bear any additional Development Costs which may be necessary for development of the Licensed Product to obtain Regulatory Approval to market the Licensed Product in the Field in the Licensed Territory, subject to the determination of the scientific and commercial potential of the Licensed Product as further described in Section 5.1.

ARTICLE 3.

MANAGEMENT OF THE DEVELOPMENT ACTIVITIES IN THE

UNITED STATES AND LICENSED TERRITORY

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3.1 STEERING COMMITTEE.

(a) Within *_____* of the Effective Date, the Parties will establish the Steering Committee. The Steering Committee will be composed of *_____*. Such representatives will include individuals with expertise and responsibilities in areas such as preclinical development, clinical development, process sciences, manufacturing, marketing or regulatory affairs. Either Party may replace any or all of its representatives at any time upon written notice to the other Party. The Steering Committee will meet (in person, telephonically, or via videoconference) at least once each calendar quarter, or more frequently, as agreed to by the Steering Committee.

(b) The Steering Committee shall: (i) coordinate development of the Licensed Product in the United States and in the Licensed Territory, in the Field, as envisaged in the Collaboration Agreement, including the coordination of activities and exchange of information regarding ongoing and new clinical studies, regulatory strategy and commercial development (including pricing and product positioning issues) and the establishment of the relevant timelines; (ii) coordinate the expedited development of Licensed Product to obtain *_____* Regulatory Approval in the United States as set forth in Article 4; (iii) discuss the need, desirability of, structure and/or allocation of costs of any clinical studies or other development efforts relating to the Licensed Product to be carried out in the United States and/or the Licensed Territory; (iv) discuss actions planned by either Party in respect of the Licensed Product where such actions could reasonably be expected to have a material impact on the Licensed Product in the other Party's territory; and (v) discuss collaboration in the development of the Licensed Product for indications other than the Initial Indication.

(c) The general principles relating to clinical studies (other than those studies required by the FDA for Regulatory Approval in the United States for the Initial Indication, the results of which will be made available by IDEC to SCHERING without charge) shall be as follows:

(i) Where the Parties agree, prior to commencement of such a study, that the results of such study are to be used for regulatory or commercial purposes in both the United States and the Licensed Territory the costs of the study shall be shared by the Parties and the cost allocation, structure, timelines and other details of the study shall be agreed between the Parties in good faith taking account of the relative importance and value to each Party of the study in question.

(ii) Where a study is required by a regulatory authority in the Licensed Territory the costs of such a study shall be borne, and its organization and structure shall be determined, solely by SCHERING. Where a study is required by the FDA the costs of such a study shall be borne, and its organization and structure shall be determined, solely by IDEC. If, however, any regulatory authority in the Licensed Territory subsequently requires the results of IDEC's FDA-

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required study or the results of a study with the same characteristics as the FDA-required study, and/or SCHERING determines that it wishes to provide such results to the regulatory authority in question, IDEC shall provide the results of its study to SCHERING on payment of a proportion of the costs of the study, the proportion to be determined *_____*. The same principles shall apply where the FDA requires the results of a regulatory authority-required SCHERING study or the results of a study with the same characteristics.

(d) The Steering Committee shall consider amendments and modifications to the Development Plan and update it from time-to-time. *_____* may modify or amend and update the Development Plan provided that: (i) *_____* (ii) any such updates, modifications or amendments are made *_____*.

(e) While both parties recognize the benefit of a unified and coordinated Licensed Product positioning due to the global oncology community, it is IDEC's intention to provide SCHERING maximum latitude with respect to product marketing and regulatory decisions in the Licensed Territory so as to enable SCHERING to maximize Licensed Product sales. Therefore, while IDEC may comment on development in the Licensed Territory and such comments shall be considered in good faith, SCHERING shall have authority over development in the Licensed Territory. *_____*.

3.2 COLLABORATION CHAIRPERSON. Within ten (10) days of the Effective Date, each Party shall designate a Collaboration Chairperson. Such Collaboration Chairperson shall be part of senior management and shall serve as a member of the Steering Committee. The Chairpersons shall work together to be responsible to set the agenda, call, and take minutes of meetings of the Steering Committee.

ARTICLE 4.

DEVELOPMENT AND COMMERCIALIZATION IN THE UNITED STATES

4.1 DEVELOPMENT EFFORTS. IDEC agrees to use Commercially Reasonable and Diligent efforts to develop Licensed Product in the Field and to bring Licensed Product to market in the Field in the United States as soon as practicable. IDEC further agrees to execute and perform the Development Plan in all material respects consistent with United States Regulatory Approval.

4.2 DRUG APPROVAL APPLICATIONS. Consistent with the Development Plan *_____* IDEC currently intends to file *_____* Drug Approval Application *_____* and shall file, *_____* Drug Approval Application *_____* studies. It is intended as of the Effective Date that the *_____* Drug Approval Application will be submitted by IDEC with a package which includes

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the results of clinical studies *_____*. IDEC shall own all regulatory submissions including all Drug Approval Applications for Licensed Product filed by it in the United States. SCHERING shall be notified of any meetings between IDEC and the FDA relating to the Licensed Product; where appropriate based on IDEC's judgment of its relationship with the FDA, one representative of SCHERING shall be entitled to attend, as an observer, at SCHERING's expense and on the dates agreed to by the FDA and IDEC; any such meeting which will deal with issues which may affect the Licensed Territory.

4.3 DELIVERY OF FDA DRUG APPROVAL APPLICATIONS. Unless otherwise agreed by the Parties in writing, IDEC shall deliver to SCHERING only the Drug Approval Applications and other relevant documentation filed on Licensed Product with the FDA in the *_____* Indication *_____*. In order to enable SCHERING to begin as early as possible preparatory work for filing Drug Approval Applications in Europe, IDEC shall provide parts of application documentation and individual reports relating to the Drug Approval Applications for the Initial Indication as soon as such become available. After filing Drug Approval Applications in the United States, IDEC will keep SCHERING informed of all questions raised by the FDA and will provide copies of all responses by IDEC thereto. All information to be provided hereunder will be provided in electronic form if available.

4.4 MARKETING IN THE U.S. IDEC will use Commercially Reasonable and Diligent Efforts to maintain Regulatory Approval for Licensed Product in the United States for as long as SCHERING is paying royalties to IDEC on Net Sales in the Licensed Territory. *_____*.

ARTICLE 5.

DEVELOPMENT AND COMMERCIALIZATION IN LICENSED TERRITORY

5.1 SCHERING'S DEVELOPMENT EFFORTS. SCHERING will use Commercially Reasonable and Diligent efforts to develop the Licensed Product in the Licensed Territory, including pursuing preclinical development (if necessary) and clinical development of Licensed Product and obtaining Regulatory Approvals therefor in all countries in the Licensed Territory *_____*. SCHERING shall bear all regulatory costs in the Licensed Territory, including but not limited to purchasing supplies of Licensed Product as Kits from IDEC, coordinating the supply of yttrium *_____* for Licensed Product, and conducting and funding all clinical studies required for Licensed Product approval in the Territory subject to the principles outlined in Section 3.1(c). It is the Parties' intent to cooperate on study design and share study costs if the study is determined by the Parties to be of mutual commercial value, as further described in Section 3.1. During the clinical phase, SCHERING shall purchase Kits from IDEC at *_____* and during the commercial phase, SCHERING shall purchase Kits from IDEC at *_____* subject to Section 5.1(b) of Supply Agreement.

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Within one hundred and twenty (120) days of the Effective Date, SCHERING agrees to provide IDEC with a written development plan for Licensed Product in the Licensed Territory. It is the Parties' understanding and expectation that a Drug Approval Application will be filed by SCHERING in the European Union in accordance with the centralized procedure described in Council Regulation (EEC) No. 2309/93 within *_____* after receipt from IDEC of both the *_____* Drug Approval Application. IDEC shall be notified of any meetings relating to Licensed Product between SCHERING and any regulatory authorities in the Licensed Territory; where appropriate based on SCHERING's judgment of its relationship with the regulatory agency, one representative of IDEC shall be entitled to attend, as an observer, at IDEC's expense and on the dates agreed to by the regulatory authorities and SCHERING; any such meeting which will deal with issues which may affect the United States.

5.2 MARKETING EFFORTS. SCHERING will use Commercially Reasonable and Diligent efforts to commercialize Licensed Product in each country in the Licensed Territory in which Regulatory Approval is granted, *_____*.

5.3 DEVELOPMENT COSTS AND MARKETING COSTS. SCHERING shall bear all Development Costs and marketing costs related to the development and commercialization of Licensed Product in the Licensed Territory. SCHERING shall have the sole responsibility for and right to make all decisions regarding all development and marketing activities in the Licensed Territory. At SCHERING's request, IDEC shall provide SCHERING with reasonable support and cooperation in the form of consulting services directed toward securing and maintaining Regulatory Approval of Licensed Product in the Licensed Territory. Subject as hereinafter provided in this Section 5.3, IDEC shall be reimbursed for time and expenses at the FTE rates set forth in EXHIBIT G. In the *_____* IDEC shall provide *_____* of such consulting services *_____* and for the next *_____* thereafter *_____* will be provided *_____*. Travel time associated with rendering such services shall be included as consulting time (no greater than 8 hours per day). The Parties agree that membership of the Steering Committee is not deemed to be the provision of consulting services and SCHERING shall not reimburse any costs related to participation in the Steering Committee. Furthermore, if SCHERING requires consulting services of *_____* as the case may be, in any month, it shall not be entitled to carry over the unused hours to subsequent months. SCHERING shall reimburse IDEC for reasonable out-of-pocket costs (such as travel, meals and lodging) associated with provision of such consulting services.

5.4 COOPERATION ON DEVELOPMENT EFFORTS. To facilitate cooperation between the Parties on the worldwide development and marketing of Licensed Product, each Party shall keep the other Party fully informed of all substantive development activities in the Licensed Territory and the United States, as the case may be. The Parties agree that they will do nothing during Licensed Product development activities to imperil early Regulatory Approvals in any country in

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the Licensed Territory or in the United States, *_____*. The foregoing restrictions shall not apply to activities specified in the Development Plan as of the Effective Date.

