UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

Form 10-K

(Mark One)

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

For the fiscal year ended December 31, 2024

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: 000-50768

ACADIA PHARMACEUTICALS INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware	**06-1376651**
(State or Other Jurisdiction of Incorporation or Organization)	**(I.R.S. Employer Identification Number)**
12830 El Camino Real, Suite 400 San Diego, California	**92130**
(Address of Principal Executive Offices)	**(Zip Code)**

Registrant's telephone number, including area code:

(858) 558-2871

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value $0.0001 per share	**ACAD**	**The Nasdaq Stock Market LLC**

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. Yes ☐ No ☒

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 ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See definitions of "large accelerated filer", "accelerated filer", "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Securities Exchange Act of 1934:

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Securities Exchange Act of 1934). Yes ☐ No ☒

As of June 28, 2024, the last business day of the registrant's most recently completed second fiscal quarter, the aggregate market value of the registrant's common stock held by non-affiliates of the registrant was approximately $2.0 billion, based on the closing price of the registrant's common stock on the Nasdaq Global Select Market on June 28, 2024 of $16.25 per share.

As of February 18, 2025, 166,788,517 shares of the registrant's common stock, $0.0001 par value, were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive Proxy Statement to be filed with the Securities and Exchange Commission by April 30, 2025 are incorporated by reference into Part III of this report.

ACADIA PHARMACEUTICALS INC.

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PART I

FORWARD-LOOKING STATEMENTS

This report and the information incorporated herein by reference contain forward-looking statements that involve a number of risks and uncertainties, as well as assumptions that, if they never materialize or prove incorrect, could cause our results to differ materially from those expressed or implied by such forward-looking statements. Although our forward-looking statements reflect the good faith judgment of our management, these statements can only be based on facts and factors currently known by us. Consequently, forward-looking statements are inherently subject to risks and uncertainties, and actual results and outcomes may differ materially from results and outcomes discussed in the forward-looking statements. In addition, statements that "we believe" and similar statements reflect our beliefs and opinions on the relevant subject. These statements are based upon information available to us as of the date of this report, and while we believe such information forms a reasonable basis for such statements, such information may be limited or incomplete, and our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all potentially available relevant information. These statements are inherently uncertain and you are cautioned not to unduly rely upon these statements.

Forward-looking statements can be identified by the use of forward-looking words such as "aims," "anticipates," "believes," "continue," "could," "estimates," "expects," "hopes," "intends," "may," "plans," "potential" "predicts," "pro forma," "projects," "seeks," "should," "will," "would," or other similar words (including their use in the negative), or by discussions of future matters such as the benefits to be derived from our products and our product candidates, the potential market opportunities for our products and our drug candidates, our strategy for the commercialization of our products, our plans for exploring and developing our products for additional indications, the commercialization of DAYBUE or trofinetide in jurisdictions other than the United States (U.S.), our plans and timing with respect to seeking regulatory approvals, the potential commercialization of any of our product candidates that receive regulatory approval, the progress, timing, results or implications of clinical trials and other development milestones and activities involving our products and our product candidates, our strategy for discovering, developing and, if approved, commercializing our product candidates, our existing and potential future collaborations, our estimates of future payments, revenues and profitability, our estimates regarding our capital requirements, future expenses and needs for additional financing, possible changes in legislation, and other statements that are not historical. These statements include but are not limited to statements under the captions "Business," "Risk Factors," and "Management's Discussion and Analysis of Financial Condition and Results of Operations" as well as other sections in this report. You should be aware that the occurrence of any of the events discussed under the caption "Risk Factors" and elsewhere in this report could substantially harm our business, results of operations and financial condition and cause our results to differ materially from those expressed or implied by our forward-looking statements. If any of these events occurs, the trading price of our common stock could decline and you could lose all or a part of the value of your shares of our common stock.

The cautionary statements made in this report are intended to be applicable to all forward-looking statements wherever they may appear in this report. We urge you not to place undue reliance on these forward-looking statements, which speak only as of the date of this report. We undertake no obligation to update any forward-looking statements made in this report to reflect events or circumstances after the date of this report or to reflect new information or the occurrence of unanticipated events, except as required by law.

Summary of Risk Factors

We face risks and uncertainties related to our business, many of which are beyond our control. In particular, risks associated with our products and business include:

- Our prospects are highly dependent on the successful commercialization of our products. To the extent we cannot maintain or increase sales of our products, our business, financial condition and results of operations may be materially adversely affected and the price of our common stock may decline.
- Our products may not gain maximal acceptance among physicians, patients, caregivers and the medical community, thereby limiting our potential to generate revenues.
- If we do not obtain regulatory approval of trofinetide outside North America, we will not be able to market trofinetide outside North America, which will limit our commercial revenues.
- Our ability to generate product revenues will be diminished if coverage for our products from commercial or government payors is decreased or if patients have unacceptably high out-of-pocket requirements.

- Our products are subject to ongoing regulatory requirements that could cause us significant expense and delay or limit our ability to generate sales revenues.
- We rely on a limited network of third-party distributors and pharmacies to market and sell our products. If this approach ceases to be effective, commercialization of our products may be adversely affected, and our products may not be profitable.
- Drug development is a long, expensive and unpredictable process with a high risk of failure, and there is no guarantee that our products or product candidates will be successful in ongoing or future clinical trials or obtain regulatory approval.
- Expanded access or compassionate use programs could subject us to additional risks.
- Delays, suspensions and terminations in our clinical trials for our product candidates could result in increased costs to us and delay our ability to generate product revenues.
- If we are unable to attract, retain, and motivate key management, research and development, and sales and marketing personnel, our drug development programs, our research and discovery efforts, and our commercialization plans may be delayed and we may be unable to successfully commercialize our products, or develop our product candidates.
- If we fail to develop, acquire or in-license other product candidates or products, our business and prospects would be limited. Even if we obtain rights to other product candidates or products, we will incur a variety of costs and may never realize the anticipated benefits.
- We have a history of net losses and we may not be able to predict the extent of future losses.
- We may require additional financing in the future to fund our operations. If we cannot raise additional financing in the future, we may be unable to fund our business plan and our future research, development, commercial and manufacturing efforts.
- We expect that our results of operations will fluctuate, which may make it difficult to predict our future performance from period to period.
- Changes in tax laws or regulations that are applied adversely to us or our customers may have a material adverse effect on our business, cash flow, financial condition or results of operations.
- Our ability to use net operating loss carryforwards and certain other tax attributes to offset future taxable income or taxes may be limited.
- Tax authorities could reallocate our taxable income among our subsidiaries, which could increase our overall tax liability.
- Unfavorable global economic conditions could adversely affect our business, financial condition or results of operations.
- We or the third parties upon whom we depend may be adversely affected by catastrophic events, such as earthquakes, fires, or other natural disasters and our business continuity and disaster recovery plans may not adequately protect us from a serious disaster.
- We have incurred, and expect to continue to incur, significant costs as a result of laws and regulations relating to corporate governance and other matters.
- Our business involves the use of hazardous materials, and we and our third-party manufacturers and suppliers must comply with environmental, health and safety laws and regulations, which can be expensive and restrict how we do, or interrupt our, business.

Item 1. ***Business.***

Company Overview

We are a biopharmaceutical company focused on the development and commercialization of innovative medicines that address unmet medical needs in central nervous system (CNS) disorders and rare diseases.

We have two core franchises in neuroscience and neuro-rare diseases. Our neuroscience franchise is anchored by the commercial product NUPLAZID (pimavanserin), which is the first and only drug approved by the U.S. Food and Drug Administration (FDA) for the treatment of hallucinations and delusions associated with PDP. Our neuro-rare disease franchise is anchored by the commercial product DAYBUE, which is the first and only drug approved for the treatment of Rett syndrome. Net product sales from these two commercial products totaled $957.8 million for 2024, compared with $726.4 million for 2023.

In addition to these commercial products, we have a portfolio of product candidates and research programs that are designed to address significant unmet medical needs in CNS disorders and rare diseases. In order to achieve significant long-term growth, we plan to develop our current portfolio, expand our pipeline of early- and late-stage product candidates and expand into areas of rare disease that are adjacent to our existing franchises, including through strategic business development, and make use of our internal capabilities and knowledge.

Our most advanced product candidate is ACP-101 (intranasal carbetocin) for the treatment of hyperphagia in Prader-Willi syndrome (PWS), a neuro rare disease. Hyperphagia is an intense persistent sensation of hunger accompanied by food preoccupations, an extreme drive to consume food, food-related behavior problems, and a lack of normal satiety. In November 2023, we initiated the Phase 3 COMPASS PWS study evaluating the efficacy and safety of ACP-101 for the treatment of hyperphagia in PWS.

Our next most advanced product candidate is ACP-204 for the treatment of Alzheimer's disease psychosis (ADP). In November 2023, we initiated a Phase 2 study evaluating the efficacy and safety of ACP-204 for the treatment of hallucinations and delusions associated with ADP. We plan to initiate an additional Phase 2 study of ACP-204 in Lewy Body Dementia with Psychosis (LBDP) in the third quarter of 2025.

We have several product candidates in earlier stages of development for the treatment of CNS disorders and rare diseases, including ACP-711 for the treatment of essential tremor, for which we expect to initiate a Phase 2 study in 2026.

Corporate Information

We were originally incorporated in Vermont in 1993 as Receptor Technologies, Inc. We reincorporated in Delaware in 1997. Our global headquarters are in San Diego, California. We also have substantial operations in Princeton, New Jersey and European headquarters in Zug, Switzerland. We maintain a website at *www.acadia.com*, to which we regularly post copies of our press releases as well as additional information about us. Our filings with the Securities and Exchange Commission (SEC) are available free of charge through our website as soon as reasonably practicable after being electronically filed with or furnished to the SEC. Interested persons can subscribe on our website to email alerts that are sent automatically when we issue press releases, file or furnish our reports with the SEC or post certain other information to our website. Information contained in our website does not constitute a part of this report or our other filings with the SEC.

We own or have rights to various trademarks, copyrights and trade names used in our business, including Acadia®, NUPLAZID® and DAYBUE™. Our logos and trademarks are the property of Acadia Pharmaceuticals Inc. All other brand names or trademarks appearing in this report are the property of their respective holders. Use or display by us of other parties' trademarks, trade dress, or products in this report is not intended to, and does not, imply a relationship with, or endorsement or sponsorship of us, by the trademark or trade dress owners.

Our Strategy

Our strategy is to build a strong foundation for growth with multiple innovative commercial products and product candidates that address high unmet medical needs and have the potential to be impactful products in our core franchises of neuro-psychiatric disorders and neuro-rare diseases and adjacencies within rare disease. We plan to execute on this strategy by enhancing the growth of the commercial products in our core franchises while expanding our pipeline of product candidates through business development, partnerships and collaborations.

Key elements of our strategy are to:

- ***Maximize growth of our successful commercialization of NUPLAZID for Parkinson's disease psychosis in the United States.*** We intend to accelerate the growth of NUPLAZID by 1) activating consumers with our direct-to-consumer campaigns, 2) leveraging real world evidence, and 3) increasing field force efficiency with greater use of information technology tools. We believe that with an approximate 20% current market share of the 130,000 Parkinson's disease patients that are treated with an atypical antipsychotic annually in the United States, we have ample opportunity to grow sales of NUPLAZID while delivering increasing annual cash flow to reinvest in overall corporate growth.
- ***Drive new patient adoption of DAYBUE for the treatment of patients with Rett syndrome in the United States.*** Our strategy to drive sales growth for DAYBUE in the U.S. is to drive new patient adoption while optimizing the patient experience for those already on therapy thereby achieving and maintaining stable persistency rates. We plan to achieve this by 1) substantially increasing our field force and increasing their utilization of predictive analytics, 2) launching branded direct-to-consumer campaigns, and 3) deploying an omni-channel strategy to bring DAYBUE clinical data to life by leveraging the growing body of real world experience, including updated data from the ongoing LOTUS study. Based on the number of Rett syndrome patients in the U.S., we believe there remains a substantial opportunity for new patient adoption. We estimate that between 5,500 and 5,800 people suffer from Rett Syndrome in the U.S. We estimate a prevalent population of 6,000 to 9,000 people in the U.S.
- ***Expand trofinetide to markets outside the U.S. for the treatment of patients with Rett syndrome.*** We intend to make trofinetide available in markets outside the U.S. where Rett syndrome remains a significant unmet medical need as DAYBUE is the only currently approved treatment for Rett syndrome worldwide, and is currently only approved in the United States and Canada. In the European Union, where we estimate a prevalent population of 9,000 to 12,000 Rett syndrome patients, we filed our marketing authorization application (MAA) with the European Medicines Agency (EMA) in January 2025 and are building out our launch team in anticipation of a potential approval in the first quarter of 2026. We anticipate initial revenues from managed access programs in certain European Union countries sometime in 2025. In Japan, where we estimate a prevalent population of 1,000 to 2,000 Rett syndrome patients, we are engaged in ongoing discussions with the Pharmaceuticals and Medical Devices Agency (PMDA) and anticipate initiating a small Phase 3 study by the third quarter of 2025 to support a future MAA to that regulatory agency. In Canada, where we estimate a prevalent population of 600 to 900 Rett syndrome patients, Health Canada granted marketing authorization of DAYBUE in October 2024 and we anticipate first commercial sales in Canada by the third quarter of this year.
- ***Advance our late-stage product candidates to drive further growth.*** We have an ongoing Phase 3 study of ACP-101 in PWS and a Phase 2 study of ACP-204 in ADP. We plan to initiate an additional Phase 2 study of ACP-204 in LBDP in the third quarter of 2025. In 2026, we plan to initiate a Phase 2 study of ACP-711 in essential tremor.
- ***Develop our early-stage product candidates and other business development opportunities.*** We have a deep and diverse early-stage portfolio of product candidates that includes disclosed and undisclosed programs focused on neuropsychiatric and neuro-rare diseases that we believe represent significant opportunities to continue to build on our current growth. We continue to look to add product candidates to the portfolio through business development.

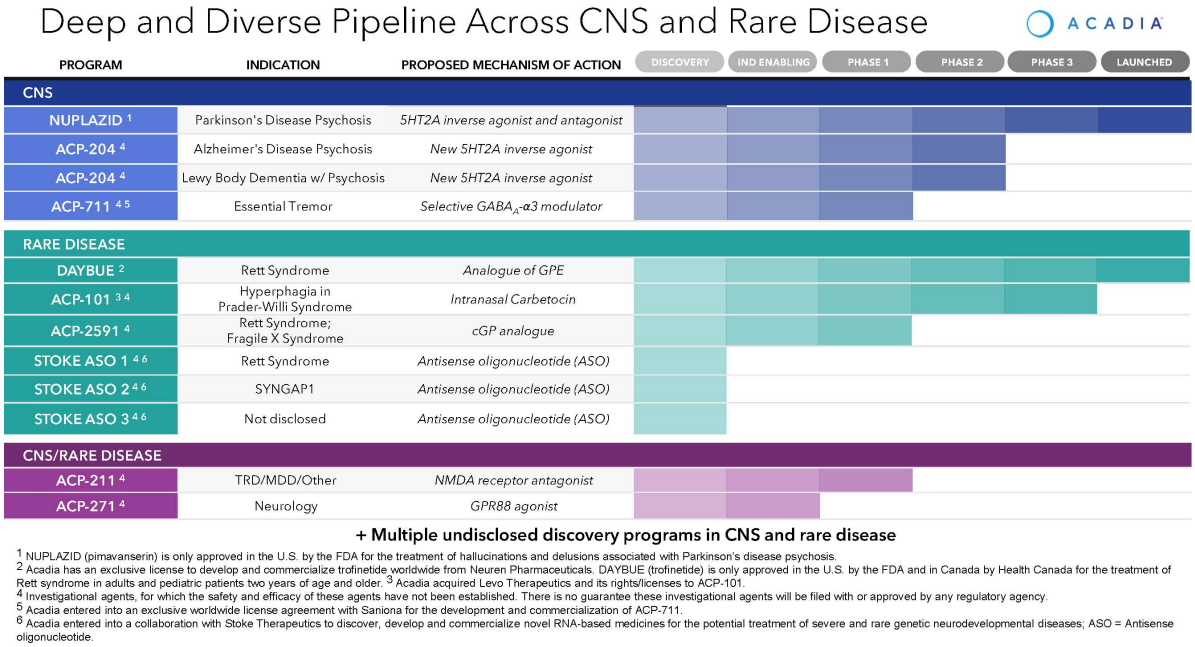
In addition, we are investing in the development of four core strategic capabilities to support and accelerate our growth over the long term. These capabilities form the foundation of our operational strategy and are designed to enhance our competitive position, drive innovation, and meet the evolving needs of patients worldwide. The four core capabilities in which we are investing are:

1. ***Precision Medicine***. We are focused on integrating strategies that address the variability in patients' responses to therapies by identifying and incorporating the use of targeted biomarkers at the early stages of drug development. Through the incorporation of precision medicine, we aim to increase the likelihood of clinical success, enhance treatment outcomes, and reduce overall development costs.
2. ***Data Innovation***. We plan to leverage advanced technologies, including artificial intelligence (AI) and machine learning (ML) throughout our business from discovery through commercialization. By utilizing these tools, we hope to generate, analyze, and apply data in innovative ways to enhance the efficiency and effectiveness of our operations in ways that ultimately drive growth and improve patient outcomes.

3. ***Globalization***. We are building targeted capabilities beyond the United States including in the European Union, Japan and Canada in order to meet patient needs on a global scale.

4. ***Patient Empowerment***. We seek to engage with patients, caregivers and advocacy organizations and incorporate their feedback into our drug development and commercialization efforts. By creating an integrated ecosystem of our patients, caregivers and advocates, our goal is to transform patient feedback and needs into actionable plans for product development and support.

Our Pipeline



NUPLAZID (pimavanserin) as a Treatment for Parkinson's Disease Psychosis

Pimavanserin is a chemical entity that we discovered and developed. NUPLAZID is a selective serotonin inverse agonist/antagonist preferentially targeting the 5-HT$_{2A}$ receptor, a key serotonin receptor that plays an important role in psychosis. Through this novel mechanism, NUPLAZID demonstrated significant efficacy in reducing the hallucinations and delusions associated with PDP without negatively impacting motor function in our Phase 3 pivotal trial. NUPLAZID has the potential to avoid many of the debilitating side effects of existing antipsychotics, none of which are approved by the FDA in the treatment of PDP. We hold worldwide commercialization rights to NUPLAZID for all indications and have established a broad patent portfolio, which includes numerous issued patents in the United States, Europe, and several additional countries. NUPLAZID is available in 34 mg capsule and 10 mg tablet dosage forms.

Parkinson's disease is the second most common neurodegenerative disorder after Alzheimer's disease. According to the Parkinson's Disease Foundation, about one million people in the United States and more than 10 million people globally suffer from this disease and this number is projected to increase to over 12 million by 2040. Approximately 50% of Parkinson's patients will experience psychosis over the course of their disease. We estimate that approximately 130,000 Parkinson's disease patients are treated with an atypical antipsychotic annually in the United States. Of these patients, we estimate that approximately 20% are currently being treated with NUPLAZID.

Parkinson's disease is more common in people over 60 years of age and the prevalence of this disease is expected to increase significantly as the population ages. At this time, the fastest growing neurological disorder in the world is Parkinson's disease. The development of psychosis in patients with Parkinson's disease substantially contributes to the burden of Parkinson's disease and deeply affects their quality of life. PDP is associated with a diminished quality of life, nursing home placement, and increased caregiver stress and burden.

NUPLAZID was approved by the FDA in April 2016 for the treatment of hallucinations and delusions associated with PDP. It is the only drug approved in the United States for this condition and is marketed under the tradename NUPLAZID in the United States.

As the first and only drug approved by the FDA for the treatment of hallucinations and delusions associated with PDP, NUPLAZID provides an innovative approach to the treatment of PDP without compromising motor control and potentially avoiding many of the debilitating side effects of existing antipsychotics.

In connection with the FDA approval of NUPLAZID, we agreed to four post-marketing commitments. All four commitments have now been fulfilled within the agreed upon timelines.

Other Indications Recently Evaluated with Pimavanserin

In March 2024 we reported top-line results from a Phase 3 study of pimavanserin for the treatment of the negative symptoms of schizophrenia. Pimavanserin did not demonstrate a statistically significant improvement over placebo on the study's primary endpoint, the change from baseline to week 26 on the Negative Symptom Assessment-16. The safety and tolerability profile of pimavanserin was consistent with previous clinical trials, showing a low rate of adverse events.

In October 2024 we completed a Phase 2 trial to evaluate the efficacy and safety of pimavanserin for the treatment of irritability associated with autism spectrum disorder in pediatric populations. The trial did not meet either of its primary or secondary endpoints. With the completion of the trial, we believe we now have completed the FDA's requirements to qualify for a pediatric exclusivity for pimavanserin. If the pediatric exclusivity is granted, exclusivity of the NUPLAZID franchise would be extended by six months.

We do not intend to further explore pimavanserin in these or any additional indications.

DAYBUE (trofinetide) as a Treatment for Rett Syndrome

Trofinetide is a novel synthetic analog of the amino-terminal tripeptide of insulin-like growth factor 1 (IGF-1) designed to treat the core symptoms of Rett syndrome by reducing neuroinflammation and supporting synaptic function. We acquired an exclusive North American license to develop and commercialize trofinetide from Neuren Pharmaceuticals Limited (Neuren) in August 2018. In July 2023, we expanded the 2018 licensing agreement with Neuren to acquire rights to trofinetide outside of North America as well as global rights to Neuren's development candidate NNZ-2591 in Rett syndrome and Fragile X syndrome. Trofinetide has been granted FDA Fast Track Status and Orphan Drug Designation in the U.S. and Orphan Designation in Europe.