ARTICLE 6.

MILESTONES, ROYALTIES AND OTHER PAYMENTS

6.1 PAYMENTS UPON EXECUTION. SCHERING shall pay IDEC via wire transfer $13 million as a non-refundable, non-creditable license issue fee, within *_____* of the Effective Date.

6.2 MILESTONE PAYMENTS. SCHERING shall make the following non-refundable, non-creditable payments to IDEC, upon the first achievement of each of the corresponding milestones:

MILESTONE PAYMENTS

_____

The Parties agree that the foregoing milestone payments are payable only once.

6.3 ROYALTIES. SCHERING shall pay IDEC a royalty on Net Sales of Licensed Product in the Licensed Territory as follows:

(a) The royalty rate shall be *_____* of Net Sales in the Licensed Territory, subject to Sections 6.3(c), 6.3(d), 6.3(e) and 14.5.

(b) Existing Patents/Applications. Prior to the Effective Date, IDEC has provided SCHERING full review of patent status to the best of IDEC's knowledge pertaining to Licensed Product in the Licensed Territory (as well as the United States), including the scope and terms of Patent licenses secured by IDEC. SCHERING shall evaluate the Patent status of Licensed Product in the Licensed Territory and determine, in its sole discretion after consultation with IDEC, if and when any Patent licenses should be secured by SCHERING in the Licensed Territory. SCHERING shall pay any Third Party royalties owed based on patents or applications published as of the Effective Date *_____* on account of import, sale or use of Licensed Product in the Licensed Territory. *_____*. SCHERING will pay for, or reimburse IDEC for, all consideration paid under any such licenses required in the Licensed Territory (including fees, milestones and minimum annual royalties) while such a license is needed in the Licensed Territory or part of it. In the event both Parties determine that securing a license to a particular Patent(s) in both the Licensed Territory and the United States is desirable, IDEC and SCHERING shall discuss in good faith via the Steering Committee the merits of securing a single license granting rights to both Parties versus the

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_____ Indicates that material has been omitted and confidential treatment has been requested therefor. All such omitted material has been filed separately with Secretary of the Commission in the Company's Application Requesting Confidential Treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934, as amended.

Parties securing individual licenses and sharing costs equitably for such a single license. Each Party shall immediately notify the other if it becomes aware of any risk that the sale of the Licensed Product in the United States or in the Licensed Territory could infringe any Third Party Patents or that any Third Party has claimed that such infringement could occur.

(c) In the event any Third Party Patents or applications are published after the Effective Date that SCHERING determines in good faith are necessary or desirable to license for the commercialization of the Licensed Product in the Licensed Territory, SCHERING shall notify IDEC in writing of such Patents and provide the rationale for the licensing decision. *_____*. After discussion at the Steering Committee, SCHERING may secure any such license(s) as it deems necessary for commercialization of Licensed Product in the Licensed Territory and SCHERING shall be responsible for any and all license issue fees, milestone payments and minimum annual royalties under such Third Party Patent license(s).

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6.4 MONTHLY SALES REPORTS AND ROYALTY PAYMENT REPORTS. In order to assist IDEC in planning, SCHERING shall provide IDEC with written unaudited monthly sales of License Product in the Territory within ten (10) days of receipt of such data by SCHERING. Royalty payments under the Collaboration Agreement shall be made in United States Dollars to IDEC quarterly within thirty (30) days following the end of each calendar quarter for which royalties are due. Each royalty payment shall be accompanied by a report summarizing the Net Sales in units sold during the relevant three-month period.

6.5 TERM OF ROYALTY OBLIGATIONS.

(a) SCHERING shall pay royalties hereunder with respect to Net Sales in each country in the Licensed Territory through *_____* or *_____* from the date of first commercial sale of Licensed Product in such country, whichever is longer.

(b) Upon expiration of the royalty term for Licensed Product in a country as described above or in Sections 14.5(b) and (c), SCHERING shall thereafter have an exclusive, fully paid-up, irrevocable license to use, manufacture or have manufactured, sell, offer for sale, have sold and import the Licensed Product (including all necessary licenses to IDEC Patents, IDEC Know-how and IDEC trademarks) in that country.

6.6 TAXES. IDEC shall pay any and all taxes levied on account of, or measured exclusively by, any royalty payment it receives under the Collaboration Agreement. If laws or regulations require that taxes be withheld, SCHERING will (i) deduct those taxes from the remittable royalty, (ii) timely pay the taxes to the proper taxing authority, and (iii) send proof of payment to IDEC within sixty (60) days following that payment.

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6.7 FOREIGN EXCHANGE. For the purpose of computing Net Sales for Licensed Product sold in a currency other than United States Dollars, such currency shall be converted into United States Dollars in accordance with SCHERING's customary and usual translation procedures consistently applied.

6.8 PAYMENTS TO OR REPORTS BY AFFILIATES. Any payment required under any provision of the Collaboration Agreement to be made to either Party or any report required to be made by either Party shall be made to or by an Affiliate of that Party if designated by that Party as the appropriate recipient or reporting entity.

6.9 SALES BY SUBLICENSEES. In the event SCHERING grants licenses or sublicenses to others to make or sell Licensed Product in the Licensed Territory, such licenses or sublicenses shall include an obligation for the licensee or sublicensee to account for and report its Net Sales of such Licensed Product on the same basis as if such sales were Net Sales by SCHERING, and SCHERING shall pay royalties to IDEC as if the Net Sales of the sublicensee were Net Sales of SCHERING.

ARTICLE 7.

MANUFACTURE AND SUPPLY

7.1 MANUFACTURE AND SUPPLY OF LICENSED PRODUCT. IDEC shall supply SCHERING with Licensed Product as Kits pursuant to the terms of the Supply Agreement.

In the event IDEC is no longer selling Licensed Product in the United States and *_____* is greater than *_____* SCHERING may *_____*

7.2 TRANSFER OF MATERIALS AND KNOW-HOW. If, in the circumstances referred to in Section 7.1 above, *_____* IDEC shall *_____*. IDEC shall *_____*.

ARTICLE 8.

LICENSES

8.1 LICENSES TO SCHERING WITHIN THE FIELD. IDEC grants to SCHERING a worldwide (except the United States) exclusive (even as to IDEC) license, with a right to sublicense, under the IDEC Patents, IDEC Know-how and Joint Patents, to use, develop, manufacture (only under provisions of Section 7.1 of this

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Collaboration Agreement and Section 6 of the Supply Agreement), have manufactured (only under provisions of Section 7.1 of this Collaboration Agreement and Section 6 of the Supply Agreement), market, sell, import for sale, and distribute the Licensed Product for all indications in the Field.

8.2 NONEXCLUSIVE LICENSE TO IDEC. SCHERING grants to IDEC a royalty-free, non-exclusive, license in the United States to use SCHERING Know-how and SCHERING Patents in the Field solely for the purposes of developing, manufacturing, having manufactured, using, selling, offering for sale and importing Licensed Product in the United States. IDEC covenants and agrees not to develop, make, have made, use, sell, offer for sale, have sold or import any product using any of the SCHERING Know-how or SCHERING Patents except as expressly permitted under this Section 8.2. If SCHERING is sublicensing any Third Party Patents under this grant, SCHERING will provide IDEC with written notice thereof, and IDEC shall pay any royalties owed to any such Third Party on account of the manufacture, use or sale of any Licensed Product by IDEC in the United States. With respect to manufacture of Licensed Product by IDEC in the United States for transfer to SCHERING under the Supply Agreement, any such royalties paid by IDEC under such sublicenses shall be included by IDEC in its Cost of Goods Sold.

8.3 SUBLICENSING. It is the intention of the Parties and the expectation of IDEC that SCHERING will deploy its sales force to actively market and sell Licensed Product in the Licensed Territory. *_____*.

8.4 SHARED INFORMATION. All of the information described in Section 13.1 below shall be deemed IDEC Know-how and SCHERING Know-how for purposes of this Article 8 and the licenses granted herein. The Parties agree that the provisions of this Article 8 do not constitute an obligation on either Party to transfer or permit the use of clinical data or other data relevant to drug approval applications other than as provided for under Section 3.1(c) above.

8.5 *_____*.

ARTICLE 9.

TRADEMARKS

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_____ Indicates that material has been omitted and confidential treatment has been requested therefor. All such omitted material has been filed separately with Secretary of the Commission in the Company's Application Requesting Confidential Treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934, as amended.

9.1 LICENSED PRODUCT TRADEMARKS. All Licensed Product shall be sold in the United States under trademarks selected by IDEC and owned by IDEC in the United States. The Steering Committee shall use best efforts to select a worldwide trademark. IDEC shall control preparation, prosecution and maintenance of applications related to such trademarks. IDEC shall bear the costs in the United States and SCHERING shall reimburse IDEC for the costs incurred in the Licensed Territory. IDEC hereby grants SCHERING an exclusive license to the trademarks in the Licensed Territory.

9.2 INFRINGEMENT OF TRADEMARKS. Each Party shall notify the other and the Steering Committee promptly upon learning of any actual, alleged or threatened infringement of a trademark applicable to a Licensed Product (the "Trademark") or of any unfair trade practices, trade dress imitation, passing off of counterfeit goods, or like offenses. Upon learning of such an offense from a Party regarding a Trademark owned solely by one of the Parties, the Parties shall confer regarding the defense of such Trademark. The decision whether and how to defend such a Trademark owned solely by one Party will rest with such Party. The procedure described in Section 11.5(c) relating to Patents shall apply; Mutatis mutandis, to the infringement of Trademarks.

ARTICLE 10.