Rett syndrome is a debilitating neurological disorder that occurs primarily in females following apparently normal development for the first six months of life. Rett syndrome has been most often misdiagnosed as autism, cerebral palsy, or non-specific developmental delay. Rett syndrome is caused by mutations on the X chromosome on a gene called MECP2. There are more than 200 different mutations found on the MECP2 gene that interfere with its ability to generate a normal gene product. Rett syndrome occurs worldwide in approximately one of every 10,000 to 15,000 female births causing problems in brain function that are responsible for cognitive, sensory, emotional, motor and autonomic function. Typically, between six to eighteen months of age, patients experience a period of rapid decline with loss of purposeful hand use and spoken communication and inability to independently conduct activities of daily living. Symptoms also include seizures, disorganized breathing patterns, an abnormal side-to-side curvature of the spine (scoliosis) and sleep disturbances. Based on 2024 claims data, we estimate that between 5,500 and 5,800 people are diagnosed with Rett Syndrome in the U.S. We estimate a prevalent population of 6,000 to 9,000 people in the U.S.

In March 2023, the FDA approved DAYBUE for the treatment of Rett syndrome, making it the first and only drug approved for this condition. DAYBUE became available for prescription in the United States in April 2023. The FDA approval of DAYBUE for the treatment of Rett syndrome was based on the positive results from our pivotal Phase 3 LAVENDER™ study which demonstrated statistically significant and clinically meaning improvement over placebo for both co-primary endpoints in the study as well as the key secondary endpoint of the study.

In addition, we were granted a Rare Pediatric Disease Priority Review Voucher (PRV) following the FDA approval of DAYBUE. In December 2024, we completed the sale of our PRV for $150 million before fees and expenses, of which we paid Neuren one-third of the net proceeds, pursuant to the license agreement between the companies.

In connection with the FDA approval of DAYBUE, we are required to conduct post-marketing work, including a nonclinical carcinogenicity studies and nonclinical in vitro studies.

In October 2024, Health Canada granted marketing authorization of DAYBUE (trofinetide) for the treatment of Rett syndrome in adult and pediatric patients two years of age and older under the Priority Review process, making DAYBUE the first and only drug approved in Canada for the treatment of Rett syndrome.

In January 2025, we announced the submission of a MAA with the EMA. Based on typical review timelines, we expect to receive approval for this submission in the first quarter of 2026.

ACP-101 as a Treatment for Prader-Willi syndrome

Carbetocin nasal spray (ACP-101) is an investigational drug being developed for the treatment of hyperphagia in PWS. Carbetocin has improved drug qualities relative to oxytocin, including an extended half-life and greater specificity for the oxytocin receptor compared to vasopressin receptors which could provide meaningful efficacy with an attractive safety profile in patients with PWS. For the treatment of PWS specifically, a central nervous system disorder, an intranasal formulation of carbetocin was developed, which provides direct delivery of the drug to the brain, allowing for reduced systemic exposure and the potential for side effects. We acquired Levo Therapeutics and worldwide rights to carbetocin nasal spray in June 2022. Carbetocin nasal spray has been granted Orphan Drug, Fast Track, and Rare Pediatric Disease designations by the FDA.

PWS is a rare neurobehavioral genetic disorder that affects both males and females. PWS is estimated to affect approximately 1 in 15,000 to 1 in 25,000 live births worldwide, or 8,000 to 10,000 patients in the United States. PWS affects the functioning of the hypothalamus and other aspects of the brain with symptoms varying by individual. The most common symptom is hyperphagia, which is an unrelenting lack of satiety, to which a deficiency in oxytocin is believed to be contributory. Oxytocin is a natural hormone that regulates several functions in the body, including hunger, anxiety, social behavior and bonding. Individuals living with PWS have fewer oxytocin-producing neurons in the brain. Other defining features of the syndrome may include altered metabolism, developmental delays, behavioral challenges and moderate cognitive deficits. Patients may also experience bone disorders, high pain tolerance, sleep disturbances, gastrointestinal issues, respiratory and temperature regulation abnormalities. There is no FDA-approved treatment for the hyperphagia associated with PWS.

In the fourth quarter of 2023, we initiated the Phase 3 COMPASS PWS study evaluating the efficacy and safety of ACP-101 for the treatment of hyperphagia in PWS. COMPASS PWS is a 12-week, double-blind, randomized, placebo-controlled global Phase 3 trial evaluating the efficacy and safety of carbetocin nasal spray 3.2 mg three times daily (TID) in approximately 170 children and adults aged five to 30 years with PWS. The primary efficacy endpoint of the study is change from baseline to week 12 on the hyperphagia questionnaire for clinical trials (HQ-CT) score, a caregiver assessment for hyperphagia-related behaviors. Participants who complete the Phase 3 study will be eligible to enroll in a long-term, open-label extension study, COMPASS OLE, designed to investigate the safety and tolerability of long-term treatment with ACP-101.

We expect to complete enrollment in our Phase 3 COMPASS PWS study in in the fourth quarter of 2025 and subsequently report top-line results sometime in the first half of 2026. In the event of positive trial results, we believe ACP-101 has the potential for FDA approval in the fourth quarter of 2026.

ACP-204

ACP-204 is a new chemical entity targeting the serotonergic system, compared with most antipsychotics on the market today which are thought to work predominantly through blocking dopamine and in particular, the dopamine D2 receptor. ACP-204 features a combination of structural changes compared with pimavanserin and reduced off-target effects along with equal or increased potency. Specifically with ACP-204, we believe we may have an opportunity to maximize the efficacy potential, while reducing the risk of QT prolongation.

ACP-204 as a Treatment for Alzheimer's Disease Psychosis

An estimated over 6.0 million people in the United States are living with Alzheimer's disease dementia and studies suggest that approximately 30% of them, or 1.8 million people, have psychosis, commonly consisting of delusions and hallucinations. Approximately 800,000 to 850,000 patients in the United States are currently treated for ADP and of those treated, approximately two-thirds are treated with off-label anti-psychotics.

Symptoms of ADP are often persistent and may occur with increasing frequency with progression of disease as patients become more impaired. Serious consequences have been associated with persistent or severe psychosis in persons with dementia such as repeated hospital admissions, earlier progression to nursing home care, severe dementia, and death. There are currently no FDA-approved treatments for ADP. Off-label use of typical and atypical antipsychotics is associated with modest and often equivocal efficacy in these patients. In addition, use of currently available antipsychotics is associated with a significant acceleration in cognitive decline in patients with dementia as well as numerous off-target toxicities, thus negatively impacting the primary illness. The cognitive effects of treatment with an atypical antipsychotic were evaluated in the National Institute of Mental Health Clinical Antipsychotic Trials of Intervention Effectiveness–Alzheimer's Disease (CATIE-AD) study. In this study, patients on any atypical antipsychotic had significantly greater rates of decline in cognitive function compared to patients on placebo. This pronounced negative impact of currently used antipsychotics on cognitive function is believed to be associated with the common pharmacologic property of these drugs, namely blocking of dopamine receptors. Atypical antipsychotics are associated with a number of off-target and dose-limiting side effects, such as extrapyramidal symptoms, orthostatic hypotension, hematologic abnormalities, and metabolic, gastrointestinal and sedative effects. These off-target toxicities are associated with increased risk for falls, infection, aspiration pneumonia, and other serious complications in this vulnerable patient population. With no approved therapies for the treatment of patients with ADP and current off-label use of atypical antipsychotics carrying significant morbidity risks including worsening in cognitive decline and other off target toxicities, we believe that ADP represents an area of high unmet need.

We completed Phase 1 studies of ACP-204 in over 200 patients; data to date support its target product profile as a potential treatment for ADP.

In the fourth quarter of 2023, we initiated the Phase 2 RADIANT study of ACP-204 for the treatment of hallucinations and delusions associated with ADP. The Phase 2 RADIANT study is part of a Phase 2 / Phase 3 program that includes three studies: a single Phase 2 study and two Phase 3 studies which have almost identical design. The Phase 2 RADIANT study is a global, multi-center, randomized, double-blind, placebo-controlled trial that will enroll approximately 318 patients and evaluate ACP-204 30 mg and 60 mg doses compared to placebo. The primary endpoint is change from baseline to week 6 on the Scale for the Assessment of Positive Symptoms–Hallucinations and Delusions subscales (SAPS-H+D) total score. The clinical trial sites will enroll seamlessly from Phase 2 into Phase 3. Patients who complete the study will have the option of participating in our LUMINOUS long-term open-label extension study.

We expect to complete enrollment in the Phase 2 RADIANT study in the first quarter of 2026 and subsequently report top-line results around mid-2026.

ACP-204 as a Treatment for Lewy Body Dementia with Psychosis

In January 2025, we announced plans to evaluate ACP-204 for the treatment of LBDP. LBDP is a progressive brain disorder that affects thinking, movement, mood and behavior. LBDP is associated with abnormal deposits of a protein called alpha-synuclein in the brain.

There are no approved therapies for LBDP. More than 1 million people in the United States may be living with Lewy Body Dementia, of which an estimated 50% to 75% experience psychosis during the course of the disease. We estimate that approximately 200,000 of these patients are being treated with antipsychotics today. We plan to initiate a Phase 2 study in LBDP in the third quarter of 2025.

ACP-711 as a Treatment for Essential Tremor

In November 2024, we entered into an exclusive worldwide license agreement with Saniona A/S (Saniona) for the development and commercialization of ACP-711 (formerly SAN711). We intend to study ACP-711 as a potential treatment for essential tremor. ACP-711 is a highly selective $GABA_A$-α3 positive allosteric modulator. Under the terms of the license agreement, Saniona received $28 million upfront plus potential milestone payments of up to $582 million. In addition, Saniona is eligible to receive tiered royalties of mid-single digits to low double digits on net sales of commercial products

that may result from development of ACP-711. The potential milestone payments to Saniona consist of up to $147 million subject to achievement of development and commercial milestones related to potential first and second indications, and up to $435 million subject to achievement of thresholds of annual net sales of ACP-711 worldwide. Acadia will lead further clinical development, regulatory submissions, and global commercialization efforts for ACP-711 while also providing financial support for Saniona's ongoing Phase 1 study and preparations for Phase 2.

Essential tremor is a neurological disorder that causes involuntary shaking in the hands, head, voice, and sometimes the legs. Approximately 7 million people in the United States suffer from this disorder and an estimated 1 million people are being treated for it with some form of medication. Due to the limited treatment options available to sufferers of essential tremor, we see an opportunity to provide much needed innovation for this disorder.

We plan to initiate a Phase 2 study of ACP-711 in essential tremor in 2026 after completion of an ongoing Phase 1 study.

Early-stage Research Programs and Product Candidates

ACP-211

ACP-211 is a NMDA receptor agonist being evaluated for potential use in the treatment of Treatment-resistant depression (TRD), major depressive disorder (MDD) and other potential rare CNS indications and is in Phase 1.

ACP-2591

ACP-2591 is a cGP analogue for which we obtained global rights to evaluate for use in Rett syndrome and Fragile X syndrome from Neuren as part of our expanded licensing agreement in July 2023. ACP-2591 is currently in Phase 1 development.

ACP-271

ACP-271 is a GPR88 agonist being evaluated in neurology and is currently in the IND-enabling stage.

Antisense Oligonucleotide (ASO) Programs

In January 2022, we entered into a license and collaboration with Stoke Therapeutics, Inc. (Stoke) to discover, develop and commercialize novel RNA-based medicines for the potential treatment of severe and rare genetic neurodevelopmental diseases of the CNS. The collaboration includes three programs: SYNGAP1 syndrome, Rett syndrome (MECP2) and an undisclosed CNS target of mutual interest. The programs are currently in various stages of discovery.

Competition

We face, and will continue to face, intense competition from pharmaceutical and biotechnology companies, as well as numerous academic and research institutions and governmental agencies, both in the United States and abroad. We compete, or will compete, with existing and new products being developed by our competitors. Some of these competitors have products or are pursuing the development of pharmaceuticals that target the same diseases and conditions that our research and development programs target.

For example, the use of NUPLAZID for the treatment of PDP competes with off-label use of various antipsychotic drugs, including the generic drugs quetiapine, clozapine, risperidone, aripiprazole, and olanzapine.

DAYBUE competes indirectly with off-label usage of branded and generic prescription medications targeted at individual symptoms of Rett syndrome, including antiepileptics, antipsychotics, antidepressants and benzodiazepines. In addition, Anavex has a product, Anavex 2-73, in development for the potential treatment of Rett syndrome and Taysha Gene Therapies is conducting clinical trials of a gene therapy to treat Rett syndrome. Neurogene started an early phase clinical trial of its investigational adeno-associated virus gene therapy candidate, NGN-401, delivered using intracerebroventricular administration to treat Rett Syndrome. Several academic institutions and pharmaceutical companies are currently conducting clinical trials for the treatment of various symptoms of Rett syndrome, including Unravel Bio and Vanderbilt University Medical Center, which are jointly conducting an early stage study with vorinostat (RVL-001).

Other competitors may have a variety of drugs in development or awaiting approval from the FDA or comparable foreign regulatory authorities that could reach the market and become established before we have a product to sell for the applicable disorder. Our competitors may also develop alternative therapies that could further limit the market for any drugs that we may develop. Many of our competitors are using technologies or methods different or similar to ours to identify and validate drug targets and to discover and develop drug candidates. Many of our competitors and their collaborators have significantly greater experience than we do in the following:

- identifying and validating targets;
- screening compounds against targets;
- preclinical studies and clinical trials of potential pharmaceutical products;
- obtaining FDA and other regulatory approvals; and
- commercializing pharmaceutical products.

In addition, many of our competitors and their collaborators have substantially greater advantages in the following areas:

- capital resources;
- research and development resources;
- manufacturing capabilities;
- sales and marketing; and
- production and testing facilities.

Smaller companies also may prove to be significant competitors, particularly through proprietary research discoveries and collaboration arrangements with large pharmaceutical and established biotechnology companies. Many of our competitors have products that have been approved or are in advanced development and may develop superior technologies or methods to identify and validate drug targets and to discover novel small molecule drugs. We face competition from other companies, academic institutions, governmental agencies and other public and private research organizations for collaborative arrangements with pharmaceutical and biotechnology companies, in recruiting and retaining highly qualified scientific, sales and marketing, and management personnel and for licenses to additional technologies. Our competitors, either alone or with their collaborators, may succeed in developing technologies or drugs that are more effective, safer, more affordable, or more easily administered than ours and may achieve patent protection or commercialize drugs sooner than us. Our competitors may also develop alternative therapies that could further limit the market for any drugs that we may develop. Our failure to compete effectively could have a material adverse effect on our business.

Intellectual Property

We currently hold approximately 54 issued U.S. patents and a significant number of related issued foreign patents. We have also exclusively licensed rights to an additional 23 issued U.S. patents, and a number of related foreign patents. Patents and other proprietary intellectual property rights are an essential element of our business. Our strategy is to file patent applications in the United States and any other country that represents an important potential commercial market to us. In addition, we seek to protect our technology and inventions (and improvements to inventions) that are important to the development of our business. Our patent applications claim proprietary technology, including chemical synthetic or manufacturing methods, drug assays, novel compounds, compositions, formulations and methods of treatment. We also rely upon trade secrets, including technologies that may be used to discover and validate targets, to identify and develop novel drugs, as well as manufacturing or clinical development technologies, among others. We protect our trade secrets by, among other things, requiring employees and third parties who have access to our proprietary information to sign confidentiality and nondisclosure agreements. We are a party to various license agreements that give us rights to use certain technologies in our research and development, subject to certain limitations.

Pimavanserin

We currently hold 26 U.S. patents that relate to pimavanserin, NUPLAZID and methods of use of pimavanserin. Ten of these are Orange Book-listed patents that relate to pimavanserin, NUPLAZID and our approved indication, and cover the general formula of the compound, the composition of matter, with claims specifically directed to pimavanserin and salts thereof, the specific polymorph form of pimavanserin, the approved formulations, and the use thereof for treating our approved indication. The composition of matter patent covering pimavanserin and salts thereof currently has an expiration date in 2030, including a patent term extension approved by the U.S. Patent and Trademark Office. The patents covering the polymorph form and the use of pimavanserin or NUPLAZID for our approved indication are currently set to expire between 2024 and 2028. These patent terms include adjustments made by the U.S. Patent and Trademark Office, but not extensions.

In the United States, under the Drug Price Competition and Patent Term Restoration Act of 1984, commonly known as "Hatch-Waxman," we are permitted to extend the term of one U.S. patent for pimavanserin or the use thereof. Patent terms may be subject to change not only due to potential patent term extensions but also to any terminal disclaimer that reduces patent term, as well as other factors. Because the U.S. patent laws and judicial interpretations thereof change, modifications or new interpretations of the laws may impact our patent terms.

The remaining 16 U.S. patents relating to pimavanserin that have been issued to us cover methods of use of pimavanserin, salts and methods of manufacturing pimavanserin. We also have foreign patents that cover pimavanserin and polymorphs in Europe and Asia as well as in Australia, Canada, Mexico and other countries.

We continue to prosecute patent applications directed to pimavanserin, formulations of pimavanserin, methods of manufacturing, and to methods of treating various diseases using pimavanserin, either alone or in combination with other agents, worldwide. For example, in late 2019 and in 2020, we obtained and listed in the Orange Book six additional U.S. issued patents, two patents directed to method of use for our 10 mg tablet, expiring in 2037, and four patents directed to our 34 mg capsule formulation, each expiring in 2038.

Trofinetide

We currently hold the exclusive licenses to 8 U.S. patents from Neuren that relate to trofinetide, methods of manufacturing and methods of use of trofinetide. We also hold a U.S. patent to crystalline trofinetide. Three of the U.S. patents are listed in the Orange Book, including a patent claiming the use of trofinetide for treating Rett syndrome. The use patent for treating Rett syndrome has an expiration date in 2032. Subject to a patent term extension request, the expiration date of such patent may be extended to January 2036. We also hold the exclusive licenses to issued foreign patents that relate to the use of trofinetide in Europe and Asia as well as in Australia, Canada, Mexico and other countries.

Under the license agreement with Neuren, we continue to file and prosecute patent applications directed to trofinetide, formulations of trofinetide, methods of manufacturing and methods of treating Rett syndrome using trofinetide.

ACP-101

We currently hold one U.S. patent for methods of use of ACP-101 in PWS, and we hold licenses from Ferring International Center SA to one U.S. patent to ACP-101 for use in PWS. Those patents expire in 2035 and 2039, respectively. These patent terms include adjustments made by the U.S. Patent and Trademark Office, but not extensions. We hold and license a significant number of foreign patents relating to the use of ACP-101 in PWS, including in Europe and Japan.

We continue to file and prosecute patent applications directed to ACP-101 worldwide.

ACP-204

We currently hold two U.S. patents that relate to ACP-204 and methods of use of ACP-204. The patents cover the general formula of the compound, the composition of matter (with claims specifically directed to ACP-204 and salts thereof), and the use thereof for treating certain indications, including ADP and LBDP. The composition of matter patent covering ACP-204 and salts thereof currently has an expiration date in 2038. These patent terms include adjustments made by the U.S. Patent and Trademark Office, but not extensions. We also hold issued foreign patents in Australia, China and Japan.

We continue to file and prosecute patent applications directed to ACP-204 worldwide.

ACP-711

We currently hold the exclusive licenses to one U.S. patent that relates to ACP-711 from Saniona A/S, with claims specifically directed to ACP-711 and salts thereof. The composition of matter patent covering ACP-711 and salts thereof currently has an expiration date in 2039. This parent term includes adjustments made by the U.S. Patent and Trademark Office, but not extensions. We also hold the exclusive licenses to issued foreign patents in Europe, parts of Asia and Mexico, as well as other countries.

We continue to file and prosecute patent applications directed to ACP-711 worldwide.

Government Regulation

Our business activities, including the manufacturing and marketing of our products and any future approved products and our ongoing research and development activities, are subject to extensive regulation by numerous governmental authorities in the United States and other countries. Before marketing in the United States, any new drug developed by us must undergo rigorous preclinical testing, clinical trials and an extensive regulatory clearance process implemented by the FDA under the Federal Food, Drug, and Cosmetic Act, as amended. The FDA regulates, among other things, the development, testing, manufacture, safety, efficacy, record keeping, labeling, storage, approval, advertising, promotion, import, export, sale and distribution of biopharmaceutical products. The regulatory review and approval process, which includes preclinical testing and clinical trials of each product candidate, is lengthy, expensive and uncertain. Moreover, government coverage and reimbursement policies will both directly and indirectly impact our ability to successfully commercialize our current products and any future approved products, and such coverage and reimbursement policies will be impacted by enacted and any applicable future healthcare reform and drug pricing measures. In addition, we are subject to state and federal laws, including, among others, anti-kickback laws, false claims laws, data privacy and security laws, and transparency laws that restrict certain business practices in the pharmaceutical industry.

In the United States, drug product candidates intended for human use undergo laboratory and animal testing until adequate proof of safety is established. Clinical trials for new product candidates are then typically conducted in humans in three sequential phases that may overlap. Phase 1 trials involve the initial introduction of the product candidate into healthy human volunteers. The emphasis of Phase 1 trials is on testing for safety or adverse effects, dosage, tolerance, metabolism, distribution, excretion and clinical pharmacology. Phase 2 involves studies in a limited patient population to determine the initial efficacy of the compound for specific targeted indications, to determine dosage tolerance and optimal dosage, and to identify possible adverse side effects and safety risks. Once a compound shows initial evidence of effectiveness and is found to have an acceptable safety profile in Phase 2 evaluations, Phase 3 trials are undertaken to more fully evaluate clinical outcomes. Before commencing clinical investigations in humans, we or our collaborators must submit an Investigational New Drug Application (IND), to the FDA.

Regulatory authorities, Institutional Review Boards and Data Monitoring Committees may require additional data before allowing the clinical studies to commence, continue or proceed from one phase to another, and could demand that the studies be discontinued or suspended at any time if there are significant safety issues. Clinical testing must also meet requirements for clinical trial registration, institutional review board oversight, informed consent, health information privacy, and good clinical practices (GCPs). Additionally, the manufacture of our drug product must be done in accordance with current good manufacturing practices (cGMPs).

To establish a new product candidate's safety and efficacy, the FDA requires companies seeking approval to market a drug product to submit extensive preclinical and clinical data, along with other information, for each indication for which the product will be labeled. The data and information are submitted to the FDA in the form of a New Drug Application (NDA), which must be accompanied by payment of a significant user fee unless a waiver or exemption applies. Generating the required data and information for an NDA takes many years and requires the expenditure of substantial resources. Information generated in this process is susceptible to varying interpretations that could delay, limit or prevent regulatory approval at any stage of the process. The failure to demonstrate adequately the quality, safety and efficacy of a product candidate under development would delay or prevent regulatory approval of the product candidate. Under applicable laws and FDA regulations, each NDA submitted for FDA approval is given an internal administrative review within 60 days following submission of the NDA. If deemed sufficiently complete to permit a substantive review, the FDA will "file" the NDA. The FDA can refuse to file any NDA that it deems incomplete or not properly reviewable. The FDA has established internal goals of eight months from submission for priority review of NDAs that cover new product candidates that offer major advances in treatment or provide a treatment where no adequate therapy exists, and 12 months from submission for the standard review of NDAs. However, the FDA is not legally required to complete its review within these periods, these

performance goals may change over time and the review is often extended by FDA requests for additional information or clarification. Moreover, the outcome of the review, even if generally favorable, may not be an actual approval but a "complete response letter" that describes additional work that must be done before the NDA can be approved. Before approving an NDA, the FDA can choose to inspect the facilities at which the product is manufactured and will not approve the product unless the manufacturing facility complies with cGMPs. The FDA may also audit sites at which clinical trials have been conducted to determine compliance with GCPs and data integrity. The FDA's review of an NDA may also involve review and recommendations by an independent FDA advisory committee, particularly for novel indications. The FDA is not bound by the recommendation of an advisory committee.

In addition, delays or rejections may be encountered based upon changes in regulatory policy, regulations or statutes governing product approval during the period of product development and regulatory agency review.

Before receiving FDA approval to market a potential product, we or our collaborators must demonstrate through adequate and well-controlled clinical studies that the potential product is safe and effective in the patient population that will be treated. In addition, under the Pediatric Research Equity Act (PREA), an NDA or supplement to an NDA must contain data or a plan to collect such data to assess the safety and effectiveness of the drug for the claimed indications in all relevant pediatric subpopulations and to support dosing and administration for each pediatric subpopulation for which the product is safe and effective, unless a waiver applies. If regulatory approval of a potential product is granted, this approval will be limited to those disease states and conditions for which the product is approved. Marketing or promoting a drug for an unapproved indication is generally prohibited. Furthermore, FDA approval may entail ongoing requirements for risk management, including post-marketing, or Phase 4, studies. Even if approval is obtained, each marketed product, is subject to payment of a significant annual program user fee and continuing review and periodic inspections by the FDA. Discovery of previously unknown problems with a product, manufacturer or facility may result in restrictions on the product or manufacturer, including labeling changes, warning letters, costly recalls or withdrawal of the product from the market.

Any drug is likely to produce some toxicities or undesirable side effects in animals and in humans when administered at sufficiently high doses and/or for sufficiently long periods of time. Unacceptable toxicities or side effects may occur at any dose level at any time in the course of studies in animals designed to identify unacceptable effects of a product candidate, known as toxicological studies, or during clinical trials of our potential products. The appearance of any unacceptable toxicity or side effect could cause us or regulatory authorities to interrupt, limit, delay or abort the development of any of our product candidates. Further, such unacceptable toxicity or side effects could ultimately prevent a potential product's approval by the FDA or foreign regulatory authorities for any or all targeted indications or limit any labeling claims and market acceptance, even if the product is approved.

In addition, as a condition of approval, the FDA may require an applicant to develop a risk evaluation and mitigation strategy (REMS). A REMS uses risk minimization strategies beyond the professional labeling to ensure that the benefits of the product outweigh the potential risks. To determine whether a REMS is needed, the FDA will consider the size of the population likely to use the product, seriousness of the disease, expected benefit of the product, expected duration of treatment, seriousness of known or potential adverse events, and whether the product is a new molecular entity. REMS can include medication guides, physician communication plans for healthcare professionals, and elements to assure safe use (ETASU). ETASU may include, but are not limited to, special training or certification for prescribing or dispensing, dispensing only under certain circumstances, special monitoring, and the use of patient registries. The FDA may require a REMS before approval or post-approval if it becomes aware of a serious risk associated with use of the product. The requirement for a REMS can materially affect the potential market and profitability of a product.

We and our collaborators and contract manufacturers also are required to comply with the applicable FDA GMP regulations. cGMP regulations include requirements relating to quality control and quality assurance as well as the corresponding maintenance of records and documentation. Manufacturing facilities are subject to inspection by the FDA. These facilities must be approved before we can use them in commercial manufacturing of our potential products and must maintain ongoing compliance for commercial product manufacture, testing, storage and distribution. The FDA may conclude that we or our collaborators or contract manufacturers are not in compliance with applicable cGMP requirements and other FDA regulatory requirements, which may result in delay or failure to approve applications, warning letters, product recalls and/or imposition of fines or penalties.

If a product is approved, we must also comply with post-marketing requirements, including, but not limited to, compliance with advertising and promotion laws enforced by various government agencies, including the FDA's Office of Prescription Drug Promotion, and through such laws as federal and state anti-fraud and abuse laws, including anti-kickback and false claims laws, healthcare information privacy and security laws, post-marketing safety surveillance, and disclosure of payments or other transfers of value to healthcare professionals and entities. In addition, we are subject to other federal and state regulation including, for example, the implementation of corporate compliance programs.

In order to distribute products commercially, we must comply with state laws that require the registration of manufacturers and wholesale distributors of pharmaceutical products in a state, including, in certain states, manufacturers and distributors who ship products into the state even if such manufacturers or distributors have no place of business within the state. Some states also impose requirements on manufacturers and distributors to establish the pedigree of product in the chain of distribution, including some states that require manufacturers and others to adopt new technology capable of tracking and tracing product as it moves through the distribution chain.

Coverage and Reimbursement

Sales of our products and our product candidates, if approved, depend and will depend, in part, on the extent to which such products will be covered by third-party payors, such as government health care programs, commercial insurance and managed healthcare organizations. These third-party payors are increasingly limiting coverage and/or reducing reimbursements for medical products and services. A third-party payor's decision to provide coverage for a drug product does not imply that an adequate reimbursement rate will be approved. Further, one payor's determination to provide coverage for a drug product does not ensure that other payors will also provide coverage for the drug product. Coverage policies and third-party payor reimbursement rates may change at any time. Therefore, even if favorable coverage and reimbursement status is attained for one or more products for which we receive marketing approval, less favorable coverage policies and reimbursement rates may be implemented in the future. In addition, the U.S. government, state legislatures and foreign governments have continued implementing cost-containment programs, including price controls, restrictions on reimbursement and requirements for substitution of generic products. Adoption of price controls and cost-containment measures, and adoption of more restrictive policies in jurisdictions with existing controls and measures, could further limit our net revenue and results. Decreases in third-party payor reimbursement or a decision by a third-party payor to not cover our products or any other future approved products could reduce physician usage of our products, and have a material adverse effect on our sales, results of operations and financial condition.

In the United States, the Medicare Part D program provides a voluntary outpatient drug benefit to Medicare beneficiaries for certain products. Our products are available for coverage under Medicare Part D, but the individual Part D plans offer coverage subject to various factors such as those described above. In addition, while Medicare Part D plans have historically included "all or substantially all" drugs in the following designated classes of "clinical concern" on their formularies: anticonvulsants, antidepressants, antineoplastics, antipsychotics, antiretrovirals, and immunosuppressants, the Centers for Medicare & Medicaid Services (CMS), has in the past proposed, but not adopted, changes to this policy. If this policy is changed in the future and if CMS no longer considers the antipsychotic class to be of "clinical concern," Medicare Part D plans would have significantly more discretion to reduce the number of products covered in that class, including coverage of our products. Furthermore, private third-party payors often follow Medicare coverage policies and payment limitations in setting their own coverage policies.

Healthcare Laws and Regulations

We are subject to healthcare regulation and enforcement by the federal government and the states and foreign governments in which we conduct our business. The healthcare laws and regulations that may affect our ability to operate include the following:

- The federal Anti-Kickback Statute makes it illegal for any person or entity to knowingly and willfully, directly or indirectly, solicit, receive, offer, or pay any remuneration that is in exchange for or to induce the referral of business, including the purchase, order, lease of any good, facility, item or service for which payment may be made under a federal healthcare program, such as Medicare or Medicaid. The term "remuneration" has been broadly interpreted to include anything of value.
- Federal false claims and false statement laws, including the federal civil False Claims Act, and civil monetary penalties laws, prohibit, among other things, any person or entity from knowingly presenting, or causing to be presented, for payment to, or approval by, federal programs, including Medicare and Medicaid, claims for items or services, including drugs, that are false or fraudulent.

- The U.S. federal Health Insurance Portability and Accountability Act of 1996 (HIPAA), created additional federal criminal statutes that prohibit among other actions, knowingly and willfully executing, or attempting to execute, a scheme to defraud any healthcare benefit program, including private third-party payors or making any false, fictitious or fraudulent statement in connection with the delivery of or payment for healthcare benefits, items or services.
- HIPAA, as amended by the Health Information Technology for Economic and Clinical Health Act of 2009 (HITECH), and their implementing regulations, imposes obligations on covered entities, including certain healthcare providers, health plans, and healthcare clearinghouses, and their respective business associates that create, receive, maintain or transmit individually identifiable health information for or on behalf of a covered entity as well as their covered subcontractors, with respect to safeguarding the privacy, security and transmission of individually identifiable health information. In addition, the European Union (EU) and United Kingdom (UK) have each established their own data security and privacy legal framework, including but not limited to the EU's General Data Protection Regulation (EU) 2016/79 and the so-called "UK GDPR" (together, the GDPR), which contain provisions specifically directed at the processing of health information, higher sanctions than previously applicable data protection laws and extra-territoriality measures intended to bring non-EU/-UK companies' processing operations under the scope of these regulations in certain circumstances (including where the relevant processing relates to the monitoring of behaviors of individuals in the EU/UK – such as in the context of the conduct of a clinical trial). We currently conduct clinical trials in the EU and the UK and will need to be compliant with these requirements. We anticipate that over time we may expand our business operations to include additional operations in the EU and/or UK. With such expansion, we could be subject to increased governmental regulation in the territories in which we might operate.
- The federal Physician Payments Sunshine Act requires certain manufacturers of drugs, devices, biologics and medical supplies for which payment is available under Medicare, Medicaid or the Children's Health Insurance Program, with specific exceptions, to report annually to CMS information related to payments or other transfers of value made to physicians (as defined to include doctors of medicine, dentists, optometrists, podiatrists and chiropractors by such law), other healthcare professionals (such as physician assistants and nurse practitioners), and teaching hospitals, as well as ownership and investment interests held by physicians and their immediate family members.

Also, many U.S. states have similar laws and regulations, such as anti-kickback and false claims laws that may be broader in scope and may apply regardless of payor, in addition to items and services reimbursed under Medicaid and other state programs. Additionally, we may be subject to state laws that require pharmaceutical companies to comply with the federal government's and/or pharmaceutical industry's voluntary compliance guidelines, state laws that require drug manufacturers to report information related to payments and other transfers of value to physicians and other healthcare providers or marketing expenditures, state laws that require drug manufacturers to report information on the pricing of certain drugs, state and local laws that require the registration of pharmaceutical sales representatives, as well as state and foreign laws governing the privacy and security of health information, many of which differ from each other in significant ways and often are not preempted by HIPAA.

If we are found to be in violation of any of these laws or any other federal or state regulations, we may be subject to significant administrative, civil and/or criminal penalties, damages, fines, disgorgement, imprisonment, exclusion from federal health care programs, additional reporting requirements and/or oversight, and the curtailment or restructuring of our operations.

Additionally, to the extent that our product is sold in a foreign country, we may be subject to similar foreign laws.

Healthcare Reform

The United States and some foreign jurisdictions are considering or have enacted a number of legislative and regulatory proposals to change the healthcare system in ways that could affect our ability to sell our products profitably. By way of example, in March 2010, Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act (collectively, the ACA) was signed into law, which intended to broaden access to health insurance, reduce or constrain the growth of healthcare spending, enhance remedies against fraud and abuse, add transparency requirements for the healthcare and health insurance industries, impose taxes and fees on the health industry and impose additional health policy reforms.

There have been amendments and executive, judicial and Congressional challenges to certain aspects of the ACA. For example, on August 16, 2022, the Inflation Reduction Act of 2022 (IRA) was signed into law, which among other things, extends enhanced subsidies for individuals purchasing health insurance coverage in ACA marketplaces through plan year 2025. The IRA also eliminates the "donut hole" under the Medicare Part D program beginning in 2025 by significantly lowering the beneficiary maximum out-of-pocket cost and creating a new manufacturer discount program. It is possible that the ACA will be subject to additional challenges in the future. It is unclear how such challenges and the healthcare reform measures of the current administration will impact the ACA.

Other legislative changes have been proposed and adopted in the United States since the ACA. Through the process created by the Budget Control Act of 2011, there are automatic reductions of Medicare payments to providers up to 2% per fiscal year, which went into effect in April 2013 and, due to subsequent legislative amendments, including the Infrastructure Investment and Jobs Act, will remain in effect through 2032 unless additional Congressional action is taken. Additionally, on March 11, 2021, the American Rescue Plan Act of 2021 was signed into law, which eliminates the statutory Medicaid drug rebate cap, currently set at 100% of a drug's average manufacturer price, for single source and innovator multiple source drugs, beginning January 1, 2024.

Moreover, recently there has been heightened governmental scrutiny over the manner in which manufacturers set prices for their commercial products. There have been several recent U.S. Congressional inquiries and proposed and enacted federal and state legislation designed to, among other things, bring more transparency to drug pricing, review the relationship between pricing and manufacturer patient programs, reduce the cost of drugs under Medicare, and reform government program reimbursement methodologies for drugs. For example, the IRA, among other things, (1) directs the U.S. Department of Health and Human Services (HHS) to negotiate the price of certain single-source drugs that have been on the market for at least 7 years covered under Medicare (the Medicare Drug Price Negotiation Program) and (2) imposes rebates under Medicare Part B and Medicare Part D to penalize price increases that outpace inflation. These provisions began to take effect progressively in fiscal year 2023. On August 15, 2024, HHS announced the agreed-upon price of the first ten drugs that were subject to price negotiations, although the Medicare Drug Price Negotiation Program is currently subject to legal challenges. HHS will select up to fifteen additional drugs covered under Part D for negotiation in 2025. Each year thereafter more Part B and Part D products will become subject to the Medicare Drug Price Negotiation Program. On December 7, 2023, an initiative to control the price of prescription drugs through the use of march-in rights under the Bayh-Dole Act was announced. On December 8, 2023, the National Institute of Standards and Technology published for comment a Draft Interagency Guidance Framework for Considering the Exercise of March-In Rights which for the first time includes the price of a product as one factor an agency can use when deciding to exercise march-in rights. While march-in rights have not previously been exercised, it is uncertain if that will continue under the new framework.

At the state level, legislatures have increasingly passed legislation and implemented regulations designed to control pharmaceutical and biological product pricing, including price or patient reimbursement constraints, discounts, restrictions on certain product access and marketing cost disclosure and transparency measures, and, in some cases, designed to encourage importation from other countries and bulk purchasing. For example, on January 5, 2024, the FDA approved Florida's proposal to import certain drugs from Canada for specific state healthcare programs. It is unclear if and how this program will be implemented and whether it will be subject challenges in the United States or Canada. Other states have also submitted proposals that are pending review by the FDA. Any such approved importation plans, if implemented, may result in lower drug prices for products covered by those programs.

We expect that healthcare reform measures that may be adopted in the future may result in more rigorous coverage criteria and lower reimbursement, and additional downward pressure on the price that we receive for our products and any future approved products. We cannot predict what healthcare reform initiatives may be adopted in the future.

Europe / Rest of World Government Regulation

Outside of the United States, our ability to market a product is contingent upon receiving a marketing authorization from the appropriate regulatory authorities. The requirements governing the conduct of clinical trials, marketing authorization, pricing and reimbursement vary widely from country to country. If the regulatory authority is satisfied that adequate evidence of safety, quality and efficacy has been presented, marketing authorization will be granted. This foreign regulatory approval process involves all of the risks associated with FDA marketing approval discussed above. In addition, foreign regulations may include applicable post-marketing requirements, including safety surveillance, anti-fraud and abuse laws, and implementation of corporate compliance programs and reporting of payments or other transfers of value to healthcare professionals and entities.

For other countries outside of the EU, such as countries in Eastern Europe, Latin America or Asia, the requirements governing the conduct of clinical trials, product licensing, pricing and reimbursement vary from country to country. In all cases, the clinical trials must be conducted in accordance with GCPs and the applicable regulatory requirements and the ethical principles that have their origin in the Declaration of Helsinki.

If we or our potential collaborators fail to comply with applicable foreign regulatory requirements, we may be subject to, among other things, fines, suspension, variation or withdrawal of regulatory approvals, product recalls, seizure of products, operating restrictions and criminal prosecution.

Clinical Trials in the EU

Similarly to the United States, the various phases of non-clinical and clinical research in the EU are subject to significant regulatory controls. In the EU, clinical trials are governed by the Clinical Trials Regulation (EU) No 536/2014 (CTR), which entered into application on January 31, 2022 repealing and replacing the former Clinical Trials Directive 2001/20 (CTD).

The CTR is intended to harmonize and streamline clinical trial authorizations, simplify adverse-event reporting procedures, improve the supervision of clinical trials and increase transparency. Specifically, the CTR, which is directly applicable in all EU Member States, introduces a streamlined application procedure through a single-entry point, the "EU portal", the Clinical Trials Information System (CTIS); a single set of documents to be prepared and submitted for the application; as well as simplified reporting procedures for clinical trial sponsors. A harmonized procedure for the assessment of applications for clinical trials has been introduced and is divided into two parts. Part I assessment is led by the competent authorities of a reference EU Member State selected by the trial sponsor and relates to clinical trial aspects that are considered to be scientifically harmonized across EU Member States. This assessment is then submitted to the competent authorities of all concerned EU Member States in which the trial is to be conducted for their review. Part II is assessed separately by the competent authorities and Ethics Committees in each concerned EU Member State. Individual EU Member States retain the power to authorize the conduct of clinical trials on their territory.

The CTR foresaw a three-year transition period that ended on January 31, 2025. Since this date, all new or ongoing trials are subject to the provisions of the CTR.

In all cases, clinical trials must be conducted in accordance with GCPs and the applicable regulatory requirements and the ethical principles that have their origin in the Declaration of Helsinki. Medicines used in clinical trials, including advanced therapy medicinal products, must be manufactured in accordance with the guidelines on cGMP and in a GMP-licensed facility, which can be subject to GMP inspections.

EU Review and Approval Process of Medicinal Products

In the EU, medicinal products can only be commercialized after a related marketing authorization (MA) has been granted. To obtain an MA for a product in the EU, an applicant must submit a MAA either under a centralized procedure administered by the EMA, or one of the procedures administered by the competent authorities of EU Member States (decentralized procedure, national procedure or mutual recognition procedure). An MA may be granted only to an applicant established in the EU.

The centralized procedure provides for the grant of a single MA by the European Commission that is valid throughout the EEA (which is comprised of the 27 EU Member States plus Norway, Iceland and Liechtenstein). Pursuant to Regulation (EC) No 726/2004, the centralized procedure is compulsory for specific products, including for (i) medicinal products derived from biotechnological processes, (ii) products designated as orphan medicinal products, (iii) advanced therapy medicinal products and (iv) products with a new active substance indicated for the treatment of HIV/AIDS, cancer, neurodegenerative diseases, diabetes, auto-immune and other immune dysfunctions and viral diseases. For products with a new active substance indicated for the treatment of other diseases and products that are highly innovative or for which a centralized process is in the interest of patients, authorization through the centralized procedure is optional on related approval.