CONFIDENTIALITY

10.1 CONFIDENTIALITY; EXCEPTIONS. Except to the extent expressly authorized by the Collaboration Agreement or otherwise agreed in writing, the Parties agree that, for the term of the Collaboration Agreement and for *_____* years thereafter, the receiving Party shall keep confidential and shall not publish or otherwise disclose or use for any purpose other than as provided for in the Collaboration Agreement any Information and other information and materials furnished to it by the other Party pursuant to the Collaboration Agreement (collectively, "Confidential Information"), except to the extent that it can be established by the receiving Party that such Confidential Information:

(a) was already known to the receiving Party, other than under an obligation of confidentiality, at the time of disclosure by the other Party;

(b) was generally available to the public or otherwise part of the public domain at the time of its disclosure to the receiving Party;

(c) became generally available to the public or otherwise part of the public domain after its disclosure and other than through any act or omission of the receiving Party in breach of the Collaboration Agreement;

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(d) was disclosed to the receiving Party, other than under an obligation of confidentiality, by a Third Party who had no obligation to the disclosing Party not to disclose such information to others; or

(e) was subsequently developed by the receiving Party without use of the Confidential Information as demonstrated by competent written records.

10.2 AUTHORIZED DISCLOSURE. Each Party may disclose Confidential Information hereunder to the extent that such disclosure is reasonably necessary for exercising its rights and carrying out its obligations under the Collaboration Agreement and in filing or prosecuting patent applications, prosecuting or defending litigation, complying with applicable governmental regulations or conducting preclinical or clinical trials, provided that if a Party is required by law or regulation to make any such disclosure of the other Party's Confidential Information it will, except where impracticable for necessary disclosures (for example, in the event of medical emergency), give reasonable advance notice to the other Party of such disclosure requirement and, except to the extent inappropriate in the case of patent applications, will use its reasonable efforts to secure confidential treatment of such Confidential Information required to be disclosed. In addition, each Party shall be entitled to disclose, under a binder of confidentiality containing provisions as protective as those of this Article 10, Confidential Information to consultants and other Third Parties only for any purpose provided for in the Collaboration Agreement. Nothing in this Article 10 shall restrict any Party from using for any purpose any Information developed by it during the course of the collaboration hereunder.

10.3 SURVIVAL. This Article 10 shall survive the termination or expiration of the Collaboration Agreement for a period of *_____* years.

10.4 TERMINATION OF PRIOR AGREEMENT. The Collaboration Agreement supersedes the Confidentiality Agreement between the Parties dated 21 December 1998. All Information exchanged between the Parties under that Agreement shall be deemed Confidential Information and shall be subject to the terms of this Article 10.

10.5 CORPORATE COMMUNICATIONS AND PUBLICATIONS. Each Party shall provide to the other the opportunity to review any proposed abstracts, manuscripts or presentations (including information to be presented verbally) which relate to the Field at least thirty (30) days prior to their intended submission for publication and such submitting Party agrees, upon written request from the other Party, not to submit such abstract or manuscript for publication or to make such presentation until the other Party is given a reasonable period of time to seek patent protection for any material in such publication or presentation which it believes is patentable. The Licensed Product in all such publications shall be referred to as "IDEC-Y2B8" and/or "IDEC-In2B8" until

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tradenames are selected by the Parties, whereupon the Licensed Product shall be referred to by both or all tradenames.

ARTICLE 11.

OWNERSHIP OF INTELLECTUAL PROPERTY AND PATENT RIGHTS

11.1 MODIFIED DEFINITIONS. For purposes of this Article 11, IDEC Patents and SCHERING Patents shall not include Patents owned jointly by the Parties; such "Joint Patents" shall mean Patents owned jointly by the Parties which cover the manufacture, use or sale of Licensed Product.

11.2 OWNERSHIP OF INTELLECTUAL PROPERTY. IDEC shall own all inventions made under the Collaboration Agreement solely by it or its employees. SCHERING shall own all inventions made under the Collaboration Agreement solely by it or its employees. All inventions made under the Collaboration Agreement jointly by at least one employee of IDEC and at least one employee of SCHERING will be owned jointly by IDEC and SCHERING and each Party shall retain full ownership under any Patents resulting therefrom, with full ownership rights in any field, subject to the licenses granted in Article 8, the right to sublicense without the consent of the other Party and without accounting. The laws of the United States with respect to joint ownership of inventions (joint and several) shall apply in all jurisdictions giving force and effect to the Collaboration Agreement.

11.3 DISCLOSURE OF PATENTABLE INVENTIONS. In addition to the disclosures required under Article 13, each Party shall provide to the other, any written invention disclosure submitted to a Party's patent department in the normal course which discloses an invention made under the Collaboration Agreement that is useful in the Field. Such invention disclosures shall be provided to the other Party within thirty (30) days after the Party commences preparation of a patent application based on such disclosure.

11.4 PROSECUTION OF EXISTING PATENTS. IDEC shall disclose or has disclosed to SCHERING the complete texts of all IDEC Patents filed by IDEC prior to the Effective Date which claim the manufacture, use or sale of the Licensed Product 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 an IDEC Patent anywhere in the United States or the Licensed Territory. SCHERING shall have the right to review all such IDEC Patents and all proceedings related thereto and make recommendations to IDEC concerning them and their conduct and IDEC shall consider in good faith for the United States and take into account for the Licensed Territory SCHERING's reasonable comments related thereto. IDEC agrees to keep SCHERING fully informed of the course of patent prosecution or other proceedings

of such IDEC Patents including by providing SCHERING with copies of substantive communications, search reports and third party observations submitted to or received from patent offices within the United States or Licensed Territory. SCHERING shall provide such patent consultation to IDEC related to such IDEC Patents at no cost to IDEC. IDEC agrees to prosecute and maintain in force in the United States and the Licensed Territory all existing IDEC Patents described in the first sentence of this Section 11.4. All reasonable costs that IDEC incurs after the Effective Date in filing, prosecuting and maintaining IDEC Patents in the United States shall be borne by IDEC. All such reasonable costs which IDEC will incur in the Licensed Territory shall be reimbursed by SCHERING within 30 days of submission of an invoice by IDEC. SCHERING shall hold all information disclosed to it under this Article 11 as confidential subject to the provisions of Article 10 of the Collaboration Agreement. SCHERING shall have the right to assume responsibility in the Licensed Territory for any IDEC Patent or any part of any such Patent which IDEC intends to abandon or otherwise cause or allow to be forfeited provided that the claims of such IDEC Patent covers Licensed Product or formulations, methods of manufacture or methods of use thereof.

11.5 PROSECUTION OF NEW PATENTS.

(a) SCHERING shall have the first right, using in-house or outside legal counsel selected at SCHERING's sole discretion, to prepare, file, prosecute, maintain and obtain extensions of SCHERING Patents in countries of SCHERING's choice throughout the world. SCHERING shall bear the costs relating to such activities in the Licensed Territory at all times and in the United States. SCHERING shall use reasonable efforts to solicit IDEC's advice and review of the nature and text of SCHERING Patents and material prosecution matters related thereto in reasonably sufficient time prior to filing thereof, and SCHERING shall consider in good faith IDEC's reasonable comments related thereto.

(b) 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 obtain extensions of IDEC Patents and Joint Patents filed after the Effective Date throughout the world. IDEC shall use reasonable efforts to solicit SCHERING's advice and review of the nature and text of such IDEC Patents and material prosecution matters related thereto in reasonably sufficient time prior to filing thereof, and IDEC shall (i) in the United States consider in good faith SCHERING's reasonable comments related thereto and (ii) in the Licensed Territory take into account SCHERING's reasonable comments related thereto. All reasonable costs related to preparing, filing, prosecuting, maintaining and extending IDEC Patents and Joint Patents shall be paid by IDEC for activities within the United States and reimbursed by SCHERING to IDEC for activities within the Licensed Territory, provided that such Patents are necessary to properly commercialize the Licensed Product in the Licensed Territory. Such reimbursement shall be paid to IDEC within 30 days after receipt of an invoice therefor by SCHERING.

(c) If SCHERING, prior or subsequent to filing any SCHERING Patents, elects not to file, prosecute or maintain such Patents or certain claims encompassed by such Patents, SCHERING shall give IDEC notice thereof within a reasonable period prior to allowing such Patents or certain claims encompassed by such Patents to lapse or become abandoned or unenforceable, and IDEC shall thereafter have the right, at its sole expense, to prepare, file, prosecute and maintain Patents or certain claims encompassed by such Patents concerning all such inventions and discoveries in countries of its choice throughout the world. If IDEC, prior or subsequent to filing IDEC Patents, elects not to file, prosecute or maintain such Patents or certain claims encompassed by such Patents, IDEC shall give SCHERING notice thereof within a reasonable period prior to allowing such Patents or certain claims encompassed by such Patents to lapse or become abandoned or unenforceable, and SCHERING shall thereafter have the right, at its sole expense, to prepare, file prosecute and maintain such Patents or certain claims encompassed by such Patents concerning all such inventions and discoveries in countries of its choice throughout the world.

(d) The Party filing Joint Patents shall do so in the name of and on behalf of both SCHERING and IDEC. Each of IDEC and SCHERING shall hold all information it presently knows or acquires under this Paragraph which is related to all such Patents as confidential subject to the provisions of Article 10 of the Collaboration Agreement.

11.6 WAIVER.

(a) IDEC on behalf of itself and its directors, employees, officers, shareholders, agents, successors and assigns hereby waives any and all actions and causes of action, claims and demands whatsoever, in law or equity of any kind it or they may have against SCHERING, its officers, directors, employees, shareholders, agents, successors and assigns, which may arise in any way except as a result of SCHERING's gross negligence, recklessness, or willful misconduct in performance of its rights or obligations under Section 11.5 of the Collaboration Agreement.

(b) SCHERING on behalf of itself and its directors, employees, officers, shareholders, agents successors and assigns hereby waives any and all actions and causes of action, claims and demands whatsoever, in law or equity of any kind it or they may have against IDEC, its officers, directors, employees, shareholders, agents, successors and assigns, which may arise in any way except as a result of IDEC's gross negligence, recklessness, or willful misconduct in performance of its rights or obligations under Section 11.5 of the Collaboration Agreement.

11.7 FURTHER ASSURANCES. Notwithstanding the provisions of Section 11.5 of the Collaboration Agreement, 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 11.3 of the Collaboration Agreement and shall execute all documents deemed necessary or desirable therefor.