Under the centralized procedure, the EMA's Committee for Medicinal Products for Human Use (CHMP) conducts the initial assessment of a product. The CHMP is also responsible for several post-authorization and maintenance activities, such as the assessment of modifications or extensions to an existing MA. The maximum timeframe for the evaluation of an MAA under the centralized procedure is 210 days, excluding clock stops when additional information or written or oral explanation

is to be provided by the applicant in response to questions of the CHMP. Accelerated assessment may be granted by the CHMP in exceptional cases, when a medicinal product targeting an unmet medical need is expected to be of major interest from the point of view of public health and, in particular, from the viewpoint of therapeutic innovation. If the CHMP accepts a request for accelerated assessment, the time limit of 210 days will be reduced to 150 days (excluding clock stops). The CHMP can, however, revert to the standard time limit for the centralized procedure if it considers that it is no longer appropriate to conduct an accelerated assessment.

Unlike the centralized authorization procedure, the decentralized MA procedure requires a separate application to, and leads to separate approval by, the competent authorities of each EU Member State in which the product is to be marketed. This application is identical to the application that would be submitted to the EMA for authorization through the centralized procedure. The reference EU Member State prepares a draft assessment and drafts of the related materials within 120 days after receipt of a valid application. The resulting assessment report is submitted to the concerned EU Member States who, within 90 days of receipt, must decide whether to approve the assessment report and related materials. If a concerned EU Member State cannot approve the assessment report and related materials due to concerns relating to a potential serious risk to public health, disputed elements may be referred to the Heads of Medicines Agencies' Coordination Group for Mutual Recognition and Decentralised Procedures—Human (CMDh) for review. The subsequent decision of the European Commission is binding on all EU Member States.

The mutual recognition procedure allows companies that have a medicinal product already authorized in one EU Member State to apply for this authorization to be recognized by the competent authorities in other EU Member States. Like the decentralized procedure, the mutual recognition procedure is based on the acceptance by the competent authorities of the EU Member States of the MA of a medicinal product by the competent authorities of other EU Member States. The holder of a national MA may submit an application to the competent authority of an EU Member State requesting that this authority recognize the MA delivered by the competent authority of another EU Member State.

An MA has, in principle, an initial validity of five years. The MA may be renewed after five years on the basis of a re-evaluation of the risk-benefit balance by the EMA or by the competent authority of the EU Member State in which the original MA was granted. To support the application, the MA holder must provide the EMA or the competent authority with a consolidated version of the Common Technical Document providing up-to-date data concerning the quality, safety and efficacy of the product, including all variations introduced since the MA was granted, at least nine months before the MA ceases to be valid. The European Commission or the competent authorities of the EU Member States may decide on justified grounds relating to pharmacovigilance, to proceed with one further five-year renewal period for the MA. Once subsequently definitively renewed, the MA shall be valid for an unlimited period. Any authorization which is not followed by the actual placing of the medicinal product on the EU market (for a centralized MA) or on the market of the authorizing EU Member State within three years after authorization ceases to be valid (the so-called sunset clause).

Innovative products that target an unmet medical need and are expected to be of major public health interest may be eligible for a number of expedited development and review programs, such as the Priority Medicines (PRIME) scheme, which provides incentives similar to the breakthrough therapy designation in the U.S. PRIME is a voluntary scheme aimed at enhancing the EMA's support for the development of medicinal products that target unmet medical needs. Eligible products must target conditions for which there is an unmet medical need (there is no satisfactory method of diagnosis, prevention or treatment in the EU or, if there is, the new medicinal product will bring a major therapeutic advantage) and they must demonstrate the potential to address the unmet medical need by introducing new methods of therapy or improving existing ones. Benefits accrue to sponsors of product candidates with PRIME designation, including but not limited to, early and proactive regulatory dialogue with the EMA, frequent discussions on clinical trial designs and other development program elements, and potentially accelerated MAA assessment once a dossier has been submitted.

In the EU, a "conditional" MA may be granted in cases where all the required safety and efficacy data are not yet available. The European Commission may grant a conditional MA for a medicinal product if it is demonstrated that all of the following criteria are met: (i) the benefit-risk balance of the medicinal product is positive; (ii) it is likely that the applicant will be able to provide comprehensive data post-authorization; (iii) the medicinal product fulfils an unmet medical need; and (iv) the benefit of the immediate availability to patients of the medicinal product is greater than the risk inherent in the fact that additional data are still required. The conditional MA is subject to conditions to be fulfilled for generating the missing data or ensuring increased safety measures. It is valid for one year and must be renewed annually until all related conditions have been fulfilled. Once any pending studies are provided, the conditional MA can be converted into a traditional MA. However, if the conditions are not fulfilled within the timeframe set by the EMA and approved by the European Commission, the MA will cease to be renewed.

An MA may also be granted "under exceptional circumstances" where the applicant can show that it is unable to provide comprehensive data on efficacy and safety under normal conditions of use even after the product has been authorized and subject to specific procedures being introduced. These circumstances may arise in particular when the intended indications are very rare and, in the state of scientific knowledge at that time, it is not possible to provide comprehensive information, or when generating data may be contrary to generally accepted ethical principles. Like a conditional MA, an MA granted in exceptional circumstances is reserved to medicinal products intended to be authorized for treatment of rare diseases or unmet medical needs for which the applicant does not hold a complete data set that is required for the grant of a standard MA. However, unlike the conditional MA, an applicant for authorization in exceptional circumstances is not subsequently required to provide the missing data. Although the MA "under exceptional circumstances" is granted definitively, the risk-benefit balance of the medicinal product is reviewed annually, and the MA will be withdrawn if the risk-benefit ratio is no longer favorable.

Pediatric Development in the EU

In the EU, Regulation (EC) No 1901/2006 provides that all MAAs for new medicinal products have to include the results of trials conducted in the pediatric population, in compliance with a pediatric investigation plan (PIP) agreed with the EMA's Pediatric Committee (PDCO). The PIP sets out the timing and measures proposed to generate data to support a pediatric indication of the medicinal product for which MA is being sought. The PDCO can grant a deferral of the obligation to implement some or all of the measures provided in the PIP until there are sufficient data to demonstrate the efficacy and safety of the product in adults. Further, the obligation to provide pediatric clinical trial data can be waived by the PDCO when these data are not needed or appropriate because the product is likely to be ineffective or unsafe in children, the disease or condition for which the product is intended occurs only in adult populations, or when the product does not represent a significant therapeutic benefit over existing treatments for pediatric patients. Once the MA is obtained in all EU Member States and study results are included in the product information, even when negative, the product is eligible for a six-month extension to the Supplementary Protection Certificate, if any is in effect at the time of authorization or, in the case of orphan medicinal products, a two-year extension of orphan market exclusivity.

Data and Market Exclusivity in the EU

The EU provides opportunities for data and market exclusivity related to MAs. Upon receiving an MA, innovative medicinal products are generally entitled to receive eight years of data exclusivity and ten years of market exclusivity. Data exclusivity, if granted, prevents regulatory authorities in the EU from referencing the innovator's data to assess a generic application or biosimilar application for eight years from the date of authorization of the innovative product, after which a generic or biosimilar MAA can be submitted, and the innovator's data may be referenced. The market exclusivity period prevents a successful generic or biosimilar applicant from commercializing its product in the EU until 10 years have elapsed from the initial MA of the reference product in the EU. The overall ten-year period may, occasionally, be extended for a further year to a maximum of 11 years if, during the first eight years of those ten years, the MA holder obtains an authorization for one or more new therapeutic indications which, during the scientific evaluation prior to their authorization, are held to bring a significant clinical benefit in comparison with existing therapies. However, there is no guarantee that a product will be considered by the EU's regulatory authorities to be a new chemical/biological entity, and products may not qualify for data exclusivity.

In the EU, there is a special regime for biosimilars, or biological medicinal products that are similar to a reference medicinal product but that do not meet the definition of a generic medicinal product. For such products, the results of appropriate preclinical or clinical trials must be provided in support of an application for MA. Guidelines from the EMA detail the type of quantity of supplementary data to be provided for different types of biological product.

Pricing, Coverage and Reimbursement

In the EU, pricing and reimbursement schemes vary widely from country to country. Some EU Member States may approve a specific price for a product, or they may instead adopt a system of direct or indirect controls on the profitability of the company placing the product on the market. Other EU Member States allow companies to fix their own prices for products but monitor and control prescription volumes and issue guidance to physicians to limit prescriptions.

Moreover, in order to obtain reimbursement for our products in some European countries, including some EU Member States, we may be required to compile additional data comparing the cost-effectiveness of our products to other available therapies. This Health Technology Assessment (HTA) of medicinal products is becoming an increasingly common part of the pricing and reimbursement procedures in some EU Member States, including those representing the larger markets. The HTA

process is the procedure to assess therapeutic, economic and societal impact of a given medicinal product in the national healthcare systems of the individual country. The outcome of an HTA will often influence the pricing and reimbursement status granted to these medicinal products by the competent authorities of individual EU Member States. The extent to which pricing and reimbursement decisions are influenced by the HTA of the specific medicinal product currently varies between EU Member States. In December 2021, Regulation No 2021/2282 on HTA, was adopted in the EU. This regulation, which entered into application on January 12, 2025 and has a phased implementation, is intended to boost cooperation among EU Member States in assessing health technologies, including new medicinal products, and providing the basis for cooperation at EU level for joint clinical assessments in these areas. This regulation permits EU Member States to use common HTA tools, methodologies, and procedures across the EU, working together in four main areas, including joint clinical assessment of the innovative health technologies with the most potential impact for patients, joint scientific consultations whereby developers can seek advice from HTA authorities, identification of emerging health technologies to identify promising technologies early, and continuing voluntary cooperation in other areas. Individual EU Member States continue to be responsible for assessing non-clinical (e.g., economic, social, ethical) aspects of health technologies, and making decisions on pricing and reimbursement.

Marketing

Much like the Anti-Kickback Statute prohibition in the United States, as described below, the provision of benefits or advantages to physicians and other health care professionals to induce or encourage the prescription, recommendation, endorsement, purchase, supply, order or use of medicinal products is also prohibited in the EU. Interactions between pharmaceutical companies and health care professionals are governed by strict laws, such as national anti-bribery laws of European countries, national sunshine rules, regulations, industry self-regulation codes of conduct and physicians' codes of professional conduct. Failure to comply with these requirements could result in reputational risk, public reprimands, administrative penalties, fines or imprisonment. Infringement of related laws could result in substantial fines and imprisonment.

Payments made to physicians and other health care professionals in certain EU Member States must be publicly disclosed. Moreover, agreements with health care professionals may require prior notification or approval by the health care professional's employer, his or her competent professional organization and/or the regulatory authorities of the individual EU Member States. Failure to comply with these requirements could result in reputational risk, public reprimands, administrative penalties, fines or imprisonment.

Manufacturing and Distribution

We currently outsource, and plan to continue to outsource, manufacturing activities for our products and our existing and future product candidates for development and commercial purposes. We believe this manufacturing strategy will enable us to direct our financial resources to our commercial activities and to the ongoing development of pimavanserin, trofinetide and other product candidates without devoting the substantial resources and capital required to build manufacturing facilities.

We licensed worldwide intellectual property rights related to pimavanserin in certain indications to Acadia Pharmaceuticals GmbH, our wholly-owned Swiss subsidiary (Acadia GmbH). Our active pharmaceutical ingredient (API) has been manufactured in Switzerland for over 10 years and we anticipate continuing to manufacture in Switzerland. Acadia GmbH manages the worldwide supply chain of our pimavanserin API, and maintains sufficient inventory in our Switzerland contract warehouse.

Acadia GmbH has contracted with Siegfried AG (Siegfried), to manufacture the pimavanserin API for use in NUPLAZID drug product for commercial sale. Under the manufacturing agreement, Acadia GmbH has agreed to purchase specified percentages of our commercial requirements of the pimavanserin API at a predefined price. The parties may also agree in the future on additional services under the manufacturing agreement with respect to non-commercial supply or development activities. The initial term of the manufacturing agreement ended in December 2021, but the agreement automatically renewed twice, each time for a two-year term, and it will automatically renew for subsequent two-year terms unless either party provides timely notice of its intent not to renew, or unless the manufacturing agreement is terminated earlier pursuant to its terms. Either party may terminate the manufacturing agreement prior to expiration upon an uncured material breach by the other party, upon the dissolution or liquidation of the other party, the commencement of insolvency procedures that are not dismissed within a certain period of time, the appointment of any receiver, trustee or assignee to take possession of the properties of the other party or the cessation of all or substantially all of the other party's business operations, upon certain continuing patent infringement, regulatory litigation or other legal proceedings involving the manufacture of our API, upon a continuing force majeure affecting the other party, or if no services are currently being

provided under the manufacturing agreement. Additionally, if the parties agree on development services under the manufacturing agreement, the parties may terminate such services by mutual agreement if reasonable efforts to achieve the goals of such services fail. Acadia GmbH also may terminate any services under the manufacturing agreement for any reason on 90 days' prior notice to Siegfried, subject to the requirements of the manufacturing agreement.

We have contracted with Patheon Pharmaceuticals Inc. (Patheon), a subsidiary of Thermo Fisher Scientific Inc., to manufacture NUPLAZID 10 mg tablet and 34 mg capsule drug product for commercial use in the United States. We have also contracted with a second contract manufacturing organization to manufacture NUPLAZID 34 mg drug product for commercial use in the United States. Under the manufacturing agreement with Patheon, we have agreed to purchase from Patheon a specified percentage of our commercial requirements of NUPLAZID for the United States. Under the agreement, Patheon will also perform specified validation services. The initial term of the manufacturing agreement ended in the first quarter of 2023, but the agreement automatically renewed for a two-year term and will automatically renew for subsequent two-year terms unless either party provides timely notice of its intent not to renew, or unless the manufacturing agreement is terminated early pursuant to its terms. Each party may terminate the manufacturing agreement prior to expiration upon the uncured material breach by the other party, upon the bankruptcy or insolvency of the other party or in the event of a continuing force majeure event affecting the other party. The manufacturing agreement will also terminate if we provide notice to Patheon that we no longer require manufacturing services because NUPLAZID has been discontinued. Additionally, we may terminate the manufacturing agreement, subject to certain limitations, if any regulatory authority takes any action or raises any objection that prevents us from continuing to commercialize NUPLAZID or takes an enforcement action against Patheon's manufacturing site that relates to NUPLAZID or could reasonably be expected to adversely affect Patheon's ability to supply NUPLAZID, if we determine to discontinue commercialization of NUPLAZID for safety or efficacy reasons, or if Patheon uses any debarred person in performing its service obligations under the manufacturing agreement. We also may terminate the manufacturing agreement for any other reason on three years' prior notice to Patheon. Patheon may terminate the manufacturing agreement if we assign the manufacturing agreement or any of our rights under the manufacturing agreement to a Patheon competitor.

We sell NUPLAZID to a limited number of specialty pharmacies (SPs), and specialty distributors (SDs), which we collectively refer to as our customers. SPs subsequently dispense NUPLAZID to patients based on the fulfillment of a prescription and SDs subsequently sell NUPLAZID to government facilities, long-term care pharmacies, and in-patient hospital pharmacies. Four of such customers, each based in the United States, accounted for approximately 73% of our NUPLAZID product revenue and 48% of our total product revenue for the year ended December 31, 2024. We have retained third-party logistics service providers to perform a variety of functions related to the distribution of NUPLAZID, including warehousing, customer service, order-taking, invoicing, collections, and shipment and returns processing.

We have contracted with manufacturers to produce supplies of trofinetide to support the development program and for commercial sale. We have contracted with Corden Pharma Bergamo S.p.A. (Corden), to manufacture the API for trofinetide products. Under the manufacturing agreement with Corden, we have agreed to purchase from Corden the API for trofinetide products at specified price per volume and a specified percentage of our commercial requirements of trofinetide API for the United States and Canada market. We and Corden may also agree in the future on additional services under the manufacturing agreement. The initial term of the manufacturing agreement will end in November 2027, but the agreement will automatically renew for subsequent two-year terms unless either party provides timely notice of its intent not to renew, or unless the manufacturing agreement is terminated early pursuant to its terms. Either party may terminate the manufacturing agreement prior to expiration upon an uncured material breach by the other party, upon the commencement of bankruptcy, reorganization, liquidation or receivership proceedings by or against the other party or the other party ceases for any reason to carry on its business or makes assignment for the benefit of its creditors, or is the subject of any proposal for a voluntary arrangement. Additionally, either party may terminate the manufacturing agreement on 12 months' prior notice to the other party at any time.

We also have contracted with F.I.S. Fabbrica Italiana Sintetici S.p.A. (FIS) to manufacture the API for trofinetide products. Under the manufacturing agreement, we have the right to purchase from FIS the API for the trofinetide products at a specified price per volume. The parties may also agree in the future on additional services under the manufacturing agreement with respect to commercial testing and other manufacturing services. The initial term of the manufacturing agreement ended in December 2024, but the agreement automatically renewed for a two-year term and will automatically renew for subsequent two-year terms unless either party provides timely notice of its intent not to renew, or unless the manufacturing agreement is terminated earlier pursuant to its terms. Either party may terminate the manufacturing agreement prior to expiration upon an uncured material breach by the other party, upon the commencement of bankruptcy, reorganization, liquidation or receivership proceedings by or against the other party or the other party ceases for any reason to carry on its business or makes assignment for the benefit of its creditors, or is the subject of any proposal for a voluntary

arrangement. Additionally, either party may terminate the manufacturing agreement on 30 days' prior notice to the other party at any time no services are being rendered under the manufacturing agreement. We also may terminate any services under the manufacturing agreement for any reason on 90 days' prior notice to FIS, subject to the requirements of the manufacturing agreement.

Under the manufacturing agreement with Patheon described above, we also have the right to purchase trofinetide products for commercial use. In addition, we have contracted with CoreRx Inc. (CoreRx) to manufacture trofinetide products for commercial use. We and CoreRx may also agree in the future on additional services under the agreement. The initial term of the agreement will end in March 2028, but the agreement will automatically renew for subsequent two-year terms unless either party provides timely notice of its intent not to renew, or unless the agreement is terminated early pursuant to its terms. Either party may terminate the agreement prior to expiration upon an uncured material breach by the other party or upon the commencement of bankruptcy, reorganization, liquidation or receivership proceedings by or against the other party. In addition, we may terminate the agreement prior to expiration upon timely notice to CoreRx in event (i) any regulatory authority takes an enforcement or other regulatory action against CoreRx's facility which affects CoreRx's ability to process trofinetide products, (ii) any regulatory authority takes an action or raises any objection that prevents us from manufacturing, importing, exporting, purchasing or selling trofinetide products, or (iii) we determine to discontinue commercialization of trofinetide products in the U.S. due to safety or efficacy reasons.

We sell DAYBUE to a single wholesale distributor with specialty pharmacy service, which performs a variety of functions related to the distribution of DAYBUE, including warehousing, customer service, order-taking, shipment and returns processing.

If any product candidate is approved by the FDA or comparable foreign regulatory authorities for commercial sale, we will need to contract with a third party, which may be an existing service provider or a new service provider, to manufacture such product for commercial sale in the U.S. and/or other applicable jurisdictions.

Sales and Marketing

We have U.S. sales specialists that are focused on promoting NUPLAZID to physicians who treat PDP patients, including neurologists, psychiatrists and long-term care physicians. This sales force is supported by an experienced sales leadership team. Our experienced commercial team is comprised of experienced professionals in marketing, key account management, patient access services, commercial operations, and sales force planning and management. In addition, our commercial infrastructure includes capabilities in manufacturing, health outcomes, medical affairs, quality control, and compliance.

We launched NUPLAZID in May 2016, and our focus is to continue to establish NUPLAZID as the standard of care for patients with PDP. In order to help us achieve this goal, we are continuing to increase awareness of NUPLAZID's benefits in PDP with a prescriber and patient education campaign consisting of key opinion leader speaker programs, attendance at medical meetings, digital outreach, multimedia campaigns, and direct-to-patient programs.

In addition, we have U.S. sales specialists that are focused on promoting DAYBUE to physicians who treat Rett syndrome patients, including those at Centers of Excellence, high volume institutions and in the community setting. The sales force is supported by an experienced sales leadership team. Our experienced commercial team is comprised of rare disease field-based specialists, patient access services, commercial operations, and sales force planning and management. In addition, our commercial infrastructure includes capabilities in manufacturing, health outcomes, medical affairs, quality control, and compliance.

We launched DAYBUE in April 2023, and our focus is to continue to establish DAYBUE as the standard of care for patients with Rett syndrome. In order to help us achieve this goal, we are continuing to increase awareness of DAYBUE's benefits in Rett syndrome with a prescriber and patient education campaign consisting of key opinion leader speaker programs, attendance at medical meetings, digital outreach, and multimedia campaigns.

We also have support services including the Acadia Connect hub for physicians, patients and their families that provide broad resources to help with access, reimbursement and the continual clinical support to help patients start and stay on therapy. For healthcare providers and practices, Acadia Connect provides access and coverage support services, information on appropriate financial assistance options for eligible patients, and coordination of medication delivery to patients through our specialty pharmacy.

In selected markets outside of the United States in which DAYBUE may be approved, if any, we may choose to commercialize DAYBUE independently or by establishing one or more strategic alliances.

Long-Lived Assets

Our tangible long-lived assets are comprised of intangible assets and property and equipment. Our property and equipment totaled $4.2 million, $4.6 million, and $6.0 million as of December 31, 2024, 2023 and 2022, respectively. All of our tangible long-lived assets are located in the United States. Our intangible assets, comprised of right-of-use assets and other intangibles acquired, totaled $166.4 million, $117.3 million and $55.6 million as of December 31, 2024, 2023 and 2022, respectively.

Employees and Human Capital

Employees. At December 31, 2024, we had a total of 654 employees, 653 of whom were full-time. We employ physicians, scientists and professionals in research and development, regulatory, manufacturing, marketing, sales, finance, legal and other functions that are important to our business. We also will continue to use temporary workers in certain instances in order to maximize our employment flexibility in light of our business needs. Additionally, when we think it is in the best interest of our business, we will rely upon external advisers and consultants rather than our employees.

Employee Engagement, Benefits & Development. We believe that our future success is dependent upon our ability to recruit, hire and retain exceptional employees. We provide our employees with competitive cash compensation, opportunities to own equity, and an employee benefit program that promotes well-being, including wellness programs, healthcare, retirement planning and paid time off. We also provide employees with opportunities to continue their education and growth, including leadership development and tuition reimbursement. In order to receive feedback from our employees and evaluate our level of employee engagement, we regularly conduct employee surveys.

Diversity, Equity & Inclusion. We value diversity, equity, and inclusion across our workforce, in our communities, and in the work that we do. We will continue to focus on diversity, equity, and inclusion initiatives that support a culture that is centered on belonging while aligning with our shared corporate mission and values.

Item 1A. *Risk Factors.*

You should consider carefully the following information about the risks described below, together with the other information contained in this Annual Report and in our other public filings, in evaluating our business. If any of the following risks actually occurs, our business, financial condition, results of operations, and future growth prospects would likely be materially and adversely affected. In these circumstances, the market price of our common stock would likely decline.

Risks Related to Our Products and Product Candidates

Our prospects are highly dependent on the successful commercialization of our products. To the extent we cannot maintain or increase sales of our products, our business, financial condition and results of operations may be materially adversely affected and the price of our common stock may decline.

We have two products that are approved for commercialization in the U.S.: NUPLAZID and DAYBUE. The successful commercialization of such products is subject to many risks, and there is no guarantee that we will be able to maintain or increase sales of such products. Our business, financial condition and results of operations may be materially adversely affected and the price of our common stock may decline because of many factors, some of which are outside our control, including, but not limited to, the following:

- the extent to which patients, caregivers and physicians recognize and diagnose the indications for which our products are approved and accept and adopt our products as a treatment for such indications;
- the scope and terms of the FDA's approval of our products, including the inclusion of a boxed warning for NUPLAZID or other warnings and precautions for our products;
- physicians may not prescribe our products and patients may be unwilling to use our products, due to a number of factors, including if coverage is not provided, coverage changes in the future, reimbursement is inadequate to cover a significant portion of the cost, negative or changing perceptions of each product's clinical profile and clinical benefits or due to the prevalence and severity of any adverse side effects;

- the experiences of those adopting our products earlier could have significant impact on future adoption of our products by other physicians, patients and caregivers, either favorably or unfavorably, based on clinical benefits and side effects experienced;
- any new clinical data, post-approval studies or real world results, including in jurisdictions other than the U.S., could result in the FDA making changes to the product label or withdrawal from the market, and could impact regulatory approvals for other indications in the U.S. or other jurisdictions, if any, any of which could result in significant expense and delay or limit our ability to generate sales revenues;
- our products are becoming available to a larger number of patients and patients' experiences and results with our products may not be consistent with, or may be more negative when compared to, the experiences and results of those treated in our clinical trials;
- successful expansion and development of our commercial team and sales forces; and
- any negative publicity related to our products.

Additionally, our success is dependent on our ability to obtain regulatory approval for, and successfully commercialize, trofinetide in jurisdictions outside the U.S., including the EU. We will face in jurisdictions outside the U.S., such as the EU, if approved for marketing, risks and uncertainties similar to the risks and uncertainties faced in the U.S. with respect to commercialization outside of the U.S., including, but not limited to, government reimbursement of the cost of trofinetide. If the commercialization of our products and future sales is less successful than expected or perceived as disappointing, our stock price could decline significantly and the long-term success of our products and our company could be harmed.

Our products may not gain maximal acceptance among physicians, patients, caregivers and the medical community, thereby limiting our potential to generate revenues.

The degree of market acceptance by physicians, healthcare professionals, patients, caregivers and third-party payors of our products, and our profitability and growth, will depend on a number of factors, including:

- the ability to provide acceptable evidence of safety and efficacy;
- the scope of the approved indication(s) for the product;
- the inclusion of any warnings or contraindications in the product label;
- the relative convenience and ease of administration;
- the relative timing, or perceived timing, in which patients experience outcomes;
- the prevalence and severity of any actual or expected adverse side effects;
- the availability of alternative treatments;
- the willingness of the target patient population to try new therapies and of physicians to prescribe these therapies;
- our ability to increase awareness of our approved products through marketing efforts;
- pricing and cost effectiveness, which may be subject to regulatory control;
- effectiveness of our or our collaborators' sales and marketing strategy;
- publicity concerning us, our products or competing products and treatments; and
- our ability to obtain and maintain sufficient third-party insurance coverage or adequate reimbursement levels.

If a product does not provide a treatment regimen that is at least as beneficial as the current standard of care or otherwise does not provide patient benefit, that product will not achieve market acceptance and will not generate sufficient revenues to achieve or maintain profitability. With respect to our products specifically, successful commercialization will depend on whether and to what extent physicians, patients, caregivers, long-term care facilities and pharmacies, over whom we have no control, determine to utilize our products. NUPLAZID is available in the U.S. to treat hallucinations and delusions associated with PDP, and DAYBUE is available in the U.S. to treat Rett syndrome, both indications for which no other FDA-approved pharmaceutical treatments currently exist. DAYBUE is also the first and only product approved in Canada for the treatment of Rett syndrome.

As there are no approved competitors for our products, it is particularly difficult to estimate the market potential for our products and how physicians, patients, caregivers, long-term care facilities and payors will respond to changes in the price of our products. Industry sources and analysts have a divergence of estimates for the near- and long-term market potential of our products, and a variety of assumptions directly impact the estimates for our products' market potential, including assumptions regarding the prevalence of PDP and Rett syndrome, the rate of diagnosis of PDP and Rett syndrome, the prevalence and rate of hallucinations and delusions in patients diagnosed with PDP with respect to NUPLAZID, the rate of physician adoption, the potential impact of payor restrictions, and patient adherence and compliance rates. Small differences in these assumptions can lead to widely divergent estimates of the market potential of our products.

For example, with respect to NUPLAZID, certain research suggests that patients with Parkinson's disease may be hesitant to report symptoms of PDP to their treating physicians for a variety of reasons, including apprehension about societal stigmas relating to mental illness. Research also suggests that physicians who typically treat patients with Parkinson's disease may not ask about or identify symptoms of PDP. For these reasons, even if PDP occurs in high rates among patients with Parkinson's disease, it may be underdiagnosed. Even if PDP is diagnosed, physicians may not prescribe treatment for hallucinations and delusions associated with PDP, and if they do prescribe treatment, they may prescribe drugs other than NUPLAZID, even though they are not approved in PDP. Further, NUPLAZID may take several weeks to show efficacy. Even if NUPLAZID is prescribed for the treatment of hallucinations and delusions associated with PDP, patients may stop taking NUPLAZID because they may not see results in the timeframe they desire or expect.

Similarly, even if DAYBUE is prescribed for the treatment of Rett syndrome, issues may arise with respect to patient acceptance, adherence, persistence and compliance rates for a variety of reasons, including due to the expected clinical benefits or expected and actual side effects a patient might incur. If patients do not adhere to the recommended dosing of DAYBUE, or do not maintain the recommended dosing of DAYBUE for sufficient periods of time, patients and physicians may believe that DAYBUE is less effective, and as a result they may discontinue taking it and prescribing it. Additionally, if physicians or patients titrate DAYBUE below the recommended doses, patients may not experience the desired outcomes, and physicians or patients may develop negative beliefs about the effectiveness of DAYBUE and/or discontinue its use.

The label for NUPLAZID also contains a "boxed" warning related to particularly important prescribing information, and the FDA reminded healthcare providers to be aware of the risks described in the NUPLAZID prescribing information following its observation of potentially concerning prescribing patterns. There has also been attention to publicly reported deaths of patients that were prescribed NUPLAZID, and the FDA conducted an evaluation of available information about NUPLAZID. Perceptions that NUPLAZID is unsafe, even if unfounded, may discourage physicians from prescribing or patients from taking NUPLAZID.

The commercial success of our products depends on acceptance by patients, caregivers and physicians, and there are a number of factors that could skew our or others' estimates about prescribing behaviors and market adoption. If we fail to gain the acceptance of patients, caregivers and physicians, or if our estimates are inaccurate, these events could negatively impact our business, results of operations, financial condition and prospects.

If we do not obtain regulatory approval of trofinetide outside North America, we will not be able to market trofinetide outside North America, which will limit our commercial revenues.

DAYBUE was approved in 2023 in the U.S. by the FDA, and in October 2024 in Canada by Health Canada, for the treatment of Rett syndrome in adult and pediatric patients two years of age and older. In January 2025, we submitted a marketing authorization application for the approval of trofinetide for the treatment of Rett syndrome in the EU. If we do not receive marketing approval for trofinetide in the EU or other jurisdictions outside of North America, including Japan, we will never be able to commercialize trofinetide in such jurisdictions. Even if we do receive additional regulatory approvals, we may not be successful in commercializing those opportunities.

If the results or timing of regulatory filings, the regulatory process, regulatory developments, clinical trials or preclinical studies, or other activities, actions or decisions related to DAYBUE or trofinetide do not meet our or others' expectations, the market price of our common stock could decline significantly and the long-term success of the product and our company could be harmed.

Our ability to generate product revenues will be diminished if coverage for our products from commercial or government payors is decreased or if patients have unacceptably high out-of-pocket requirements.

Patients who are prescribed medicine for the treatment of their conditions generally rely on third-party payors, including governmental healthcare programs, such as Medicare and Medicaid, managed care organizations and commercial payors, among others, to reimburse all or part of the costs associated with their prescription drugs. Coverage and adequate reimbursement from third-party payors are critical to product acceptance. Coverage decisions may depend upon clinical and economic standards that disfavor drug products when lower cost therapeutic alternatives are already available or subsequently become available. Even with coverage for our products, the resulting reimbursement payment rates might not be adequate or may require out-of-pocket obligations, such as deductibles and co-pay or coinsurance payments, that patients find unacceptably high. Patients may not use our products if coverage is not provided or reimbursement is inadequate to cover a significant portion of its cost.

In addition, the market for our products depends significantly on access to third-party payors' drug formularies, or lists of medications for which third-party payors provide coverage and reimbursement. The industry competition to be included in such formularies often leads to downward pricing pressures on pharmaceutical companies. Also, third-party payors may refuse to include a particular branded drug in their formularies or otherwise restrict patient access to a branded drug when a less costly alternative is available, even if not approved for the indication for which our products are approved.

Legislators, policymakers and healthcare insurance funds in the EU and the United Kingdom may continue to propose and implement cost-containing measures to keep healthcare costs down, particularly due to the financial strain that the COVID-19 pandemic placed on national healthcare systems of European countries. These measures could include limitations on the prices we would be able to charge for product candidates that we may successfully develop and for which we may obtain regulatory approval or the level of reimbursement available for these products from governmental authorities or third-party payors. Consequently, a downward trend in prices of medicinal products in some countries could contribute to similar downward trends elsewhere.

Third-party payors, whether governmental or commercial, whether in the U.S. or globally, are developing increasingly sophisticated methods of controlling healthcare costs. The current environment is putting pressure on companies to price products below what they may feel is appropriate. Selling our products at less than an optimized price would impact our revenues and could impact our overall success as a company. We have changed, and may continue to change, the price of our products from time to time, however, we do not know if the price we have selected, or may select in the future, for our products is or will be the optimized price. Additionally, we do not know whether and to what extent third-party payors will react to any possible future changes in the price of our products. In the U.S., no uniform policy of coverage and reimbursement for drug products exists among third-party payors. Outside the U.S., reimbursement and healthcare payment systems vary significantly by country, and many countries have instituted price ceilings on specific products and therapies. Further, one payor's determination to provide coverage and reimbursement for a product does not ensure that other payors will also provide coverage and reimbursement for the product. Therefore, coverage and reimbursement for our products both in the U.S. and outside may differ significantly from payor to payor. As a result, the coverage determination process is often a time-consuming and costly process that will require us to provide scientific and clinical support for the use of our products to each payor separately, with no assurance that coverage will be obtained. Coverage policies and third-party payor reimbursement rates may change at any time. Therefore, even if favorable coverage and reimbursement status is attained, less favorable coverage policies and reimbursement rates may be implemented in the future.

In most international markets, where the government is the primary payor, manufacturers must operate in an environment of government-directed cost-containment programs – designs such as price controls, international reference pricing, mandatory discounts and rebates, regulatory hurdles and restrictions on physician-level prescribing. In these markets, healthcare services and determination of a product's pricing and reimbursement are impacted by government control. For example, the EU provides options for EU Member States to restrict the range of medicinal products for which their national health insurance systems provide reimbursement and to control the prices of medicinal products for human use. An EU Member State may approve a specific price for the medicinal product, it may refuse to reimburse a product at the price set by the manufacturer or it may instead adopt a system of direct or indirect controls on the profitability of the company placing the medicinal product on the market. Many EU Member States also periodically review their reimbursement procedures for medicinal products, which could have an adverse impact on reimbursement status. Moreover, in order to obtain reimbursement for our products in some European countries, including some EU Member States, we may be required to compile additional data comparing the cost-effectiveness of our products to other available therapies in a Health Technology Assessment (HTA).

An HTA of medicinal products is becoming an increasingly common part of the pricing and reimbursement procedures in some EU Member States, including those representing the larger markets. The HTA process is the procedure to assess therapeutic, economic and societal impact of a given medicinal product in the national healthcare systems of the individual country. The outcome of an HTA will often influence the pricing and reimbursement status granted to these medicinal products by the competent authorities of individual EU Member States. The extent to which pricing and reimbursement decisions are influenced by the HTA of the specific medicinal product currently varies between EU Member States. In December 2021, Regulation No 2021/2282 on HTA, was adopted in the EU. This regulation, which entered into application on January 12, 2025 and has a phased implementation, is intended to boost cooperation among EU Member States in assessing health technologies, including new medicinal products, and providing the basis for cooperation at EU level for joint clinical assessments in these areas. This regulation permits EU Member States to use common HTA tools, methodologies, and procedures across the EU, working together in four main areas, including joint clinical assessment of the innovative health technologies with the most potential impact for patients, joint scientific consultations whereby developers can seek advice from HTA authorities, identification of emerging health technologies to identify promising technologies early, and continuing voluntary cooperation in other areas. Individual EU Member States continue to be responsible for assessing non-clinical (e.g., economic, social, ethical) aspects of health technologies, and making decisions on pricing and reimbursement.

So, for present and future considerations, if we are unable to obtain coverage of, and adequate payment levels for, our products we may market to third-party payors, physicians may limit how much or under what circumstances they will prescribe or administer them and patients may decline to purchase them. This in turn could affect our ability to successfully commercialize our products or any other products we may market, and thereby adversely impact our profitability, results of operations, financial condition, and future success.

Our products are subject to ongoing regulatory requirements that could cause us significant expense and delay or limit our ability to generate sales revenues.

In connection with the FDA approval of DAYBUE, we agreed to the following post-marketing requirements (PMRs): a clinical study of renal impairment in healthy volunteers, nonclinical carcinogenicity studies and nonclinical in vitro and clinical in vivo drug interaction studies. The FDA has released us from one of the five PMRs. In addition, we have fulfilled one of the five PMRs. Of the remaining three PMRs, we have completed one and are awaiting the FDA's acknowledgement and acceptance. The results of any post-marketing study may cause the FDA to update the label, request additional studies and/or require risk mitigation plans.

The manufacturing processes, labeling, packaging, distribution, adverse event reporting, storage, advertising, promotion and recordkeeping for our products will also continue to be subject to extensive and ongoing regulatory requirements in the U.S., Canada and in other foreign countries in which we obtain marketing approvals. These requirements include submissions of safety and other post-marketing information and reports, registration, as well as continued compliance with cGMPs, good clinical practices, international council for harmonization guidelines and good laboratory practices, each of which are regulations and guidelines enforced by regulatory authorities for all of our nonclinical and clinical development and for any clinical trials that we conduct post-approval.

Discovery of any issues post-approval, including any safety concerns, such as carcinogenicity, unexpected side effects or drug-drug interaction problems, adverse events of unanticipated severity or frequency, or concerns over misuse or abuse of the product, problems with the facilities where the product is manufactured, tested, packaged or distributed, or failure to comply with regulatory requirements, may result in, among other things, restrictions on our products or on us, including:

- withdrawal of approval, addition of warnings or narrowing of the approved indication in the product label;
- requirement of a Risk Evaluation and Mitigation Strategy to mitigate the risk of off-label use in populations where the FDA may believe that the potential risks of use may outweigh its benefits;
- voluntary or mandatory recalls;
- warning letters;
- suspension of any ongoing clinical studies;
- refusal by the FDA or comparable foreign regulatory authorities to approve pending applications or supplements to approved applications filed by us, or suspension or revocation of product approvals;
- restrictions on operations, including restrictions on the marketing or manufacturing of the product or the imposition of costly new manufacturing requirements; or

- seizure or detention, or refusal to permit the import or export of products.

If any of these actions were to occur, we may have to discontinue the commercialization of the applicable product, limit our sales and marketing efforts, conduct further post-approval studies, and/or discontinue or change any other ongoing or planned clinical studies, which in turn could result in significant expense and delay or limit our ability to generate sales revenues.

We rely on a limited network of third-party distributors and pharmacies to market and sell our products. If this approach ceases to be effective, commercialization of our products may be adversely affected, and our products may not be profitable.

Our strategy includes distributing NUPLAZID in the U.S. and DAYBUE or trofinetide, as applicable, in the U.S., Canada and other jurisdictions in which marketing is approved solely through a limited network of third-party specialty distributors, specialty pharmacies or other third-party partners. While we have entered into agreements with each of these distributors and pharmacies to distribute NUPLAZID in the U.S. and DAYBUE in the U.S. and Canada, we will need to enter into similar agreements in any jurisdictions in which trofinetide is approved, and such distributors and pharmacies may not perform as agreed or they may terminate their agreements with us. Also, we may need to enter into agreements with additional distributors, pharmacies or other entities, and there is no guarantee that we will be able to do so on commercially reasonable terms or at all.

In the event we are unable to maintain and, if needed, expand, our network of third-party specialty distributors and specialty pharmacies, our ability to continue commercializing our products would be limited, and our products may not be profitable.

Drug development is a long, expensive and unpredictable process with a high risk of failure, and there is no guarantee that our products or product candidates will be successful in ongoing or future clinical trials or obtain regulatory approval.

Preclinical testing and clinical trials are long, expensive and unpredictable processes that can be subject to delays. Preliminary, initial, top-line or interim results of clinical trials do not necessarily predict final results and such results may change as more patient data becomes available and are subject to audit and verification procedures that could result in material changes in the final results. In addition, success in preclinical testing and early clinical trials does not ensure that later clinical trials will be successful. A number of companies in the pharmaceutical and biotechnology industries have suffered significant setbacks in advanced clinical trials even after promising results in earlier trials. Of the large number of product candidates in development, only a small percentage result in the submission of an NDA to the FDA or comparable regulatory filing to regulatory authorities in other jurisdictions, and even fewer are approved for marketing. Even if clinical trials are completed, we or our collaborators may not submit applications for required authorizations to manufacture and/or market potential products or any such application may not be reviewed and approved by the appropriate regulatory authorities in a timely manner, if at all.

Our clinical trials face a number of risks, and our product candidates may fail regardless of whether our collaborators successfully complete the clinical trials and apply for such required authorizations for a number of reasons, including:

- a product candidate may fail to receive the regulatory clearances required to market them as drugs;
- a product candidate may be subject to proprietary rights held by others requiring the negotiation of a license agreement prior to marketing;
- a product candidate may be difficult or expensive to manufacture on a commercial scale;
- a product candidate may have adverse side effects that make their use less desirable;
- a product candidate may fail to compete with product candidates or other treatments commercialized by competitors;
- a product candidate may not prove to be efficacious or safe;
- patients may die or suffer other adverse effects for reasons that may or may not be related to the product candidate being tested;
- the results of clinical trials may not be consistent with positive results of earlier trials; and

- the results of clinical trials may not meet the level of statistical significance required by the FDA or comparable foreign regulatory authorities.

Our drug development programs are at various stages of development and the historical rate of failures for product candidates in our industry is extremely high. We have had several clinical studies evaluating pimavanserin that did not achieve statistical significance on certain endpoints, including the unsuccessful Phase 3 ADVANCE-2 study of pimavanserin for the treatment of the negative symptoms of schizophrenia in March 2024 and the unsuccessful Phase 2 study of pimavanserin for the treatment of irritability associated with autism spectrum disorder in pediatric populations (Pediatric Phase 2 Trial) in October 2024. At this time, we are not planning to conduct any additional clinical studies for pimavanserin.

With the completion of the Pediatric Phase 2 Trial, we believe we now have completed the FDA's requirements to qualify for a pediatric exclusivity for pimavanserin. However, there is no assurance that FDA will confirm that such requirements have been met and that the pediatric exclusivity will be granted.

An unfavorable outcome in any of our ongoing or future development efforts for trofinetide or in the post-marketing studies for DAYBUE could be a major set-back for the programs and for us, generally. In particular, an unfavorable outcome in our trofinetide programs or in the post-marketing studies for DAYBUE, may require us to delay, devote additional substantial resources to, reduce the scope of, or eliminate the affected program and could have a material adverse effect on us and the value of our common stock. Also, although we have submitted a marketing application for the approval of trofinetide in the EU, there is no guarantee we will receive regulatory approval.