11.8 INITIAL FILINGS. The Parties agree to use reasonable efforts to ensure that any IDEC Patent, SCHERING Patent or Joint Patent filed outside of the United States prior to a U.S. filing will be in a form sufficient to establish the date of original filing as a priority date for the purposes of a subsequent U.S. filing and that the requisite foreign filing license will be obtained. The Parties agree to use reasonable efforts to ensure that any IDEC Patent, SCHERING Patent or Joint Patent filed in the United States prior to a non-U.S. filing will be in a form sufficient to establish the date of original filing as a priority date for the purposes of a subsequent non-U.S. filing and that the requisite United States filing license will be obtained.

11.9 PATENT ENFORCEMENT.

(a) In the event that IDEC or SCHERING becomes aware of actual or threatened infringement of a Patent related to the Licensed Product, anywhere in the world, that Party shall promptly notify the other Party in writing. IDEC shall have the first right but not the obligation to bring an infringement action or file any other appropriate action or claim directly related to infringement of an IDEC Patent or Joint Patent, wherein such infringement relates to the Licensed Product, against any Third Party and to use SCHERING's name in connection therewith. The costs of Patent enforcement and related recoveries associated with the United States incurred by IDEC shall be borne by IDEC. Such Patent enforcement costs in the Licensed Territory shall be borne by IDEC. If IDEC does not commence a particular infringement action in a country within the Licensed Territory within ninety (90) days after it received such written notice, SCHERING, after notifying IDEC in writing, shall be entitled to bring such infringement action or any other appropriate action or claim at its own expense. The Party conducting such action shall consider in good faith the other Party's comments on the conduct of such action. Recovery from any settlement or judgment from such action in the Licensed Territory shall go first to reimburse the expenses of the Parties and the remainder shall be shared by the Parties in proportion to their respective economic interests. In any event, IDEC and SCHERING shall assist one another and reasonably cooperate in any such litigation at the other's request without expense to the requesting Party.

(b) SCHERING shall have the first right but not the obligation to bring an infringement action or file any other appropriate action or claim directly related to infringement of a SCHERING Patent, wherein such infringement relates to the Licensed Product, against any Third Party and to use IDEC's name in connection therewith. The costs of Patent enforcement and related recoveries associated with the United States incurred by SCHERING shall be borne by SCHERING. Such Patent enforcement costs in the Licensed Territory shall be borne by SCHERING. Recovery from any settlement or judgment from such action in the Licensed Territory shall go first to reimburse the expenses of the Parties and the remainder shall be shared by the Parties in proportion to their respective economic interests. In any event, IDEC and SCHERING shall assist one another and reasonably cooperate in any such litigation at the other's request without expense to the requesting Party.

11.10 INFRINGEMENT DEFENSE. Subject to Section 11.11 below, if a Third Party asserts that a Patent or other right owned by it is infringed by the Licensed Product, IDEC will be solely responsible for defending against any such assertions at its cost and expense but no settlement may be entered into with regard to Patents in the Licensed Territory or, with regard to Patents in the United States if such settlement would result in an increase in the amounts payable by IDEC to SCHERING hereunder, without the written consent of SCHERING, which shall not be unreasonably withheld. If any Third Party is successful in such claim, and SCHERING is ordered to make any payments to such Third Party in connection therewith, any such payments will be dealt with in the manner set out in Section 6.3 above.

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ARTICLE 12.

REPRESENTATIONS AND WARRANTIES

12.1 REPRESENTATIONS AND WARRANTIES.

(a) Each of the Parties hereby represents and warrants as follows:

(i) The Collaboration Agreement is a legal and valid obligation binding upon such Party and enforceable in accordance with its terms. The execution, delivery and performance of the Collaboration Agreement by such Party does not conflict with any agreement, instrument or understanding, oral or written, to which it is a Party or by which it is bound, nor violate any law or regulation of any court, governmental body or administrative or other agency having jurisdiction over it.

(ii) Such Party has not, and during the term of the Collaboration Agreement will not, grant any right to any Third Party relating to its respective Patents and Know-how in the Field which would conflict with the rights granted to the other Party hereunder.

(b) IDEC represents, warrants and undertakes that:

(i) It has the right to grant the licenses granted herein.

(ii) Except as set forth on EXHIBIT D hereto, it is not obligated under any agreement as of the Effective Date to pay any Third Party royalties with respect to Licensed Product.

(iii) *_____*.

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_____ Indicates that material has been omitted and confidential treatment has been requested therefor. All such omitted material has been filed separately with Secretary of the Commission in the Company's Application Requesting Confidential Treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934, as amended.

(iv) It has provided to SCHERING all material information in its possession or control or of which it is aware as of the Effective Date, concerning efficacy, side effects, injury, toxicity or sensitivity reaction and incidents of severity thereof, associated with any clinical use, studies, investigations or tests with the Licensed Product (animal or human), whether or not determined to be attributable to the Licensed Product.

(v) It has conducted or has caused its contractors or consultants to conduct, and will in the future conduct, the preclinical and clinical studies of the Licensed Product in accordance with applicable United States law, known or published standards of the FDA and has made good faith efforts to comply with EMEA standards.

(vi) It has employed and will in the future employ individuals of appropriate education, knowledge and experience to conduct or oversee the conduct of IDEC's clinical and preclinical studies of the Licensed Product.

(vii) It has not employed (and, to the best of its knowledge, has not used a contractor or consultant that has employed) and in the future will not employ (or, to the best of its knowledge, use any contractor or consultant that employs) any individual or entity debarred by the FDA (or subject to a similar sanction of EMEA) or, to the best knowledge of IDEC, any individual who or entity which is the subject of an FDA debarment investigation or proceeding (or similar proceeding of EMEA), in the conduct of preclinical or clinical studies of the Licensed Product.

(viii) In the course of developing the Licensed Product, it has not knowingly conducted, and during the course of the Collaboration Agreement it will not knowingly conduct, any development activities in violation of applicable GCPs, GLPs or GMPs.

(ix) As of the Effective Date, except as it may have previously disclosed to SCHERING in writing or directly discussed with SCHERING, it has not received any notices of infringement or any written communications relating in any way to a possible infringement with respect to the Licensed Product, and that it is not aware that the development, manufacture, use, importation or sale of the Licensed Product infringes any Third Party Patent rights.

(x) As of the Effective Date, it is not aware of any prior act or any fact which causes it to conclude that any IDEC Patent is invalid or unenforceable in whole or in part.

(xi) It has complied in all material respects with each license listed on EXHIBIT C hereto, and during the term hereof will comply in all material respects, and use all reasonable efforts to keep in full force and effect each such license; neither the Collaboration Agreement nor any of the transactions contemplated hereby will, with the giving of notice or the

lapse of time, or both, constitute a default or breach of any such license.

(xii) It has obtained all right, title and interest in and to all rights to the Licensed Product and the IDEC Patents and IDEC Know-how free and clear of any liens, encumbrances or rights to repurchase.

(xiii) During the term of the Collaboration Agreement, it will not grant a lien on the Collaboration Agreement or on any of IDEC's rights or obligations hereunder or on the IDEC Patents or IDEC Know-how related to the Licensed Product.

12.2 PERFORMANCE BY AFFILIATES. The Parties recognize that each may perform some or all of its obligations under the Collaboration Agreement through Affiliates, provided, however, that each Party shall remain responsible and be guarantor of the performance by its Affiliates and shall cause its Affiliates to comply with the provisions of the Collaboration Agreement in connection with such performance.

ARTICLE 13.

INFORMATION AND REPORTS

13.1 INFORMATION. With respect to the Drug Approval Applications required for Regulatory Approval for the Initial Indication in the United States and the corresponding Drug Approval Applications in the Licensed Territory, SCHERING and IDEC will disclose and make available to each other all preclinical, clinical, regulatory, commercial and other information, including without limitation all Information relevant to Licensed Product, developed by SCHERING or IDEC at any time during the term of the Collaboration Agreement. Each Party will use Commercially Reasonable and Diligent efforts to disclose to the other Party all significant Information promptly after it is learned or its significance is appreciated. Each Party shall own and maintain its own database of clinical trial data accumulated from all clinical trials of the Licensed Product for which it was responsible and of adverse drug event information for the Licensed Product. At the option of the requesting Party, such data shall be provided in a computer readable format by the providing Party, to the extent available, which shall also assist in the transfer and validation of such data to the receiving Party.

13.2 COMPLAINTS. Each Party shall maintain a record of all complaints it receives with respect to the Licensed Product. Each Party shall notify the other of any complaint received by it in writing and sufficient detail and within five (5) Business Days after the event, and in any event in sufficient time to allow the responsible Party to comply with any and all regulatory requirements imposed upon it in any country.

13.3 ADVERSE DRUG EVENTS. The Parties recognize that the holder of a Drug Approval Application or Regulatory Approval may be required to submit information and file reports to various governmental agencies on compounds under clinical investigation, compounds proposed for marketing, or marketed drugs. 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 compounds 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:

(a) Provide to the other for initial and/or periodic submission to government agencies significant information on the Licensed Product from preclinical laboratory, animal toxicology and pharmacology studies, as well as adverse drug experience reports from clinical trials and commercial experiences with the compound;

(b) In connection with investigational drugs, report to the other within three (3) days of the initial receipt of a report of any unexpected or serious experience with the Licensed Product, or sooner if required for either Party to comply with regulatory requirements; and

(c) In connection with marketed Licensed Product, report to the other within five (5) Business Days of the initial receipt of a report of any adverse experience with the Licensed Product that is serious and unexpected or sooner if required for either Party to comply with regulatory requirements. Serious adverse experiences are defined in the Collaboration Agreement to correspond with the relevant ICH classification from time to time applicable. Each Party also agrees that if it contracts with a Third Party for research to be performed by such Third Party on the Licensed Product, that Party agrees to require such Third Party to report to the contracting Party the information set forth in subparagraphs (a), (b) and (c) above.