We are currently conducting several studies with our product candidates, including our Phase 2 study evaluating the efficacy and safety of an internally-developed compound known as ACP-204, as a potential treatment for the treatment of hallucinations and delusions associated with ADP and our Phase 3 COMPASS study evaluating the efficacy and safety of ACP-101 (intranasal carbetocin) for the treatment of hyperphagia in PWS and may conduct additional studies with these and other product candidates in the future. We plan to initiate an additional Phase 2 study of ACP-204 in LBDP in the third quarter of 2025 and to initiate a Phase 2 study of ACP-711 in essential tremor in 2026.

Drug development is a long, expensive and unpredictable process. Even if we do successfully complete clinical trials, those results are not necessarily predictive of results of additional trials that may be needed before a marketing application may be submitted to regulatory authorities. If we are unable to develop, or obtain marketing approval for, or, if approved, successfully commercialize our product candidates, we may not be able to generate sufficient revenue and our business operations and financial performance may be materially and adversely affected.

Expanded access or compassionate use programs could subject us to additional risks.

We currently provide and may provide in the future access to unapproved products or product candidates outside of clinical trials through expanded access or compassionate use programs (sometimes referred to as right to try programs). These patients generally have life-threatening illnesses for which there are no alternative therapies or they have exhausted all other available therapies. There are a number of risks that we may face as a result of our expanded access or compassionate use programs. For example, the risk for serious adverse events in certain of these patient populations is high, which, if those adverse events are determined (or perceived) to be drug-related, could have a negative impact on the safety profile of our products and product candidates and cause significant delays, result in an inability to successfully commercialize our products and materially harm our business.

In certain jurisdictions, we may be required to provide our products for free if we participate in expanded access or compassionate use programs in certain jurisdictions. In other jurisdictions we may be required to return some or all of the revenue we may generate through our expanded access or compassionate use programs if the appropriate foreign regulatory authority ultimately does not approve our products or product candidates for marketing in the jurisdiction of our expanded access or compassionate use programs. If this were to occur, it could materially and adversely affect our business operations and financial performance.

Delays, suspensions and terminations in our clinical trials for our product candidates could result in increased costs to us and delay our ability to generate product revenues.

The commencement of clinical trials can be delayed for a variety of reasons, including delays in:

- demonstrating sufficient safety and efficacy to obtain regulatory approval to commence a clinical trial;
- reaching agreement on acceptable terms with prospective contract research organizations (CROs) and clinical trial sites;
- manufacturing sufficient quantities of a product candidate;
- obtaining clearance from the FDA to commence clinical trials pursuant to an Investigational New Drug application;
- obtaining approval to conduct clinical trials in countries or jurisdictions outside the United States pursuant to evolving regional and local regulations (e.g., EU Clinical Trials Regulation (EU No. 536/2014));
- obtaining institutional review board approval to conduct a clinical trial at a prospective clinical trial site; and
- patient recruitment, which is a function of many factors, most of which is outside our control, including the size of the patient population, the nature of the protocol, the proximity of patients to clinical trial sites, the availability of effective treatments for the relevant disease and the eligibility criteria for the clinical trial.

Once a clinical trial has begun, it may be delayed, suspended or terminated due to a number of factors, including:

- competition for internal and external resources, including clinical sites and study patients, that we may choose to allocate to other programs;
- ongoing discussions with regulatory authorities regarding the scope or design of our clinical trials or requests by them for supplemental information with respect to our clinical trial results;
- imposition of clinical holds by regulatory authorities or institutional review boards;
- failure to conduct clinical trials in accordance with regulatory requirements;
- inability to monitor patients adequately during or after treatment;
- difficulty monitoring multiple study sites;
- patient enrollment, which is a function of many factors, most of which is outside our control, including the size of the patient population, the nature of the protocol, the proximity of patients to clinical trial sites, the availability of effective treatments for the relevant disease and the eligibility criteria for the clinical trial;
- lower than anticipated screening or retention rates of patients in clinical trials;
- serious adverse events or side effects experienced by participants; and
- insufficient supply or deficient quality of product candidates or other materials necessary for the conduct of our clinical trials.

In addition, enrollment and retention of patients in, or the ability to receive results from, clinical trials could be disrupted by geopolitical or macroeconomic developments. For example, as a result of the conflict between Ukraine and Russia, we experienced temporary delays in accessing historical records of certain clinical trial sites located in Russia. It is possible that enrollment in future studies, could be impacted due to the same or similar geopolitical or macroeconomic developments. If patients withdraw from our trials, miss scheduled doses or follow-up visits or otherwise fail to follow trial protocols, or if our trial results are otherwise disrupted or disputed due to such developments, the integrity of data from our trials may be compromised or not accepted by the FDA or other regulatory authorities, which would represent a significant setback for the applicable program.

Many of these factors may also ultimately lead to denial of regulatory approval of a current or potential future product candidate. If we experience delays, suspensions or terminations in a clinical trial, clinical trial materials or investigational products, the commercial prospects for the related product candidate will be harmed, and our ability to generate product revenues will be delayed.

If we are unable to attract, retain, and motivate key management, research and development, and sales and marketing personnel, our drug development programs, our research and discovery efforts, and our commercialization plans may be delayed and we may be unable to successfully commercialize our products, or develop our product candidates.

Our success depends on our ability to attract, retain, and motivate highly qualified management, scientific, and commercial personnel. In particular, our development programs depend on our ability to attract and retain highly skilled development personnel, especially in the fields of CNS disorders and rare diseases. We are currently hiring, and in the future we expect to need to continue to hire, additional personnel as we expand our research and development efforts for our products and product candidates, and commercial activities for our products. We face competition for experienced management, scientists, clinical operations personnel, commercial and other personnel from numerous companies and academic and other research institutions across all jurisdictions in which our products may be commercialized. Many of the other biotechnology and pharmaceutical companies with whom we compete for qualified personnel have greater financial and other resources, different risk profiles and longer histories in the industry than we do. They also may provide more diverse opportunities and better chances for career advancement. Some of these characteristics may be more appealing to high quality candidates than that which we have to offer. If we are unable to continue to attract and retain high quality personnel, the rate and success at which we can develop and commercialize products and product candidates, if approved, will be limited. If we are unable to attract and retain the necessary personnel, it will significantly impede our commercialization efforts for our products, and the achievement of our research and development objectives.

In September 2024, Catherine Owen Adams became our new Chief Executive Officer (CEO), replacing our former CEO, Stephen R. Davis. Our new CEO will be critical to executing on and achieving our strategy. Further, our new CEO may bring different perspectives, and the future strategy and direction of our business may differ materially from those of the past. If we are unable to execute an orderly transition and successfully integrate our new CEO into our leadership team, we may experience material disruptions to our operations and our financial condition and results of operations may be adversely affected.

All of our employees are "at will" employees, which means that any employee may quit at any time and we may terminate any employee at any time. We do not carry "key person" insurance covering members of senior management.

Risks Related to Our Business

If we fail to develop, acquire or in-license other product candidates or products, our business and prospects would be limited. Even if we obtain rights to other product candidates or products, we will incur a variety of costs and may never realize the anticipated benefits.

Part of our corporate strategy is to develop, acquire or in-license businesses, technologies, product candidates or products that we believe are a strategic fit with our business. The success of this strategy depends in large part on the combination of our regulatory, development and commercial capabilities and expertise and our ability to identify, select and acquire or in-license clinically-enabled product candidates for the treatment of CNS disorders and rare diseases, or for therapeutic indications that complement or augment our current products and product candidates, or that otherwise fit into our development or strategic plans on terms that are acceptable to us. Identifying, selecting and acquiring or in-licensing promising product candidates requires substantial technical, financial and human resources expertise, and we may not be successful in identifying acquisition targets, completing proposed acquisitions and integrating any acquired businesses, technologies, services or products into our current infrastructure. Efforts to do so may not result in the actual acquisition or in-license of a particular product candidate, potentially resulting in a diversion of our management's time and the expenditure of our resources with no resulting benefit. If we are unable to identify, select and acquire or license suitable product candidates from third parties on terms acceptable to us, our business and prospects will be limited.

The process of integrating any acquired business, technology, service, or product may result in unforeseen operating difficulties and expenditures and may divert significant management attention from our ongoing business operations. As a result, we will incur a variety of costs in connection with an acquisition and may never realize its anticipated benefits. Moreover, any product candidate we identify, select and acquire or license may require additional, time-consuming development or regulatory efforts prior to commercial sale, including preclinical studies, if applicable, and extensive clinical testing and approval by the FDA and applicable foreign regulatory authorities. All product candidates are prone to the risk of failure that is inherent in pharmaceutical product development, including the possibility that the product candidate will not be shown to be sufficiently safe and/or effective for approval by regulatory authorities. In addition, any such products that are approved may not be manufactured or produced economically, successfully commercialized or widely accepted in the marketplace or be more effective or desired than other commercially available alternatives.

We have a history of net losses and we may not be able to predict the extent of future losses.

We have experienced significant net losses since our inception. As of December 31, 2024, we had an accumulated deficit of approximately $2.2 billion. We expect to increase our expenses and other investments in the coming years as we fund our operations, in-licensing or acquisition opportunities, and capital expenditures. Thus, our future operating results, profitability and other financial metrics may fluctuate from period to period, and we will need to generate significant revenues to achieve and maintain profitability and/or positive cash flow on a sustained basis.

We expect that our revenues over the next few years will be entirely dependent on our ability to generate product sales. Substantially all of our revenues since May 2016 were from U.S. net product sales of NUPLAZID and DAYBUE. To the extent that we cannot generate significant revenues from the sale of our products to cover our expenses, including the significant expenses associated with commercializing our products and continuing to develop trofinetide in additional indications and jurisdictions outside the U.S., we may not achieve profitability and/or may have to reduce our commercialization and/or research and development activities to become profitable, which would harm our future growth prospects. Additionally, to obtain revenues from our product candidates, if approved, we must succeed, either alone or with others, in developing, obtaining regulatory approval for, manufacturing and marketing compounds with significant market potential. We may never succeed in these activities and may never generate revenues that are significant enough to achieve profitability.

We may require additional financing in the future to fund our operations. If we cannot raise additional financing in the future, we may be unable to fund our business plan and our future research, development, commercial and manufacturing efforts.

We have funded our operations primarily with revenues from sales of our products since their approvals, and through sales of our equity securities and interest income. We anticipate that the level of cash used in our operations will fluctuate in future periods depending on the levels of spending required for our ongoing and planned commercial activities for our products, our ongoing and planned development activities for pimavanserin for the negative symptoms of schizophrenia, ACP-101 as a treatment for PWS and ACP-204 as a treatment for ADP, studies to be conducted pursuant to our PMRs, our ongoing and planned development activities for other early- and late-stage product candidates and strategic business development to further expand our portfolio. We expect that our cash, cash equivalents and investment securities, as well as funds generated by anticipated sales of our products, will be sufficient to fund our planned operations through and beyond the next 12 months.

We may require additional financing in the future to fund our operations. Our future capital requirements will depend on, and could increase significantly as a result of, many factors, including:

- the costs of acquiring additional product candidates or research and development programs;
- the scope, prioritization and number of our research and development programs;
- the ability of our collaborators and us to reach the milestones and other events or developments triggering payments under our collaboration or license agreements, or our collaborators' ability to make payments under these agreements;
- our ability to enter into new collaboration and license agreements;
- the progress in, and the costs of, our ongoing and planned development activities for pimavanserin, post-marketing studies for DAYBUE to be conducted over the next several years, and ongoing and planned commercial activities for our products;
- the costs of our development activities for our product candidates;
- the costs of commercializing our products, including the maintenance and development of our sales and marketing capabilities;
- the costs of establishing, or contracting for, sales and marketing capabilities for our product candidates;
- the amount of U.S. product sales from our products;
- the costs of preparing applications for regulatory approvals for DAYBUE in jurisdictions other than the U.S., for NUPLAZID in additional indications other than PDP and for other product candidates, as well as the costs required to support review of such applications;

- the costs of manufacturing and distributing our products for commercial use in the U.S.;
- our ability to obtain regulatory approval for, and subsequently generate product sales from, NUPLAZID for the negative symptoms of schizophrenia, or from DAYBUE, and our product candidates;
- the extent to which we are obligated to reimburse collaborators or collaborators are obligated to reimburse us for costs under collaboration agreements;
- the costs involved in filing, prosecuting, enforcing, and defending patent claims and other intellectual property rights;
- the costs of maintaining or securing manufacturing arrangements for clinical or commercial production of pimavanserin, trofinetide or other product candidates; and
- the costs associated with litigation, including the costs incurred in defending against any product liability claims that may be brought against us related to our products.

In the past, periods of turmoil and volatility in the financial markets have adversely affected the market capitalizations of many biotechnology companies, and generally made equity and debt financing more difficult to obtain. For example, as a result of geopolitical and macroeconomic developments, the global credit and financial markets have experienced extreme volatility and disruptions, including diminished liquidity and credit availability, declines in consumer confidence, declines in economic growth, increases in unemployment rates and uncertainty about economic stability. These events, coupled with other factors, may limit our access to additional financing in the future if needed, and could have a material adverse effect on our ability to access sufficient funding. We cannot be certain that additional funding will be available to us on a timely basis, on acceptable terms, or at all. If additional funds are not available, we will be required to delay, reduce the scope of, or eliminate one or more of our research or development programs or our commercialization efforts. We also may be required to relinquish greater or all rights to product candidates at an earlier stage of development or on less favorable terms than we would otherwise choose. Additional funding, if necessary and obtained, may significantly dilute existing stockholders and could negatively impact the price of our stock.

We expect that our results of operations will fluctuate, which may make it difficult to predict our future performance from period to period.

Our operating results have fluctuated in the past and are likely to do so in future periods. Some of the factors that could cause our operating results to fluctuate from period to period include:

- the success of our commercialization of our products;
- the impact of geopolitical and macroeconomic developments, general political, health and economic conditions, as well as any related political or economic responses and counter-responses or otherwise by various global actors or the general effect on the global economy and supply chain, pandemics or epidemics, economic slowdowns, recessions, inflation, high interest rates and tightening of credit markets on our business;
- the status and cost of our PMRs for DAYBUE;
- the variation in our gross-to-net adjustments from quarter to quarter, primarily because of the fluctuation in our share of the donut hole for Medicare Part D patients;
- the status and cost of development and commercialization of trofinetide for indications other than for the treatment of Rett syndrome;
- the status and cost of development and commercialization of our product candidates, if approved, including compounds being developed under our collaborations;
- whether we acquire or in-license additional product candidates or products, and the status of development and commercialization of such product candidates, if approved, or products;
- whether we generate revenues or reimbursements by achieving specified research, development or commercialization milestones under any agreements or otherwise receive potential payments under these agreements;
- whether we are required to make payments due to achieving specified milestones under any licensing or similar agreements or otherwise make payments under these agreements;

- the incurrence of preclinical or clinical expenses that could fluctuate significantly from period to period, including reimbursement obligations pursuant to our collaboration agreements;
- the initiation, termination, or reduction in the scope of our collaborations or any disputes regarding these collaborations;
- the timing of our satisfaction of applicable regulatory requirements;
- the rate of expansion of our clinical development, other internal research and development efforts, and pre-commercial and commercial efforts;
- the effect of competing technologies and products and market developments;
- the costs associated with litigation, including the costs incurred in defending against any product liability claims that may be brought against us related to our products or our product candidates; and
- general and industry-specific economic conditions.

We believe that comparisons from period to period of our financial results are not necessarily meaningful and should not be relied upon as indications of our future performance.

From time to time, we provide guidance relating to our expectations for net sales of our products and certain expense line items based on estimates and the judgment of management. If, for any reason, our actual net sales or expenses differ materially from our guidance, we may have to revise our previously announced financial guidance. If we change, update or fail to meet any element of such guidance, our stock price could decline.

Changes in tax laws or regulations that are applied adversely to us or our customers may have a material adverse effect on our business, cash flow, financial condition or results of operations.

New income, sales, use or other tax laws, statutes, rules, regulations or ordinances could be enacted at any time, which could adversely affect our business operations and financial performance. Further, existing tax laws, statutes, rules, regulations or ordinances could be interpreted, changed, modified or applied adversely to us. For example, legislation enacted in 2017 informally titled the Tax Cuts and Jobs Act, the Coronavirus Aid, Relief, and Economic Security Act and the Inflation Reduction Act enacted many significant changes to the U.S. tax laws. For example, effective January 1, 2022, the Tax Cuts and Jobs Act eliminated the option to deduct research and development expenses for tax purposes in the year incurred and requires taxpayers to capitalize and subsequently amortize such expenses over five years for research activities conducted in the United States and over 15 years for research activities conducted outside the United States. Although there have been legislative proposals to repeal or defer the capitalization requirement to later years, the provision may not actually be repealed or otherwise modified. Future guidance from the Internal Revenue Service and other tax authorities with respect to such legislation may affect us, and certain aspects of such legislation could be repealed or modified in future legislation. In addition, it is uncertain if and to what extent various states will conform to federal tax laws. Future tax reform legislation could have a material impact on the value of our deferred tax assets, could result in significant one-time charges, and could increase our future U.S. tax expense.

Our ability to use net operating loss carryforwards and certain other tax attributes to offset future taxable income or taxes may be limited.

Portions of our net operating loss carryforwards could expire unused and be unavailable to offset future income tax liabilities. Under current law, federal net operating losses incurred in tax years beginning after December 31, 2017, may be carried forward indefinitely, but the deductibility of such federal net operating loss carryforwards in a taxable year is limited to 80% of taxable income in such year. In addition, under Sections 382 and 383 of the Internal Revenue Code of 1986, as amended (the Code), and corresponding provisions of state law, if a corporation undergoes an “ownership change,” which is generally defined as a greater than 50 percent change, by value, in its equity ownership over a three-year period, the corporation’s ability to use its pre-change net operating loss carryforwards and other pre-change tax attributes to offset its post-change income or taxes may be limited. We have experienced ownership changes in the past and we may experience additional ownership changes in the future as a result of subsequent shifts in our stock ownership, some of which may be outside of our control. If an ownership change occurs and our ability to use our net operating loss carryforwards is materially limited, it would harm our future operating results by effectively increasing our future tax obligations. In addition, at the state level, there may be periods during which the use of net operating loss carryforwards is suspended or otherwise limited, which could accelerate or permanently increase state taxes owed. For example, California imposed limits on the usability of California state net operating losses to offset taxable income in tax years beginning after 2023 and before 2027. As a result, if

we earn net taxable income, we may be unable to use all or a material portion of our net operating loss carryforwards and other tax attributes, which could potentially result in increased future tax liability to us and adversely affect our future cash flows.

Tax authorities could reallocate our taxable income among our subsidiaries, which could increase our overall tax liability.

The amount of taxes we pay in different jurisdictions depends on the application of the tax laws of various jurisdictions, including the United States, to our international business activities, tax rates, new or revised tax laws, or interpretations of tax laws and policies, and our ability to operate our business in a manner consistent with our corporate structure and intercompany arrangements. In 2015, we licensed worldwide intellectual property rights related to pimavanserin in certain indications to Acadia Pharmaceuticals GmbH, our wholly owned Swiss subsidiary (Acadia GmbH), and in July 2020 we licensed additional related rights to Acadia GmbH. Our goals for the establishment of Acadia GmbH, and the licensing of worldwide intellectual property rights for pimavanserin, include building a platform for long-term operational and financial efficiencies, including tax-related efficiencies. The taxing authorities of the jurisdictions in which we operate may challenge our methodologies for pricing intercompany transactions pursuant to our intercompany arrangements or disagree with our determinations as to the income and expenses attributable to specific jurisdictions. In addition, future changes in U.S. and non-U.S. tax laws, including implementation of international tax reform relating to the tax treatment of multinational corporations, if enacted, may reduce or eliminate any potential financial efficiencies that we hoped to achieve by establishing this operational structure. Additionally, taxing authorities, such as the U.S. Internal Revenue Service, may audit and otherwise challenge these types of arrangements, and have done so with other companies in the pharmaceutical industry. If any such challenge or disagreement were to occur or change in tax law were enacted, we could be required to pay additional taxes, interest and penalties, which could result in one-time tax charges, higher effective tax rates, reduced cash flows and lower overall profitability of our operations. Our financial statements could fail to reflect adequate reserves to cover such a contingency. Similarly, a taxing authority could assert that we are subject to tax in a jurisdiction where we believe we have not established a taxable connection, often referred to as a “permanent establishment” under international tax treaties, and such an assertion, if successful, could increase our expected tax liability in one or more jurisdictions.

Unfavorable global economic conditions could adversely affect our business, financial condition or results of operations.

Our results of operations could be adversely affected by general conditions in the U.S. and global economies, the U.S. and global financial markets and adverse macroeconomic developments. U.S. and global market and economic conditions have been, and continue to be, disrupted and volatile due to many factors, including material shortages and related manufacturing and supply chain challenges, geopolitical developments (as well as any related political or economic responses and counter-responses or otherwise by various global actors or the general effect on the global economy and manufacturing and supply chain), and the responses by central banking authorities to control inflation, among others. General business and economic conditions that could affect our business, financial condition or results of operations include fluctuations in economic growth, debt and equity capital markets, liquidity of the global financial markets, the availability and cost of credit, investor and consumer confidence, and the strength of the economies in which we, our collaborators, our manufacturers and our suppliers operate.

A severe or prolonged global economic downturn could result in a variety of risks to our business. For example, high inflation may result in increases in our operating costs (including our labor costs), reduced liquidity and limits on our ability to access credit or otherwise raise capital on acceptable terms, if at all. In addition, reduced government spending and volatility in financial markets may have the effect of further increasing economic uncertainty and heightening these risks. Risks of a prolonged global economic downturn are particularly true in Europe, which is undergoing a continued severe economic crisis. A weak or declining economy could also strain our suppliers and manufacturers, possibly resulting in supply and clinical trial disruption. Any of the foregoing could harm our business and we cannot anticipate all of the ways in which the current economic climate and financial market conditions could adversely impact our business.

We or the third parties upon whom we depend may be adversely affected by catastrophic events, such as earthquakes, fires or other natural disasters and our business continuity and disaster recovery plans may not adequately protect us from a serious disaster.

We depend on our employees, consultants, and CROs, as well as regulatory agencies and other parties, for the continued operation of our business. While we maintain disaster recovery plans, those plans may not adequately protect us. Despite any precautions that we or any third parties on whom we depend take for catastrophic events, including earthquakes, fires or other natural disasters, these events could result in significant disruptions to our research and development, clinical trials, manufacturing and the commercialization of our products. Long-term disruptions in the infrastructure caused by these types of events, particularly involving geographies in which we or third parties on whom we depend have offices or manufacturing, distribution or clinical trial sites, could adversely affect our businesses. Although we carry business interruption insurance policies and typically have provisions in our contracts that protect us in certain events, our coverage might not include or be adequate to compensate us for all losses that may occur. Any catastrophic event affecting us or the third parties on whom we depend could have a material adverse effect on our business, results of operations, financial condition and prospect.

We have incurred, and expect to continue to incur, significant costs as a result of laws and regulations relating to corporate governance and other matters.

Laws and regulations affecting public companies, including provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act that was enacted in July 2010, the provisions of the Sarbanes-Oxley Act of 2002 (SOX), and rules adopted or proposed by the SEC and by The Nasdaq Stock Market, have resulted in, and will continue to result in, significant costs to us as we evaluate the implications of these rules and respond to their requirements. In the future, if we are not able to issue an evaluation of our internal control over financial reporting, as required, or we or our independent registered public accounting firm determine that our internal control over financial reporting is not effective, this shortcoming could have an adverse effect on our business and financial results and the price of our common stock could be negatively affected. New rules could make it more difficult or more costly for us to obtain certain types of insurance, including director and officer liability insurance, and we may be forced to accept reduced policy limits and coverage or incur substantially higher costs to obtain the coverage that is the same or similar to our current coverage. The impact of these events could also make it more difficult for us to attract and retain qualified persons to serve on our board of directors and board committees, and as our executive officers. We cannot predict or estimate the total amount of the costs we may incur or the timing of such costs to comply with these rules and regulations.

Our business involves the use of hazardous materials, and we and our third-party manufacturers and suppliers must comply with environmental, health and safety laws and regulations, which can be expensive and restrict how we do, or interrupt our, business.

Our research and development activities and our third-party manufacturers' and suppliers' activities involve the generation, storage, use and disposal of hazardous materials, including the components of our products and product candidates and other hazardous compounds and wastes. We and our manufacturers and suppliers are subject to environmental, health and safety laws and regulations governing, among other matters, the use, manufacture, generation, storage, handling, transportation, discharge and disposal of these hazardous materials and wastes and worker health and safety. In some cases, these hazardous materials and various wastes resulting from their use are stored at our and our manufacturers' facilities pending their use and disposal. We cannot eliminate the risk of contamination or injury, which could result in an interruption of our commercialization efforts, research and development efforts and business operations, damages and significant cleanup costs and liabilities under applicable environmental, health and safety laws and regulations. We also cannot guarantee that the safety procedures utilized by our third-party manufacturers for handling and disposing of these materials and wastes generally comply with the standards prescribed by these laws and regulations. We may be held liable for any resulting damages costs or liabilities, which could exceed our resources, and state or federal or other applicable authorities may curtail our use of certain materials and/or interrupt our business operations. Furthermore, environmental, health and safety laws and regulations are complex, change frequently and have tended to become more stringent. We cannot predict the impact of such changes and cannot be certain of our future compliance. Failure to comply with these environmental, health and safety laws and regulations may result in substantial fines, penalties or other sanctions. We do not currently carry hazardous waste insurance coverage.

Our management has broad discretion over the use of our cash and we may not use our cash effectively, which could adversely affect our results of operations.

Our management has significant flexibility in applying our cash resources and could use these resources for corporate purposes that do not increase our market value, or in ways with which our stockholders may not agree. We may use our cash resources for corporate purposes that do not yield a significant return or any return at all for our stockholders, which may cause our stock price to decline.

Risks Related to Our Relationships with Third Parties

We depend on collaborations with third parties to develop certain of our product candidates and may need to enter into future collaborations to develop and commercialize certain of our product candidates.

We depend on collaborations with third parties to develop certain of our product candidates and may need to enter into future collaborations to develop and commercialize certain of our product candidates. In addition, we may choose to rely on collaborations in the future for our products or other product candidates, including for the commercialization of DAYBUE in selected markets outside of the U.S.

Our collaborators may fail to develop or effectively commercialize products using our product candidates, if approved, or technologies because they:

- do not have sufficient resources or decide not to devote the necessary resources due to internal constraints such as limited cash or human resources or a change in strategic focus;
- may not properly maintain, enforce or defend our intellectual property rights or may use our proprietary information in a manner that could jeopardize or invalidate our proprietary information or expose us to potential litigation;
- terminate the arrangement or allow it to expire, which would delay the development and commercialization and may increase the cost of developing and commercializing our products or product candidates, if approved;
- may sell, transfer or divest assets or programs related to our partnered product or product candidates;
- may not pursue further development and commercialization of products resulting from the strategic collaboration arrangement;
- decide to pursue a competitive product developed outside of the collaboration; or
- cannot obtain the necessary regulatory approvals.

Collaborations are complex and time-consuming to negotiate and document. Given the current economic and industry environment, it is possible that competition for new collaborators may increase. We may not be able to negotiate additional collaborations on a timely basis, on acceptable terms, or at all. If we are unable to find new collaborations, we may not be able to continue advancing our programs alone.

Our collaborations may be subject to conflicts or disputes, which could have a material adverse effect on our business, results of operations and financial condition.

Conflicts may arise in our collaborations due to one or more of the following:

- disputes or breaches with respect to payments that we believe are due under the applicable agreements, particularly in the current environment when companies, including large established ones, may be seeking to reduce external payments;
- disputes on strategy as to what development or commercialization activities should be pursued under the applicable agreements;
- disputes as to the responsibility for conducting development and commercialization activities pursuant to the applicable collaboration, including the payment of costs related thereto;
- disagreements with respect to ownership of intellectual property rights;

- unwillingness on the part of a collaborator to keep us informed regarding the progress of its development and commercialization activities, or to permit public disclosure of these activities;
- delay or reduction of a collaborator's development or commercialization efforts with respect to our product candidates, if approved; or
- termination or non-renewal of the collaboration.

Conflicts arising with our collaborators could impair the progress of our product candidates, harm our reputation, result in a loss of revenues, reduce our cash position, and cause a decline in our stock price.

In addition, in our past collaborations, from time to time, we have agreed not to conduct independently, or with any third party, any research that is directly competitive with the research conducted under the applicable program. Any collaborations we establish in the future may have the effect of limiting the areas of research that we may pursue, either alone or with others. Conversely, the terms of any collaboration we may establish in the future might not restrict our collaborators from developing, either alone or with others, products or product candidates in related fields that are competitive with the products or product candidates that are the subject of these collaborations. Competing products and product candidates, either developed by our collaborators or to which our collaborators have rights, may result in the allocation of resources by our collaborators to competing products and product candidates, and their withdrawal of support for our products and product candidates or may otherwise result in lower demand for our potential products and product candidates.

In addition, disputes may arise between us and our licensors regarding intellectual property subject to a license agreement, including:

- the scope of rights granted under the license agreement and other interpretation-related issues;
- whether and the extent to which our technology and processes infringe on intellectual property of the licensor that is not subject to the licensing agreement;
- our right to sublicense patents and other rights to third parties;
- our diligence obligations with respect to the use of the licensed technology in relation to our development and commercialization of our product candidates, if approved, and what activities satisfy those diligence obligations;
- our right to transfer or assign the license; and
- the ownership of inventions and know-how resulting from the joint creation or use of intellectual property by our licensors and us and our partners.

If disputes over intellectual property that we have licensed prevent or impair our ability to maintain our current licensing arrangements on acceptable terms, we may not be able to successfully develop and commercialize the related product candidates, if approved, which would have a material adverse effect on our business.

We rely on third parties to conduct our clinical trials and perform data collection and analysis, which may result in costs and delays that prevent us from successfully commercializing product candidates, if approved.

Although we design and manage our current preclinical studies and clinical trials, we currently do not have the ability to conduct clinical trials for our product candidates on our own. We rely on CROs, medical institutions, clinical investigators, and contract laboratories to perform data collection and analysis and other aspects of our clinical trials. In addition, we also rely on third parties to assist with our preclinical studies, including studies regarding biological activity, safety, absorption, metabolism, and excretion of product candidates. Some of these third parties may experience shutdowns or other disruptions as a result of adverse geopolitical or macroeconomic developments and therefore may be unable to provide the level of service that we have received in the past.

Our preclinical activities or clinical trials may be delayed, suspended, or terminated if:

- these third parties do not successfully carry out their contractual duties or fail to meet regulatory obligations or expected deadlines;
- these third parties need to be replaced; or
- the quality or accuracy of the data obtained by these third parties is compromised due to their failure to adhere to our clinical protocols or regulatory requirements or for other reasons.

Failure to perform by these third parties may increase our development costs, delay our ability to obtain regulatory approval, and delay or prevent the commercialization of our product candidates, if approved. We currently use several CROs to perform services for our preclinical studies and clinical trials. While we believe that there are numerous alternative sources to provide these services, in the event that we seek such alternative sources, we may not be able to enter into replacement arrangements without delays, additional expenditures, or at all, any of which could negatively affect our business, results of operations, financial condition and prospects.

We currently depend, and in the future will continue to depend, on third parties to manufacture our products and product candidates. If these manufacturers fail to provide us or our collaborators with adequate supplies of clinical trial materials and commercial product or fail to comply with the requirements of regulatory authorities, we may be unable to develop or commercialize our products or product candidates, if approved.

We have no manufacturing facilities and only limited experience as an organization in the manufacturing of drugs or in designing drug-manufacturing processes. We have contracted with third-party manufacturers to produce, in collaboration with us, our products and product candidates.

We have contracted with Patheon Pharmaceuticals Inc. (Patheon) to manufacture NUPLAZID 10 mg tablet and 34 mg capsule drug product and DAYBUE for commercial use in the U.S. and Canada. We have also contracted with a second contract manufacturing organization to manufacture NUPLAZID 34 mg drug product for commercial use in the U.S. Additionally, we have contracted with Siegfried AG to manufacture API to be used in the manufacture of NUPLAZID drug product for commercial use, Corden Pharma Bergamo S.p.A. (Corden) and F.I.S. Fabbrica Italiana Sintetici S.p.A. (FIS) to manufacture API to be used in the manufacture of DAYBUE drug product for commercial use, and Patheon and CoreRx Inc. (CoreRx) to manufacture DAYBUE for commercial use. However, we have not entered into any agreements with any alternate suppliers for 10 mg NUPLAZID drug product or NUPLAZID API. We may face delays or increased costs in our supply chain that could jeopardize the commercialization of our products. While we currently have sufficient API for both NUPLAZID and DAYBUE and NUPLAZID and DAYBUE finished products on hand to continue our commercial and clinical operations as planned, depending on the effects of geopolitical and macroeconomic developments and whether such developments cause disruptions, we may face such delays or costs in future years. If any third party in our supply or distribution chain for materials or finished product is adversely impacted by geopolitical and macroeconomic developments, our supply chain may be disrupted, limiting our ability to manufacture, test and distribute our products for commercial sales and our product candidates for our clinical trials and research and development operations. For example, it takes approximately two years for our third-party manufacturers to produce DAYBUE API, and a supply chain disruption in DAYBUE API would cause delays or increased costs to us that could jeopardize the commercialization of DAYBUE.

Even though we have agreements with third parties for the manufacture of our products, the FDA may not approve the facilities of such manufacturers, the manufacturers may not perform as agreed, or the manufacturers may terminate their agreements with us. If any of the foregoing circumstances occur, we may need to find alternative manufacturing facilities, which would significantly impact our ability to develop, maintain or obtain, as applicable, regulatory approval for or market our products or product candidates. While we believe that there will be alternative sources available to manufacture our products and product candidates, in the event that we seek such alternative sources, we may not be able to enter into replacement arrangements without delays or additional expenditures. We cannot estimate these delays or costs with certainty but, if they were to occur, they could cause a delay in our development and commercialization efforts, which would have a negative effect on our business, results of operations, financial condition and prospects.

The manufacturers of our products and product candidates, including Patheon, Siegfried, Corden, FIS and CoreRx, are obliged to operate in accordance with FDA-mandated current good manufacturing practices (cGMPs), and we have limited control over the ability of third-party manufacturers to maintain adequate quality control, quality assurance and qualified personnel to ensure compliance with cGMPs. In addition, the facilities used by our third-party manufacturers to manufacture our products and product candidates must be approved by the FDA pursuant to inspections that will be conducted prior to any grant of regulatory approval by the FDA. If any of our third-party manufacturers are unable to successfully manufacture material that conforms to our specifications and the FDA's strict regulatory requirements, or pass regulatory inspection, they will not be able to secure or maintain approval for the manufacturing facilities. Additionally, a failure by any of our third-party manufacturers to establish and follow cGMPs or to document their adherence to such practices may lead to significant delays in clinical trials or in obtaining regulatory approval of product candidates, or result in issues maintaining regulatory approval of our products and any product candidate that receives regulatory approval, negatively impact our commercialization of our products, or lead to significant delays in the launch and commercialization of any other products we may have in the future. Failure by our third-party manufacturers or us to comply with applicable regulations could result in sanctions being imposed on us, including fines, injunctions, civil penalties, failure of regulatory authorities to grant

pre-market approval of drugs, delays, suspension or withdrawal of approvals, seizures or recalls of products, operating restrictions, and criminal prosecutions.

The manufacture of pharmaceutical products requires significant capital investment, including the development of advanced manufacturing techniques and process controls. Manufacturers of pharmaceutical products often encounter difficulties in production. These problems include difficulties with production costs and yields, quality control, including stability of the product, quality assurance testing, shortages of qualified personnel, as well as compliance with strictly enforced federal, state and foreign regulations. We cannot assure you that any issues relating to the manufacture of our products or product candidates will not occur in the future. Additionally, our manufacturers may experience manufacturing difficulties due to resource constraints or as a result of labor disputes or unstable political environments. If our manufacturers were to encounter any of these difficulties, or otherwise fail to comply with their contractual obligations, our ability to commercialize our products, or provide our products or product candidates to patients in clinical trials, would be jeopardized. Any delay or interruption in our ability to meet commercial demand for our products and any other approved products will result in the loss of potential revenues and could adversely affect our ability to gain market acceptance for these products. In addition, any delay or interruption in the supply of clinical trial supplies could delay the completion of clinical trials, increase the costs associated with maintaining clinical trial programs and, depending upon the period of delay, require us to commence new clinical trials at additional expense or terminate clinical trials completely.

Failures or difficulties faced at any level of our supply chain could materially adversely affect our business and delay or impede the development and commercialization of our products or product candidates, if approved, and could have a material adverse effect on our business, results of operations, financial condition and prospects. Further, changes in federal policy could affect the geopolitical landscape and could give rise to circumstances that negatively affect our business. The third parties that manufacture our products and product candidates have manufacturing activities located in Canada, Europe and Switzerland. The U.S. has implemented, and has proposed to further implement, tariffs that may increase the costs of our third-party manufacturers and the expense to us to produce our products and product candidates. If such actions were to materially affect us or our third-party manufacturers, we may not be able to successfully commercialize our products, which would have an adverse effect on our results of operations.

We may not be able to continue or fully exploit our collaborations with outside scientific and clinical advisors, which could impair the progress of our clinical trials and our research and development efforts.

We work with scientific and clinical advisors at academic and other institutions who are experts in the field of CNS disorders and rare diseases. They assist us in our research and development efforts and advise us with respect to our clinical trials. These advisors are not our employees and may have other commitments that would limit their future availability to us. Although our scientific and clinical advisors generally agree not to engage in competing work, if a conflict of interest arises between their work for us and their work for another entity, we may lose their services, which may impair our reputation in the industry and delay the development or commercialization of our product candidates, if approved.

Risks Related to Our Intellectual Property

Our ability to compete may decline if we do not adequately protect our proprietary rights.

Our commercial success depends on obtaining and maintaining intellectual property rights to our products and product candidates and technologies, as well as successfully defending these rights against third-party challenges. Successful challenges to, or misappropriation of, our intellectual property could enable competitors to quickly duplicate or surpass our technological achievements, thus eroding our competitive position in our market. To protect our intellectual property, we rely on a combination of patents, trade secret protection and contracts requiring confidentiality and nondisclosure. If our patents are successfully challenged, we may face generic competition prior to the expiration dates of our U.S. Orange Book listed patents. In addition, potential competitors have in the past and may in the future file an Abbreviated New Drug Application (ANDA) with the FDA for generic versions of NUPLAZID, seeking approval prior to the expiration of our patents. In response, we have filed complaints against these companies alleging infringement of certain of our Orange Book-listed patents covering NUPLAZID. For a more detailed description of these matters, see the section captioned “Legal Proceedings” elsewhere in this report. While we intend to defend the validity of such patents vigorously, and will seek to use all appropriate methods to prevent their infringement, such efforts are expensive and time consuming. Any substantial decrease in the revenue and income derived from our products would have an adverse effect on our results of operations.

With regard to patents, although we have filed numerous patent applications worldwide with respect to pimavanserin, not all of our patent applications resulted in an issued patent, or they resulted in an issued patent that is susceptible to challenge by a third party. Our ability to obtain, maintain, and/or defend our patents covering our product candidates and technologies is uncertain due to a number of factors, including:

- we may not have been the first to make the inventions covered by our pending patent applications or issued patents;
- we may not have been the first to file patent applications for our product candidates or the technologies we rely upon;
- others may develop similar or alternative technologies or design around our patent claims to produce competitive products that fall outside of the scope of our patents;
- our disclosures in patent applications may not be sufficient to meet the statutory requirements for patentability;
- we may not seek or obtain patent protection in all countries that will eventually provide a significant business opportunity;
- any patents issued to us or our collaborators may not provide a basis for commercially viable products, may not provide us with any competitive advantages, or are easily susceptible to challenges by third parties;
- our proprietary technologies may not be patentable;
- changes to patent laws that limit the exclusivity rights of patent holders or make it easier to render a patent invalid;
- recent decisions by the U.S. Supreme Court limiting patent-eligible subject matter;
- litigation regarding our patents may include challenges to the validity, enforceability, scope and term of one or more patents;
- the passage of The Leahy-Smith America Invents Act (the America Invents Act), introduced new procedures for challenging pending patent applications and issued patents; and
- technology that we may in-license may become important to some aspects of our business; however, we generally would not control the patent prosecution, maintenance or enforcement of any such in-licensed technology.

Even if we have or obtain patents covering our product candidates or technologies, we may still be barred from making, using and selling our product candidates or technologies because of the patent rights of others. Others have or may have filed, and in the future are likely to file, patent applications covering compounds, assays, genes, gene products or therapeutic products that are similar or identical to ours. There are many issued U.S. and foreign patents relating to genes, nucleic acids, polypeptides, chemical compounds or therapeutic products, and some of these may encompass reagents utilized in the identification of candidate drug compounds or compounds that we desire to commercialize. Numerous U.S. and foreign issued patents and pending patent applications owned by others exist in the area of CNS disorders and the other fields in which we are developing products. These could materially affect our freedom to operate. Moreover, because patent applications can take many years to issue, there may be currently pending applications, unknown to us, that may later result in issued patents that our product candidates or technologies may infringe. These patent applications may have priority over patent applications filed by us.

We regularly conduct searches to identify patents or patent applications that may prevent us from obtaining patent protection for our proprietary compounds or that could limit the rights we have claimed in our patents and patent applications. Disputes may arise regarding the ownership or inventorship of our inventions. For applications in which all claims are entitled to a priority date before March 16, 2013, an interference proceeding can be provoked by a third-party or instituted by the U.S. Patent and Trademark Office (U.S. PTO), to determine who was the first to invent the invention at issue. It is difficult to determine how such disputes would be resolved. Applications containing a claim not entitled to priority before March 16, 2013, are not subject to interference proceedings due the change brought by the America Invents Act to a “first-to-file” system. However, a derivation proceeding can be brought by a third-party alleging that the inventor derived the invention from another.

Periodic maintenance fees on any issued patent are due to be paid to the U.S. PTO and foreign patent agencies in several stages over the lifetime of the patent. The U.S. PTO and various foreign governmental patent agencies require compliance with a number of procedural, documentary, fee payment and other similar provisions during the patent application process. While an inadvertent lapse can in many cases be cured by payment of a late fee or by other means in accordance with the applicable rules, there are situations in which noncompliance can result in abandonment or lapse of the patent or patent application, resulting in partial or complete loss of patent rights in the relevant jurisdiction. Non-compliance events that could result in abandonment or lapse of a patent or patent application include, but are not limited to, failure to respond to official actions within prescribed time limits, non-payment of fees and failure to properly legalize and submit formal documents. In such an event, our competitors might be able to enter the market, which would have a material adverse effect on our business.