13.4 PUBLICITY REVIEW. The Parties agree that the public announcement of the execution of the Collaboration Agreement shall be in the form of a press release to be agreed upon on or before the Effective Date and thereafter each Party shall be entitled to make or publish any public statement consistent with the contents thereof. Thereafter, IDEC and SCHERING will jointly discuss and agree, based on the principles of this Section 13.4, on any statement to the public regarding the Collaboration Agreement or any aspect of the Collaboration Agreement subject in each case to disclosure otherwise required by law or regulation as determined in good faith by each Party. The principles to be observed by IDEC and SCHERING in such public disclosures will be: accuracy, the requirements for confidentiality under Article 10, the advantage a competitor of IDEC or SCHERING may gain from any public statements under this Section 13.4, and the standards and customs in the biotechnology and pharmaceutical industries for such disclosures by companies comparable to IDEC and SCHERING. The terms of the Collaboration Agreement may also be disclosed to (i) government agencies where required by law, or (ii) Third Parties with the prior written consent of the other Party, which consent shall not be unreasonably withheld, so long as

such disclosure is made under a binder of confidentiality and so long as highly sensitive terms and conditions such as financial terms are extracted from the Collaboration Agreement or not disclosed upon the request of the other Party.

ARTICLE 14.

TERM AND TERMINATION

14.1 TERM. The Collaboration Agreement shall commence as of the Effective Date. The Parties have specifically provided elsewhere in the Collaboration Agreement the term during which certain rights and obligations hereunder shall apply. Unless sooner terminated as provided herein, and except as provided in Section 14.6 below, the remaining provisions of the Collaboration Agreement relating to activities in the Licensed Territory shall continue in effect on a country-by-country basis until the date on which SCHERING is no longer paying a royalty on Net Sales in the Licensed Territory. Those provisions shall govern the term of the rights and obligations specifically covered thereby. Upon the expiration of the term of the Collaboration Agreement or its termination by SCHERING under Section 14.2 and limited by Sections 14.5 and 14.6, all licenses granted to SCHERING hereunder shall become fully paid up and irrevocable.

14.2 TERMINATION BY SCHERING.

(a) SCHERING shall have the right to terminate the Collaboration Agreement (i) if IDEC elects to discontinue funding of the development of Licensed Product *_____* such termination to be effective after *_____* written notice to IDEC and *_____* or (ii) *_____* effective *_____* days from written notice to IDEC.

(b) Upon any termination under this Section 14.2, the Parties shall have no further rights or obligations under the Collaboration Agreement except as set forth in Sections 14.5 and 14.6.

14.3 TERMINATION BY IDEC

(a) IDEC shall have the right to terminate the Collaboration Agreement, in each case on a country-by-country basis (i) *_____* such termination to be effective after *_____* written notice *_____* and *_____* (ii) if SCHERING fails to *_____* such termination to be effective *_____* to SCHERING, provided that (1) *_____* (2) SCHERING *_____* or (3) such failure *_____* or (iii) if *_____*.

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(b) If SCHERING fails to make sales *_____* and provided that the reason for the failure is not *_____* IDEC shall be entitled to terminate SCHERING's rights under the Collaboration Agreement *_____*.

(c) Upon any termination under this Section 14.3, the Parties shall have no further rights or obligations under the Collaboration Agreement except as set forth in Sections 14.5 and 14.6 and all licenses are terminated and the rights revert to IDEC.

14.4 TERMINATION FOR BREACH. If either Party materially breaches the Collaboration Agreement at any time, which breach is not cured within *_____* of written notice thereof from the non-breaching Party (or if such breach is not susceptible of cure within such period but provided it is capable of cure, the breaching Party is not making diligent good faith efforts to cure such breach), the non-breaching Party shall have the right to terminate the Collaboration Agreement. Upon such termination, the Parties shall have no further rights or obligations under the Collaboration Agreement except as set forth in Sections 14.5 and 14.6. The Parties acknowledge and agree that failure to exercise any right or option with respect to the Licensed Product or to take any action expressly within the discretion of a Party shall not be deemed to be material breach hereunder. *_____*.

14.5 RIGHTS AND OBLIGATIONS UPON TERMINATION.

(a) In the event of termination by SCHERING pursuant to Section 14.2(a)(ii) or by IDEC pursuant to Section 14.3 (a) or by IDEC pursuant to Section 14.4 due to SCHERING's material breach, SCHERING shall (i) make its personnel and other resources reasonably available to IDEC as necessary to effect an orderly transition of development and/or commercialization responsibilities, with the cost of such personnel and resources to be borne by IDEC after the effective date of termination; (ii) grant IDEC a non-revocable, royalty free license under Section 8.2, provided that IDEC reimburse SCHERING for all royalties it must pay to Third Parties on account of the development, use, manufacture or sale of Licensed Product in Licensed Territory.

(b) In the event of termination by SCHERING pursuant to Section 14.2(a)(i), IDEC shall (i) remain responsible for (A) its share of Development Costs for Licensed Product in the United States and (B) its supply obligations under the Supply Agreement; until, in the case of both (A) and (B), IDEC has fully transferred, and enabled SCHERING to perform, all of IDEC's responsibilities under the Collaboration Agreement and the Supply Agreement, including, but not limited to, supplying SCHERING's requirements for Licensed Product for a reasonable period of time to allow SCHERING to find an alternate source of supply; (ii) make its personnel and other resources reasonably available to SCHERING as necessary to effect an orderly transition of development and/or commercialization responsibilities, with the cost of such personnel and resources to be borne by SCHERING after the effective date of termination; and (iii) transfer to SCHERING all of IDEC's right, title, and interest in and to the Licensed Product in the United

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States and the United States shall become part of the Licensed Territory. In addition, SCHERING shall pay, in lieu of any payments including royalties it would otherwise owe IDEC pursuant to the terms of the Collaboration Agreement, *_____*.

(c) In the event of termination by SCHERING pursuant to Section 14.4 due to IDEC's material breach, IDEC shall (i) remain responsible for (A) its marketing of Licensed Product in the United States and (B) its supply obligations under the Supply Agreement; until , in the case of (B), IDEC has fully transferred, and enabled SCHERING to perform, all of IDEC's responsibilities under the Supply Agreement, including, but not limited to, supplying SCHERING's requirements for Licensed Product for a reasonable period of time to allow SCHERING to find an alternate source of supply; (ii) make its personnel and other resources reasonably available to SCHERING as necessary to effect an orderly transition of product supply responsibilities, with the cost of such personnel and resources to be borne by SCHERING after the effective date of termination; and (iii) transfer to SCHERING all of IDEC's right, title, and interest in and to the Licensed Product in the Licensed Territory. *_____*.

(d) In the event of termination by SCHERING pursuant to Sections 14.2 (a)(i) or 14.4, SCHERING shall not be obliged to make any payments falling due pursuant to Section 2.1(c) where such payments fall due after the date of service by SCHERING of notice of termination pursuant to such sections and if the agreement is terminated pursuant to such notice.

14.6 ACCRUED RIGHTS, SURVIVING OBLIGATIONS. Termination, relinquishment or expiration of the Collaboration Agreement for any reason shall be without prejudice to any rights which shall have accrued to the benefit of either party prior to such termination, relinquishment or expiration, including paid up irrevocable licenses and including damages arising from any breach hereunder. Such termination, relinquishment or expiration shall not relieve either Party from obligations under Articles 10, 11, 14.5, 14.6, 15, 16 and 17 herein, and any other obligations which are expressly indicated to survive termination or expiration of the Collaboration Agreement.

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ARTICLE 15.

INDEMNIFICATION

15.1 INDEMNIFICATION BY SCHERING.

(a) SCHERING hereby agrees to save, defend and hold IDEC and its agents and employees harmless from and against any and all Third Party suits, claims, actions, demands, liabilities, expenses and/or loss, including reasonable legal expense and attorneys' fees ("Losses") resulting directly from the manufacture, use, handling, storage, sale or other disposition of chemical agents or Licensed Product sold or used in the Licensed Territory by SCHERING, its Affiliates, agents, or sublicensees, but only to the extent such Losses result from the negligence or willful misconduct of SCHERING.

(b) In the event that IDEC is seeking indemnification under Section 15.1(a), it shall inform SCHERING of a claim as soon as reasonably practicable after it receives notice of the claim, shall permit SCHERING to assume direction and control of the defense of the claim (including the right to settle the claim solely for monetary consideration), and shall cooperate as requested (at the expense of SCHERING) in the defense of the claim.

15.2 INDEMNIFICATION BY IDEC.

(a) IDEC hereby agrees to save, defend and hold SCHERING and its agents and employees harmless from and against any and all Losses resulting directly or indirectly from the manufacture, supply, use, handling, storage, sale or other disposition of chemical agents or Licensed Product sold or used in the Licensed Territory or the United States but only to the extent such Losses do not result from the negligence or willful misconduct of SCHERING or its employees and agents, as described in Section 15.1(a).

(b) In the event that either Party receives notice of a claim with respect to a Licensed Product in the United States or in the Licensed Territory, such Party shall inform the other Party as soon as reasonably practicable.

ARTICLE 16.

DISPUTE RESOLUTION

16.1 DISPUTES. The Parties recognize that disputes as to certain matters may from time to time arise during the term of the Collaboration Agreement which relate to either Party's rights and/or obligations hereunder. It is the objective of the Parties to establish procedures to facilitate the resolution of disputes arising under the Collaboration Agreement in an expedient manner by mutual cooperation and without resort to litigation. To accomplish this objective, the Parties agree to follow the procedures set forth in this Article 16, if and when a dispute arises under the Collaboration Agreement.

Unless otherwise specifically recited in the Collaboration Agreement, disputes among members of the Steering Committee will be resolved as recited in this Article 16. If the Steering Committee is unable to resolve a dispute among its members, any Party may, by written notice to the other, have such dispute referred to their respective chief operating officers, for attempted resolution by good faith negotiations within *_____* after such notice is received. In the event the designated operating officers are not able to resolve such dispute, either Party may at anytime after the *_____* invoke the provisions of Section 16.2.

16.2 MEDIATION AND ARBITRATION. The parties agree that any dispute, controversy or claim (except as to any issue relating to intellectual property owned in whole or in part by IDEC or SCHERING) arising out of or relating to the Collaboration Agreement, or the breach, termination, or invalidity thereof, shall be resolved through negotiation, mediation and/or binding arbitration. If a dispute arises between the parties, and if said dispute cannot be resolved pursuant to Section 16.1, 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 within *_____* 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 herein. IDEC and SCHERING shall each select one arbitrator and the two arbitrators so selected shall choose a third arbitrator to resolve the dispute. The arbitration decision shall be rendered within six months of conclusion of mediation and 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 at the location of the Party not originally requesting the resolution of the dispute and interlocutory relief may be granted by the arbitrator. 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.

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16.3 JURISDICTION. For the purposes of this Article 16, the Parties agree to accept the jurisdiction of the federal courts located in the *_____* for the purposes of enforcing awards entered pursuant to this Article and for enforcing the agreements reflected in this Article.

16.4 DETERMINATION OF PATENTS AND OTHER INTELLECTUAL PROPERTY. Any dispute relating to the determination of validity of a Party's Patents or other issues relating solely to a Party's intellectual property shall be submitted exclusively to the federal court (or equivalent) located in the location of the defendant, and the Parties hereby consent to the jurisdiction and venue of such court.

ARTICLE 17.

MISCELLANEOUS

17.1 ASSIGNMENT.

(a) Either Party may assign any of its rights under the Collaboration Agreement in any country to any Affiliates and, with the prior written consent of the other Party, may delegate its obligations under the Collaboration Agreement in any country to any Affiliates; provided, however, that such assignment shall not relieve the assigning Party of its responsibilities for performance of its obligations under the Collaboration Agreement.

(b) Either Party may assign, without consent of the other Party, all of its rights and obligations under the Collaboration Agreement in connection with a merger or similar reorganization or the sale of all or substantially all of its assets, or otherwise with the prior written consent of the other Party. The Collaboration Agreement shall survive any such merger or reorganization of either Party with or into, or such sale of assets to, another party and no consent for such merger, reorganization or sale shall be required hereunder.

(c) The Collaboration Agreement shall be binding upon and inure to the benefit of the successors and permitted assigns of the Parties. Any assignment not in accordance with the Collaboration Agreement shall be void.

17.2 NON-SOLICITATION. The Parties recognize that each Party has a substantial interest in preserving and maintaining confidential its Confidential Information hereunder. Each Party recognizes that certain of the other Party's employees, including those engaged in development, marketing and sale of any Licensed Product, may have access to such Confidential Information of the other Party. The Parties therefore agree not to solicit or otherwise induce or attempt to induce for purposes of employment, any employees from the other Party involved in the development, marketing or sales of any Licensed Product during the period in which any Party is developing or commercializing a Licensed Product hereunder and for a period of two years thereafter.

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17.3 HEADINGS. The headings used in the Collaboration Agreement are for convenience only and shall not affect or be used in the interpretation of the Sections or Articles.

17.4 RETAINED RIGHTS. Nothing in the Collaboration Agreement shall limit in any respect the right of either Party to conduct research and development with respect to and market products outside the Field using such Party's technology.

17.5 FORCE MAJEURE. Neither Party shall lose any rights hereunder or be liable to the other Party for damages or losses on account of failure of performance by the defaulting Party if the failure is occasioned by government action, war, fire, earthquake, explosion, flood, viral, bacterial, or mycoplasm contamination of Licensed Product with no assignable cause for any such contamination after FDA mandated inspection by IDEC, strike, lockout, embargo, act of God, or any other cause beyond the control of the defaulting Party, whether or not of the kind listed in the foregoing examples, provided that the Party claiming force majeure has exerted all reasonable efforts to avoid or remedy such force majeure; provided, however, that in no event shall a Party be required to settle any labor dispute or disturbance.

17.6 FURTHER ACTIONS. Each Party agrees to execute, acknowledge and deliver such further instruments, and to do all such other acts, as may be necessary or appropriate in order to carry out the purposes and intent of the Collaboration Agreement.

17.7 NO RIGHT TO USE NAMES. Except as otherwise provided herein, no right, express or implied, is granted by the Agreement to use in any manner the name "IDEC," "SCHERING" or any other trade name or trademark of the other Party or its Affiliates in connection with the performance of the Agreement.

17.8 NOTICES. All notices hereunder shall be in writing and shall be deemed given if delivered personally or by facsimile transmission (receipt verified), telexed, mailed by registered or certified mail (return receipt requested), postage prepaid, or sent by express courier service, to the Parties at the following addresses (or at such other address for a party as shall be specified by like notice; provided, that notices of a change of address shall be effective only upon receipt thereof).

IF TO IDEC,
ADDRESSED TO:

IDEC PHARMACEUTICALS CORPORATION
11011 Torreyana Road
San Diego, CA 92121
USA
Attention: Corporate Secretary
Telephone: 001 (858) 550-8500
Fax: 001 (858) 550-8750

IF TO SCHERING,
ADDRESSED TO:

SCHERING A.G.
13342 Berlin, Germany
Attention: Legal Department
Telephone: 011 49 30 4681 2291
Fax: 011 49 30 4681 4086

17.9 WAIVER. Except as specifically provided for herein, the waiver from time to time by either of the Parties of any of their rights or their failure to exercise any remedy shall not operate or be construed as a continuing waiver of same or of any other of such Party's rights or remedies provided in the Collaboration Agreement.

17.10 SEVERABILITY. If any term, covenant or condition of the Collaboration Agreement or the application thereof to any Party or circumstance shall, to any extent, be held to be invalid or unenforceable, then (i) the remainder of the Collaboration Agreement, or the application of such term, covenant or condition to Parties or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby and each term, covenant or condition of the Collaboration Agreement shall be valid and be enforced to the fullest extent permitted by law; and (ii) the Parties hereto covenant and agree to renegotiate any such term, covenant or application thereof in good faith in order to provide a reasonably acceptable alternative to the term, covenant or condition of the Collaboration Agreement or the application thereof that is invalid or unenforceable, it being the intent of the Parties that the basic purposes of the Collaboration Agreement are to be effectuated.

17.11 GOVERNING LAW. The Collaboration Agreement shall be governed by and construed in accordance with the laws of the *_____* without giving effect to principles of conflict of laws.

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_____ Indicates that material has been omitted and confidential treatment has been requested therefor. All such omitted material has been filed separately with Secretary of the Commission in the Company's Application Requesting Confidential Treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934, as amended.

17.12 AMBIGUITIES. Ambiguities, if any, in the Collaboration Agreement shall not be construed against any Party, irrespective of which Party may be deemed to have authored the ambiguous provision.

17.13 COUNTERPARTS. The Collaboration Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

17.14 ENTIRE AGREEMENT. The Collaboration Agreement, including all Exhibits attached hereto which are hereby incorporated herein by reference and the Supply Agreement, set forth all the covenants, promises, agreements, warranties, representations, conditions and understandings between the Parties hereto and supersede and terminate all prior agreements and understandings between the Parties. There are no covenants, promises, agreements, warranties, representations, conditions or understandings, either oral or written, between the Parties other than as set forth herein and therein. No subsequent alteration, amendment, change or addition to the Collaboration Agreement shall be binding upon the Parties hereto unless reduced to writing and signed by the respective authorized officers of the Parties.

IN WITNESS WHEREOF, the Parties have executed the Collaboration Agreement in duplicate originals by their proper officers as of the date and year first above written.

IDEC PHARMACEUTICALS CORPORATION

By: /s/ William R. Rohn

William R. Rohn

Title: Chief Operating Officer and Senior Vice President, Commercial Operations
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Date: June 9, 1999

SCHERING AKTIENGESELLSCHAFT

By: /s/ Hubertus Erlen

Hubertus Erlen

Title: Member of Board of Executive Directors

Date: June 9, 1999

By: /s/ Joachim-Friedrich Kapp

Head of Strategic Business Title: Unit Therapeutics

Joachim-Friedrich Kapp

Date: June 9, 1999

EXHIBITS

EXHIBIT A: DEVELOPMENT PLAN

EXHIBIT B: Y2B8/IN2B8 KIT SPECIFICATIONS

EXHIBIT C: LIST OF LICENSES

EXHIBIT D: ANTIBODY MANUFACTURING COSTS

EXHIBIT E: *_____*

EXHIBIT F: ROYALTIES PAYABLE UPON MANUFACTURING IN U.S.

EXHIBIT G: FTE RATES

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_____ Indicates that material has been omitted and confidential treatment has been requested therefor. All such omitted material has been filed separately with Secretary of the Commission in the Company's Application Requesting Confidential Treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934, as amended.

EXHIBIT A

DEVELOPMENT PLAN

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_____ Indicates that material has been omitted and confidential treatment has been requested therefor. All such omitted material has been filed separately with Secretary of the Commission in the Company's Application Requesting Confidential Treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934, as amended.

EXHIBIT B

Y2B8/IN2B8 KIT SPECIFICATIONS

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_____ Indicates that material has been omitted and confidential treatment has been requested therefor. All such omitted material has been filed separately with Secretary of the Commission in the Company's Application Requesting Confidential Treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934, as amended.

EXHIBIT C

LIST OF LICENSES

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_____ Indicates that material has been omitted and confidential treatment has been requested therefor. All such omitted material has been filed separately with Secretary of the Commission in the Company's Application Requesting Confidential Treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934, as amended.

EXHIBIT D

ANTIBODY MANUFACTURING COSTS

_____

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_____ Indicates that material has been omitted and confidential treatment has been requested therefor. All such omitted material has been filed separately with Secretary of the Commission in the Company's Application Requesting Confidential Treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934, as amended.

EXHIBIT E

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_____ Indicates that material has been omitted and confidential treatment has been requested therefor. All such omitted material has been filed separately with Secretary of the Commission in the Company's Application Requesting Confidential Treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934, as amended.

EXHIBIT F

ROYALTIES PAYABLE UPON MANUFACTURING IN U.S.

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EXHIBIT G

FTE RATES

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_____ Indicates that material has been omitted and confidential treatment has been requested therefor. All such omitted material has been filed separately with Secretary of the Commission in the Company's Application Requesting Confidential Treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934, as amended.

EXHIBIT 10.30

IDEC PHARMACEUTICALS CORPORATION
DEFERRED COMPENSATION PLAN

THIS DEFERRED COMPENSATION PLAN is adopted by IDEC Pharmaceuticals Corporation a Delaware corporation (the "Company"), effective as of January 1 1999, with reference to the following:

A. The Company is establishing this plan to provide key employees and non-employee Board members a tax deferred, capital accumulation, retention program.

B. This Plan is intended to provide benefits to a select group of management or highly compensated personnel in order to attract and retain the highest quality executives. This Plan is not intended to be a qualified plan within the meaning of sections 401(a) and 501(a) of the Internal Revenue Code of 1986, as amended (the "Code").

C. This Plan is intended to be an unfunded plan for purposes of the Employee Retirement Income Security act of 1975, as amended ("ERISA").

NOW, THEREFORE, the Company hereby adopts the IDEC Pharmaceuticals Corporation Deferred Compensation Plan on the following terms and conditions:

1.0 Definitions. Whenever used in this Plan, the following words and phrases shall have the same meaning set forth below, unless a different meaning is expressly provided or plainly required by the context in which the words or phrases are used:

1.1 Beneficiary means a person designated by a Participant to receive Plan benefits in the event of the Participant's death.

1.2 Board means the Board of Directors of the Company and its successors.

1.3 CFO means the Chief Financial Officer of the Company and their successors.

1.4 Change in Control of Company means:

(A) a change in ownership, or power to vote such that 35% or more of the voting stock of the Company is concentrated in the hands of any one person, entity or group of related persons or entities or group of persons or entities acting in concert;

(B) a change in the composition of the Board as a result of which individuals serving on the Board immediately prior to such change cease to constitute at least a majority thereof;

(C) the stockholders of the Company approved any plan or proposal for the liquidation or dissolution of the Company;

(D) substantially all of the assets of the Company are sold or otherwise transferred to parties that are not within the "controlled group or corporations" (as defined in section 1563 of the Internal Revenue Code of 1986) in which the Company is a member.

1.5 Company means IDEC Pharmaceuticals Corporation a Delaware corporation

1.6 Disability means:

(A) "disability" as defined in any group long-term disability policy or program sponsored by the Company and in effect at the time a Participant who has suffered a physical or mental impairment makes application under this Plan for a disability distribution, or

(B) if no such policy or program is in force at such time, "disability" as defined in section 1392c(a)(3) of volume 42 of the United States Code and regulations promulgated thereunder, provided, however, that the disability (whether under the definition in (a) or in (b)) must be of a duration of at least six (6) consecutive months from the date the Participant suffers the disability notwithstanding any different requirements of duration under either definition in the actual policy or program or in the United States Code, respectively.

A Participant who has suffered a Disability shall be disabled within the meaning of this Section 1.6.

The determination of whether a Participant is disabled within the meaning of this Section 1.6 shall be made by the CFO. A Participant who believes they have suffered a disability within the meaning of this Section 1.6 shall make application to the CFO, on a form prescribed by the CFO, for a determination of whether they are disabled under the terms of this Section 1.6. The Participant shall make such written application to the CFO on or after the date which is at least five (5) consecutive months following the date they first suffered the impairment under consideration. Any determination by the CFO that a disability exists under the provisions of this Section 1.6 shall be effective only after the date the disability has existed for six (6) consecutive months. All determinations made by the CFO shall be final, and no Participant shall be considered disabled for any purpose whatsoever under the provisions of this Plan if determined not to be disabled by the CFO under the procedures set forth in this Section 1.6.

The CFO shall notify each Participant who has made application under this Section 1.6, in writing, for their determination within three (3) months of the date the CFO receives the Participant's application hereunder. The Participant shall cooperate in providing any information to the CFO which it requires in making its determination, including, but not limited to, access to the Participant's medical records, direct contact with their physician and physical examination by a physician selected by the Company. Any Participant who does not fully cooperate shall be deemed not disabled by the CFO and so notified.

1.7 Key Employee means an employee of the Company, selected by the CFO, who is a member of a select group of management or highly compensated employees within the meaning of Section 2520.104-23 of the Department of Labor ERISA Regulations.

1.8 Normal Retirement Age means the later of age 60 or five years of participation in this Plan.

1.9 Participant means:

(A) a key employee designated by the CFO, in writing, to participate in the benefits under the Plan who timely files a written election pursuant to Section 2.4, below, and

(B) a former Employee who, at the time of their termination from employment, retirement, death or occurrence of disability, retains, or whose beneficiary retains, benefits earned under the Plan in accordance with its terms. A Participant is considered an active participant in the Plan until the earliest of the following:

(i) the Participant retires, dies or becomes disabled under the terms of this Plan; or

(ii) the Participant is determined or believed by the CFO to no longer qualify as a member of a "select group of highly compensated or management employees" and such Participant has received distribution of their entire benefit hereunder; or

(iii) the participant terminates employment with the Company.

1.10 Plan means the IDEC Pharmaceuticals Corporation Deferred Compensation Plan established by this document.

1.11 Plan Year means the period which is the same as the calendar year.

1.12 Plan Year Compensation means the total income paid to an active Participant by the Company during any Plan Year, or portion thereof in which they are a Participant in this Plan, as reflected on the Participant's form W-2. For purposes of the elections under Section 2.4 of this Plan, Plan Year Compensation shall consist of one or more of the following types of income: annual base salary or annual bonus.

2.0 Participation.

2.1 Eligibility. A Key Employee of the company is eligible to participate in this Plan on the entry date first following the date as of which both of the following events have occurred:

(A) the CFO has designated an individual in writing as a Participant in the Plan, and

(B) the Key Employee has made a written election in accordance with the terms of Section 2.4 below.

2.2 Entry Date. Any Key Employee who has met the eligibility requirements specified in Section 2.1 as of the effective date of this Plan shall become a Participant in the Plan as of the first day of the Plan Year following their hire date. Any Key Employee of the Company who meets the eligibility requirements specified in Section 2.1 after the effective date of this Plan shall become a Participant in the Plan immediately upon the date on which they have met the eligibility requirements.

2.3 Designation. The CFO shall designate for each Plan Year, in writing, the name of each Key Employee who shall be entitled to participate in the Plan for the Plan Year. Such designation by the CFO shall occur on a date such that each designated Key Employee shall have sufficient time to make their written election as required by Section 2.4 below.

2.4 Written Election by Participant. Each Key Employee designated by the CFO as a Participant for a Plan Year shall submit a written election prior to the first day of the Plan Year in which they will be a Participant.

(A) Such written election shall be made on the form presented to the Key Employee by the Plan Committee and shall set forth:

(i) their election to participate in this Plan under the terms hereof;

(ii) the amount of Plan Year Compensation the Key Employee has determined to defer under the Plan for the Plan Year, pursuant to Section 3.1 below;

(iii) the date on which their benefit is to be distributed which is the earlier of (a) the date specified for an In-Service Withdrawal or (b) the later of (i) a specific date or (ii) when they terminate employment with the Company due to termination of service, retirement, disability or death;

(iv) the form in which their benefit is to be distributed upon termination of service or retirement.

(B) A Participant's most recently submitted written election shall remain in effect for subsequent Plan Years until the Participant changes it in accordance with the following:

(i) A Participant may change the amount of Plan Year Compensation they will defer under the Plan for future Plan Years by submitting a new written election to the Company. Such new election must be submitted to the Company on or before the seventh (7th) day immediately proceeding the Plan Year for which the new election is to be effective. Any election of the amount of Plan Year Compensation to defer for a given Plan Year shall be irrevocable on and after the first day of the Plan Year for which the election was made.

(ii) A Participant may change the date or form of distribution by submitting a new written election to the Company, provided that such change is submitted at least sixty (60) days prior to the

original date of distribution, the new date of distribution is subsequent to the original date of distribution, and only one change may be made after the original election.

2.5 Duration of Participant. Any Key Employee who has become a Participant at any time shall remain a Participant, even though they are no longer an active Participant, until their entire benefit under the terms of the Plan has been paid to them (or to their Beneficiary in the event of their death), at which time they cease to be a Participant.

2.6 Maintenance of Records. The annual Designation of Participants by the CFO shall be maintained in the corporate minute book. The written elections by Participants shall be maintained in the corporate records with all other files pertaining to this Plan by the CFO.

3.0 Contributions and Allocations.

3.1 Participant Contributions. A Participant may elect to defer each Plan Year a portion, up to 80%, of their Plan Year Compensation, provided that a Participant may not defer an amount less than the minimum established from year to year by the CFO. For the initial Plan Year, such minimum shall be $5,000. Such election shall designate the amount of income deferred during the Plan Year, in actual dollar amounts or percentages. Once a Participant's contributions for a Plan Year reach their elected dollar amount or percentages, such Participant shall not be allowed to defer additional portions of their Plan Year Compensation for the remainder of the Plan Year. Any deferred amounts in excess of their elected dollar amount shall be refunded to the Participant as soon as practicable.

3.2 Allocation of Contributions. All amounts which a Participant elects to defer under the terms of this Plan shall be allocated to their Account. Each such Participant Account shall be credited with earnings as provided in Section 3.3 below.

3.3 Credited Earnings. The account of each Participant shall be credited with interest. During the first five years of participation in the Plan by a Participant the account will be credited with interest at a rate of 7% per annum compounded quarterly. Upon completion of five years of participation in the plan by the Participant the Participant's account will be credited 9% per annum compounded annually. Additionally the interest rate of 9% will be applied retroactively to all contributions made during the first five years of participation.

3.4 Forfeitures. If any amount of Participants contributions are forfeited in any year, such forfeited amounts shall be returned to the Company.

3.5 Funding. The assets of the Plan shall be held by the Company. As such, the Plan is intended to be an unfunded plan for purposes of the requirements of ERISA and the Code.

Notwithstanding the provisions under the terms of the Plan the amounts contributed to this Plan, plus earnings thereon, shall be allocated to separate accounts of Participants, all such amounts credited to such individual accounts

shall remain the general assets of the Employer, and as such shall remain subject to the claims of the general creditors of the Company. This Plan does not create, nor does any Employee, Participant or Beneficiary have, any right with respect to any specific assets of the Company or the Plan.

4.0 Vest of Accounts. The Account of each Participant shall be 100% vested in such Participant at all times, provided that a portion of such accounts shall be forfeited in accordance with Unplanned In-Service Distribution of Section 6.3.

5.0 Types of Benefits.

5.1 Retirement Benefit. A Participant's Retirement Benefit is the unpaid balance of their Account which equals the total of all contributions made by the Participant and allocated to their account and all earnings credited to their account in accordance with the terms of the Plan less any distributions already paid.

5.2 Termination of Service Benefit. If a Participant elects to receive their retirement benefit upon termination of their employment with the Company, or if a Participant's employment with the Company terminates prior to distribution of their In-Service Benefit, the Company will pay retirement benefit, calculated under Section 5.1, under the applicable form elected by the Participant in their written election.

5.3 Disability Benefit. If a Participant becomes disabled as defined in Section 1.5 above, the Company will pay their retirement benefit, calculated under Section 5.1, under the applicable form elected by the Participant in their written election.

5.4 Death Benefit.

(A) If a Participant dies after a distribution has commenced or if the Company has not purchased a life insurance contract in connection with the Participant's Retirement Benefit, the Company will continue the payments of such distribution otherwise due to the Participant to their designation Beneficiary, under the applicable form elected by the participant in their written election.

(B) If a Participant dies while still employed by the Company and the Company has purchased a life insurance contact in connection with such Participant's Retirement Benefit, the Company will pay the Participant's designated Beneficiary the greater of their Retirement Benefit as determined under Section 5.1 above or their projected retirement benefit (as defined below), under the applicable form elected by the Participant in their written election. "Projected Retirement Benefit" means the amount determined by projecting the Participant's contribution for the Participant's first year of participation hereunder at an assumed earnings rate of 9% to retirement at normal retirement age.

5.5 In-Service Withdrawal. A Participant may designate a date in the future for receipt of an in-Service Withdrawal with respect to the Participant's contribution for a given Plan Year. Such withdrawal may be paid while the Participant remains employed with the Company, but shall be paid without credited earnings

attributable to such Participant Contribution (which credited earnings shall be distributed upon termination of employment or retirement) in four (4) equal yearly installments commencing on January 15 of the fourth Plan Year following the Plan Year of deferral (the "In-Service Commencement Year"); provided, however, that a Participant may elect to defer commencement of an In-Service Withdrawal for an additional three years by delivery to the Company of a written election not later than the last day of the Plan year prior to the Plan Year immediately preceding the In-Service Commencement Year.

5.6 Unplanned In-Service Benefit. A Participant may elect to receive their Retirement Benefit as an Unplanned In-Service Benefit at any time by providing the Plan Committee with a written election to do so. In consideration for receiving an Unplanned in-Service Benefit, such Participant shall permanently forfeit an amount equal to ten percent (10%) of their retirement benefit and forgo all future participation in the Plan.

5.7 Financial Hardship Benefit. A Participant may request a portion of their retirement benefit as a financial hardship benefit at any time by providing the Plan Committee, to its satisfaction, with a written election to do so, proof of an unforeseeable financial hardship, and proof that all other financial resources have been explored and utilized. The amount of a financial hardship benefit shall be limited to the lesser of the amount needed for the financial hardship or such Participant's retirement benefit. In consideration for receiving a financial hardship benefit, the Participant will not be permitted to make further contributions to the Plan for the remainder of the Plan Year and the following Plan Year.

6.0 Distributions.

6.1 Forms of Benefits. The Company shall pay benefits in the form associated with type of benefit elected by the Participant, and, to the extent a type of benefit may be distributed in various forms, the Company shall pay benefits in the form elected by the Participant. The forms of benefits associated with the types of benefits are the following:

(A) Retirement Benefit, Termination of Service Benefit, Disability Benefit, and Death Benefit shall be paid in

(i) one lump sum;
(ii) 5 yearly installments;
(iii) 10 yearly installments; or
(iv) 15 yearly installments;

(B) In-Service Withdrawal shall be paid as provided in Section 5.5 above;

(C) Unplanned In-Service Benefit shall be paid in one lump sum; and

(D) Financial Hardship Benefit shall be paid in one lump sum.

6.2 Commencement of Payments. The Company will pay, or begin to pay, the Types of Benefits under this Plan to the Participant in accordance with the following:

(A) Retirement Benefit, Termination of Service Benefit, Disability Benefit and Death Benefit payments shall commence on the later of

(i) The date specified in the Participant's initial election form or

(ii) January 15th of the Plan Year immediately following the date on which the Participant retires, terminates service, becomes disabled, or dies;

(B) In-Service Withdrawal payments shall commence on the date designated by the Participant on their written election pursuant to Section 2.4, provided that such payments are from Participant contributions that have been in such Participant's account for at least three years;

(C) Unplanned In-Service Benefit payments shall commence no later than sixty-five (65) days after a written request for an Unplanned In-Service Benefit is received by the Committee;

(D) Financial Hardship Benefit payments shall commence no later than sixty-five (65) days after a request for a Financial Hardship Benefit is approved by the Plan Committee.

7.0 Amendments, Termination of Plan, Change of Control.

7.1 Amendments. The Company reserves the right to amend the Plan at any time by resolution of the CFO. The CFO will determine the effective date of any such amendment. The amendment may not deprive any Participant or Beneficiary of any portion of a benefit under the terms of this Plan at the time of the amendment.

7.2 Termination of Plan. The Company reserves the right to terminate the Plan at any time by resolution of the CFO. In the event of Plan termination, the Company will calculate the Retirement Benefit of each Participant and distribute such amounts to the Participant or Beneficiary in a lump sum within thirty (30) days of the Plan's termination.

7.3 Change in Control. In the event of a Change in Control, the Plan shall terminate and the provisions in Section 7.2 shall control.

8.0 Benefits not Funded. Participants and Beneficiaries have the status of unsecured creditors of the Company, and the Plan constitutes a mere promise by the Company to make benefit payments in the future. A Participant's or Beneficiary's interest in the Plan is an unsecured claim against the general assets of the Company, and neither the Participant nor a Beneficiary has any right against the account until the Plan has distributed the benefit. All amounts credited to an account are the general assets of the Company and may be disposed of or used by the Company in such manner as it determines.

It is the intention of the parties that this Plan shall constitute an unfunded arrangement maintained for the purpose of providing deferred compensation for a select group of management or highly compensated employees for purposes of Title I of the Employee Retirement Income Security Act of 1974.

9.0 Miscellaneous.

9.1 Designation of Beneficiary. Each Participant shall designate, in writing, prior to the date they first become a Participant in the Plan, one or more beneficiaries to receive their benefits under the provisions of Section 5.4. The Participant shall file the written designation with the Plan Committee. The Participant may revoke a previous beneficiary designation by filing a new written beneficiary designation with the Plan Committee.

In any event, if a Participant or Beneficiary who has designated another beneficiary is divorced, all beneficiary designation executed prior to the effective date of the dissolution of marriage (or other decree or order entered under applicable state law) are automatically revoked under the term of this Section 9.1. In such event, the Participant or Beneficiary may designate one or more Beneficiaries in accordance with the terms of this Section 9.1. If none is made following the effective date of the dissolution of the marriage, the individual's benefits shall pass under the laws of interstate succession and the terms of the next following paragraph.

If a Participant fails to file a valid designation of beneficiary with the Plan Committee under the provisions of this Section 9.1, or if a designated beneficiary fails to survive or receive any or all payments due hereunder, then the death benefit payable under this Plan shall be payable to the Participant's (or the Beneficiary's) spouse; if no spouse survives, then the Participant's (or Beneficiary's) children, with equal shares among living children and with the living descendants of a deceased child receiving equal portions of the deceased child's share; in the absence of spouse or descendants, to the Participant's (or Beneficiary's) parents; and in the absence of spouse, descendants or parents, to the Participant's (Beneficiary's) brothers and sisters, with the living descendants of a deceased brother and those of a deceased sister receiving equal portions of the deceased brother's or sister's share; in the absence of any of the persons name herein, to the Participant's (or beneficiary's) estate.

For purposes of this Section 9.1, the term "descendant" means all persons who are descended from the person referred to either by birth or to legal adoption by such person, and "child" or "children" includes adopted children.

9.2 Benefits Not Assignable. The rights of each Participant are not subject in any manner or anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, attachment, or garnishment by creditors of the Participant nor any Beneficiary. Neither the Participant nor Beneficiary may assign, transfer or pledge the benefits under this Plan. Any attempt to assign, transfer or pledge a Participant's benefits under this Plan is void.

9.3 Benefit. This Plan constitutes an agreement between the Company and each of the Participants which is binding upon and inures to the Company, its successors and assigns and upon the Participant and their heirs and legal representatives

9.4 Headings. The headings of the Articles and Sections of this Plan are included for purposes of convenience only, and shall not affect the construction or interpretation of any of its provisions.

9.5 Notices. All notices requests, demands, and other communication under this Plan shall be in writing and shall be deemed to have been duly given on the date of service if served personally on the party to whom notice is to be given, or on the third day after mailing if mailed to the party to whom notice is to be given, by first class mail, registered or certified (return receipt requested), postage prepaid, and properly addressed to the last known address to each party as set forth on the first page thereof. Any party may change its address for purposes of this Section by giving the other parties written notice of the new address in the manner set forth above.

9.6 No Loans. The Plan does not permit any loans to be made to any Participant or Beneficiary.

9.7 Gender Usage. The use of the masculine gender includes the feminine gender for all purposes of this Plan.

9.8 Expenses. Costs of administration of the Plan shall be paid by the Company.

IN WITNESS WHEREOF, the Company has adopted the Plan on _____, 19__, effective January 1, 1999.

IDEC PHARMACEUTICALS CORPORATION

By: /s/ Phillip M. Schneider

Phillip M. Schneider
Vice President and Chief
Financial Officer

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE CONDENSED CONSOLIDATED BALANCE SHEETS AND CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS CONTAINED IN THE COMPANY'S QUARTERLY REPORT ON FORM 10-Q FOR THE QUARTER ENDED JUNE 30, 1999 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS AND THE NOTES THERETO.

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DEC-31-1999
JAN-01-1999
JUN-30-1999
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