Some of our academic institutional licensors, research collaborators and scientific advisors have rights to publish data and information to which we have rights. We generally seek to prevent our collaborators from disclosing scientific discoveries until we have the opportunity to file patent applications on such discoveries, but in some cases, we are limited to relatively short periods to review a proposed publication and file a patent application. If we cannot maintain the confidentiality of our technology and other confidential information in connection with our collaborations, then our ability to receive patent protection or protect our proprietary information may be impaired.

Confidentiality agreements with employees and others may not adequately prevent disclosure of our trade secrets and other proprietary information and may not adequately protect our intellectual property, which could limit our ability to compete.

Because we operate in the highly technical field of drug discovery and development of small molecule drugs, we rely in part on trade secret protection in order to protect our proprietary technology and processes. However, trade secrets are difficult to protect. We enter into confidentiality, nondisclosure, and intellectual property assignment agreements with our corporate partners, employees, consultants, outside scientific collaborators, sponsored researchers, and other advisors. These agreements generally require that the other party keep confidential and not disclose to third parties all confidential information developed by the party or made known to the party by us during the course of the party's relationship with us. These agreements also generally provide that inventions conceived by the party in the course of rendering services to us will be our exclusive property. However, these agreements may not be honored and may not effectively assign intellectual property rights to us. Enforcing a claim that a party illegally obtained and is using our trade secrets is difficult, expensive and time consuming and the outcome is unpredictable. In addition, courts outside the U.S. may be less willing to protect trade secrets. We also have not entered into any noncompete agreements with any of our employees. Although each of our employees is required to sign a confidentiality agreement with us at the time of hire, we cannot guarantee that the confidential nature of our proprietary information will be maintained in the course of future employment with any of our competitors. If we are unable to prevent unauthorized material disclosure of our intellectual property to third parties, we will not be able to establish or maintain a competitive advantage in our market, which could materially adversely affect our business, operating results and financial condition.

A dispute concerning the infringement or misappropriation of our proprietary rights or the proprietary rights of others could be time-consuming and costly, and an unfavorable outcome could harm our business.

There is a substantial amount of litigation involving patents and other intellectual property rights in the biotechnology and pharmaceutical industries, as well as administrative proceedings for challenging patents, including post-issuance review proceedings before the U.S. PTO or oppositions and other comparable proceedings in foreign jurisdictions.

Central provisions of the America Invents Act went into effect on September 16, 2012 and on March 16, 2013. The America Invents Act includes a number of significant changes to U.S. patent law. These changes include provisions that affect the way patent applications are being filed, prosecuted and litigated. For example, the America Invents Act enacted proceedings involving post-issuance patent review procedures, such as inter partes review (IPR), and post-grant review, that allow third parties to challenge the validity of an issued patent in front of the U.S. PTO Patent Trial and Appeal Board. Each proceeding has different eligibility criteria and different patentability challenges that can be raised. IPRs permit any person (except a party who has been litigating the patent for more than a year) to challenge the validity of the patent on the grounds that it was anticipated or made obvious by prior art. Patents covering pharmaceutical products have been subject to attack in IPRs from generic drug companies and from hedge funds. If it is within nine months of the issuance of the challenged patent, a third party can petition the U.S. PTO for post-grant review, which can be based on any invalidity grounds and is not limited to prior art patents or printed publications.

In post-issuance proceedings, U.S. PTO rules and regulations generally tend to favor patent challengers over patent owners. For example, unlike in district court litigation, claims challenged in post-issuance proceedings are given their broadest reasonable meaning, which increases the chance a claim might be invalidated by prior art or lack support in the patent specification. As another example, unlike in district court litigation, there is no presumption of validity for an issued patent, and thus, a challenger's burden to prove invalidity is by a preponderance of the evidence, as opposed to the heightened clear and convincing evidence standard. As a result of these rules and others, statistics released by the U.S. PTO show a high percentage of claims being invalidated in post-issuance proceedings. Moreover, with few exceptions, there is no standing requirement to petition the U.S. PTO for inter partes review or post-grant review. In other words, companies that have not been charged with infringement or that lack commercial interest in the patented subject matter can still petition the U.S. PTO for review of an issued patent. Thus, even where we have issued patents, our rights under those patents may be challenged and ultimately not provide us with sufficient protection against competitive products or processes.

We may be exposed to future litigation by third parties based on claims that our product candidates, technologies or activities infringe the intellectual property rights of others. In particular, there are many patents relating to specific genes, nucleic acids, polypeptides or the uses thereof to identify product candidates. Some of these may encompass genes or polypeptides that we utilize in our drug development activities. If our drug development activities are found to infringe any such patents, and such patents are held to be valid and enforceable, we may have to pay significant damages or seek licenses to such patents. A patentee could prevent us from using the patented genes or polypeptides for the identification or development of drug compounds. There are also many patents relating to chemical compounds and the uses thereof. If our compounds are found to infringe any such patents, and such patents are held to be valid and enforceable, we may have to pay significant damages or seek licenses to such patents. A patentee could prevent us from making, using or selling the patented compounds.

In addition to the patent infringement lawsuits against the filers of ANDAs pertaining to NUPLAZID, we may need to resort to litigation to enforce other patents issued to us, protect our trade secrets or determine the scope and validity of third-party proprietary rights. From time to time, we may hire scientific personnel formerly employed by other companies involved in one or more areas similar to the activities conducted by us. Either we or these individuals may be subject to allegations of trade secret misappropriation or other similar claims as a result of their prior affiliations. If we become involved in litigation, it could consume a substantial portion of our managerial and financial resources, regardless of whether we win or lose. We may not be able to afford the costs of litigation. Any legal action against us or our collaborators could lead to:

- payment of damages, which could potentially be trebled if we are found to have willfully infringed a party's patent rights;
- injunctive or other equitable relief that may effectively block our ability to further develop, commercialize, and sell products; or
- we or our collaborators having to enter into license arrangements that may not be available on commercially acceptable terms, or at all.

As a result, we could be prevented from commercializing current or future products.

Furthermore, because of the substantial amount of pre-trial document and witness discovery required in connection with intellectual property litigation, there is a risk that some of our confidential information could be compromised by disclosure during this type of litigation. In addition, during the course of this kind of litigation, there could be public announcements of the results of hearings, motions or other interim proceedings or developments. Securities analysts and investors have in the past, and may again in the future perceive these results to be negative, it could have a substantial adverse effect on the trading price of our common stock.

The patent applications of pharmaceutical and biotechnology companies involve highly complex legal and factual questions, which, if determined adversely to us, could negatively impact our patent position.

The strength of patents in the pharmaceutical and biotechnology field can be highly uncertain and involve complex legal and factual questions. The U.S. PTO's interpretation of the Supreme Court's decisions and the standards for patentability it sets forth are uncertain and could change in the future. Consequently, the issuance and scope of patents cannot be predicted with certainty. Patents, if issued, may be challenged, invalidated or circumvented. U.S. patents and patent applications may also be subject to interference proceedings as mentioned above, and U.S. patents may be subject to reexamination and post-issuance proceedings in the U.S. PTO (and foreign patents may be subject to opposition or comparable proceedings in the corresponding foreign patent office), which proceedings could result in either loss of the patent or denial of the patent application or loss or reduction in the scope of one or more of the claims of the patent or patent application. Similarly, opposition or invalidity proceedings could result in loss of rights or reduction in the scope of one or more claims of a patent in foreign jurisdictions. In addition, such interference, reexamination, post-issuance and opposition proceedings may be costly. Accordingly, rights under any issued patents may not provide us with sufficient protection against competitive products or processes.

In addition, changes in or different interpretations of patent laws in the U.S. and foreign countries may permit others to use our discoveries or to develop and commercialize our technology and products without providing any compensation to us or may limit the number of patents or claims we can obtain. In particular, there have been proposals to shorten the exclusivity periods available under U.S. patent law that, if adopted, could substantially harm our business. The product candidates that we are developing are protected by intellectual property rights, including patents and patent applications. If any of our product candidates becomes a marketable product, we will rely on our exclusivity under patents to sell the compound and recoup our investments in the research and development of the compound. If the exclusivity period for patents is shortened, then our ability to generate revenues without competition will be reduced and our business could be materially adversely impacted. The laws of some countries do not protect intellectual property rights to the same extent as U.S. laws and those countries may lack adequate rules and procedures for defending our intellectual property rights. For example, some countries, including many in Europe, do not grant patent claims directed to methods of treating humans and, in these countries, patent protection may not be available at all to protect our products and product candidates. In addition, U.S. patent laws may change which could prevent or limit us from filing patent applications or patent claims to protect our products and/or technologies or limit the exclusivity periods that are available to patent holders. For example, the America Invents Act (2012) included a number of significant changes to U.S. patent law. These included changes to transition from a "first-to-invent" system to a "first-to-file" system and to the way issued patents are challenged. These changes may favor larger and more established companies that have more resources to devote to patent application filing and prosecution. It is still not clear what, if any, impact the America Invents Act will ultimately have on the cost of prosecuting our patent applications, our ability to obtain patents based on our discoveries and our ability to enforce or defend our issued patents.

If we fail to obtain and maintain patent protection and trade secret protection of our product candidates, proprietary technologies and their uses, we could lose our competitive advantage and competition we face would increase, reducing our potential revenues and adversely affecting our ability to attain or maintain profitability.

Risks Related to Government Regulation and Our Industry

Healthcare reform measures may negatively impact our ability to sell NUPLAZID, DAYBUE or our product candidates, if approved, profitably.

In both the U.S. and certain foreign jurisdictions, there have been a number of legislative and regulatory proposals to change the healthcare system in ways that could impact our ability to sell our products, as described in greater detail in the Government Regulation section of this report.

For example, the Patient Protection and Affordable Care Act of 2010, as amended by the Health Care and Education Reconciliation Act of 2010 (collectively, the ACA), as well as other healthcare reform measures that may be adopted in the future, may result in more rigorous coverage criteria and in additional downward pressure on the price that we may receive for any of our approved products. The ACA, among other things, expanded and increased industry rebates for drugs covered by Medicaid, made changes to the coverage requirements under Medicare Part D, Medicare's prescription drug benefits program and broadened access to health insurance. There have been legal and political challenges and amendments to certain aspects of the ACA.

For example, on August 16, 2022, the Inflation Reduction Act of 2022 (IRA) was signed into law, which among other things, extends enhanced subsidies for individuals purchasing health insurance coverage in ACA marketplaces through plan year 2025. The IRA also eliminates the "donut hole" under the Medicare Part D program beginning in 2025 by significantly lowering the beneficiary maximum out-of-pocket cost and through a newly established manufacturer discount program. It is possible that the ACA will be subject to additional challenges in the future. It is unclear how any such challenges and additional healthcare reform measures of the current administration will impact the ACA and our business.

Other legislative changes have been proposed and adopted in the U.S. since the ACA. Through the process created by the Budget Control Act of 2011, there are automatic reductions of Medicare payments to providers up to 2% per fiscal year, which went into effect in April 2013 and, due to subsequent legislative amendments, including the Infrastructure Investment and Jobs Act and the Consolidated Appropriations Act of 2023, will remain in effect through 2032 unless additional Congressional action is taken.

An expansion in the government's role in the U.S. healthcare industry may increase existing congressional or governmental agency scrutiny on price increases, such as the ones we have implemented for NUPLAZID, cause general downward pressure on the prices of prescription drug products, lower reimbursements for providers using our products, reduce product utilization and adversely affect our business and results of operations. There have been several recent U.S. presidential executive orders, Congressional inquiries and proposed and enacted federal and state legislation designed to, among other things, bring more transparency to drug pricing, review the relationship between pricing and manufacturer patient programs, reduce the cost of drugs under Medicare, and reform government program reimbursement methodologies for drugs. For example, the IRA, among other things, (1) directs the U.S. Department of Health and Human Services (HHS) to negotiate the price of certain single-source drugs that have been on the market for at least 7 years covered under Medicare (the Medicare Drug Price Negotiation Program) and (2) imposes rebates under Medicare Part B and Medicare Part D to penalize price increases that outpace inflation. HHS has and will continue to issue and update guidance as these programs are implemented. These provisions began to take effect progressively in fiscal year 2023. On August 15, 2024, HHS announced the agreed-upon reimbursement prices of the first ten drugs that were subject to price negotiations, although the Medicare Drug Price Negotiation Program is currently subject to legal challenges. HHS will select up to fifteen additional drugs covered under Part D for negotiation in 2025. Each year thereafter more Part B and Part D products will become subject to the Medicare Drug Price Negotiation Program. On December 7, 2023, an initiative to control the price of prescription drugs through the use of march-in rights under the Bayh-Dole Act was announced. On December 8, 2023, the National Institute of Standards and Technology published for comment a Draft Interagency Guidance Framework for Considering the Exercise of March-In Rights which for the first time includes the price of a product as one factor an agency can use when deciding to exercise march-in rights. While march-in rights have not previously been exercised, it is uncertain if that will continue under the new framework. Further, the overall funding of certain government programs such as Medicaid and Medicare is uncertain and there is no guarantee that funds approved by the U.S. Congress will be made available by the current administration. We expect additional health reform measures may be implemented in the future, particularly in light of the recent U.S. Presidential and Congressional elections.

Individual states in the U.S. have also increasingly passed legislation and implemented regulations designed to control pharmaceutical product pricing, including price or patient reimbursement constraints, discounts, restrictions on certain product access and marketing cost disclosure and transparency measures, and, in some cases, designed to encourage importation from other countries and bulk purchasing. For example, on January 5, 2024, the FDA approved Florida's proposal to import certain drugs from Canada for specific state healthcare programs. It is unclear if and how this program will be implemented and whether it will be subject challenges in the United States or Canada. Other states have also submitted proposals that are pending review by the FDA. Any such approved importation plans, if implemented, may result in lower drug prices for products covered by those programs.

The implementation of cost-containment measures or other healthcare reforms may prevent us from being able to generate revenue, attain profitability, or commercialize our products.

We are subject, directly and indirectly, to federal, state and foreign healthcare laws and regulations, including healthcare fraud and abuse laws, false claims laws, physician payment transparency laws and health information privacy and security laws. If we are unable to comply, or have not fully complied, with such laws, we could face substantial penalties.

Our operations are directly, and indirectly through our customers and third-party payors, subject to various U.S. federal and state healthcare laws and regulations, including, without limitation, the U.S. federal Anti-Kickback Statute, the U.S. federal False Claims Act, and physician payment sunshine laws and regulations. These laws may impact, among other things, our clinical research, sales, marketing, grants, charitable donations, and education programs and constrain the business or financial arrangements with healthcare providers, physicians, charitable foundations that support Parkinson's disease patients generally, and other parties that have the ability to directly or indirectly influence the prescribing, ordering, marketing, or distribution of our products for which we obtain marketing approval. In addition, we and any current or potential future collaborators, partners or service providers are or may become subject to data privacy and security regulation by both the U.S. federal government and the states in which we conduct our business, including laws and regulations that apply to our processing of personal data or the processing of personal data on our behalf. Finally, we may be subject to additional healthcare, statutory and regulatory requirements and enforcement by foreign regulatory authorities in jurisdictions in which we conduct our business. The laws that may affect our ability to operate include:

- the U.S. federal Anti-Kickback Statute, which prohibits, among other things, persons or entities from knowingly and willfully soliciting, offering, receiving or paying any remuneration (including any kickback, bribe, or certain rebates), directly or indirectly, overtly or covertly, in cash or in kind, to induce, or in return for, either the referral of an individual, or the purchase, lease, order or recommendation of any good, facility, item or service, for which payment may be made, in whole or in part, under U.S. federal and state healthcare programs such as Medicare and Medicaid. A person or entity does not need to have actual knowledge of the statute or specific intent to violate it in order to have committed a violation;
- the U.S. federal civil and criminal false claims laws, including the civil False Claims Act, which can be enforced through civil whistleblower or *qui tam* actions, and civil monetary penalties laws, which impose criminal and civil penalties on individuals or entities for, among other things, knowingly presenting, or causing to be presented to the U.S. federal government, claims for payment or approval that are false or fraudulent or from knowingly making a false statement to avoid, decrease or conceal an obligation to pay money to the U.S. federal government. In addition, the government may assert that a claim including items and services resulting from a violation of the U.S. federal Anti-Kickback Statute constitutes a false or fraudulent claim for purposes of the False Claims Act;
- the U.S. federal Health Insurance Portability and Accountability Act of 1996 (HIPAA), which imposes criminal and civil liability for, among other things, knowingly and willfully executing, or attempting to execute, a scheme to defraud any healthcare benefit program or obtain, by means of false or fraudulent pretenses, representations, or promises, any of the money or property owned by, or under the custody or control of, any healthcare benefit program, regardless of the payor (e.g., public or private) and knowingly and willfully falsifying, concealing or covering up by any trick or device a material fact or making any materially false statement, in connection with the delivery of, or payment for, healthcare benefits, items or services. Similar to the U.S. federal Anti-Kickback Statute, a person or entity does not need to have actual knowledge of the statute or specific intent to violate it in order to have committed a violation;
- HIPAA, and its implementing regulations, and as amended again by the Final HIPAA Omnibus Rule, Modifications to the HIPAA Privacy, Security, Enforcement and Breach Notification Rules Under the Health Information Technology for Economic and Clinical Health Act (HITECH) and the Genetic Information Nondiscrimination Act; Other Modifications to the HIPAA Rules, published in January 2013, which imposes certain obligations, including mandatory contractual terms, with respect to safeguarding the privacy, security and transmission of individually identifiable health information on covered entities subject to the rule, such as health plans, healthcare clearinghouses and certain healthcare providers as well as their business associates, individuals or entities that perform certain services involving the use or disclosure of individually identifiable health information on behalf of a covered entity and their subcontractors that use, disclose or otherwise process individually identifiable health information;
- the U.S. Federal Food, Drug and Cosmetic Act (FDCA), which prohibits, among other things, the adulteration or misbranding of drugs, biologics and medical devices;

- the U.S. federal physician payment transparency requirements, sometimes referred to as the "Physician Payments Sunshine Act", which was enacted as part of the ACA and its implementing regulations and requires certain manufacturers of drugs, devices, biologics and medical supplies for which payment is available under Medicare, Medicaid, or the Children's Health Insurance Program to report annually to the CMS information related to certain payments and other transfers of value made to physicians (as defined to include doctors of medicine, dentists, optometrists, podiatrists and chiropractors under such law), other healthcare professionals (such as physician assistants and nurse practitioners), and teaching hospitals, as well as information regarding ownership and investment interests held by physicians and their immediate family members; and
- analogous state and local laws and regulations, including: state anti-kickback and false claims laws, which may apply to our business practices, including but not limited to, research, distribution, sales and marketing arrangements and claims involving healthcare items or services reimbursed by any third-party payor, including private insurers; state laws that require pharmaceutical companies to comply with the pharmaceutical industry's voluntary compliance guidelines and the relevant compliance guidance promulgated by the U.S. federal government, or otherwise restrict payments that may be made to healthcare providers and other potential referral sources; state and local laws and regulations that require drug manufacturers to file reports relating to pricing and marketing information, which requires tracking gifts and other remuneration and items of value provided to healthcare professionals and entities and/or the registration of pharmaceutical sales representatives; and state laws governing the privacy and security of health information in certain circumstances, many of which differ from each other in significant ways and often are not preempted by HIPAA, thus complicating compliance efforts.

Ensuring that our internal operations and future business arrangements with third parties comply with applicable healthcare laws and regulations could involve substantial costs. It is possible that governmental authorities will conclude that our business practices do not comply with current or future statutes, regulations or case law interpreting applicable fraud and abuse or other healthcare laws and regulations. For example, contributions to third-party charitable foundations are a current area of significant governmental and congressional scrutiny, and we could face action if a federal or state governmental authority were to conclude that our charitable contributions to foundations that support Parkinson's disease patients generally are not compliant. If our operations are found to be in violation of any of the laws described above or any other governmental laws and regulations that may apply to us, we may be subject to significant penalties, including civil, criminal and administrative penalties, damages, fines, exclusion from U.S. government-funded healthcare programs, such as Medicare and Medicaid, disgorgement, imprisonment, contractual damages, reputational harm, diminished profits, additional reporting requirements and/or oversight, and the curtailment or restructuring of our operations. Moreover, while we do not bill third-party payors directly and our customers make the ultimate decision on how to submit claims, from time-to-time, for our products, we may provide reimbursement guidance to patients and healthcare providers. If a government authority were to conclude that we provided improper advice and/or encouraged the submission of a false claim for reimbursement, we could face action against us by government authorities. If any of the physicians, healthcare professions, or other providers or entities with whom we expect to do business is found to be not in compliance with applicable laws, they may be subject to criminal, civil or administrative sanctions, including exclusions from government-funded healthcare programs and imprisonment. If any of the above occur, it could adversely affect our ability to operate our business and our results of operations.

Outside the U.S., interactions between pharmaceutical companies and health care professionals are also governed by strict laws, such as national anti-bribery laws of European countries, national sunshine rules, regulations, industry self-regulation codes of conduct and physicians' codes of professional conduct. Failure to comply with these requirements could result in reputational risk, public reprimands, administrative penalties, fines or imprisonment, any of which could adversely affect our ability to operate our business and our results of operations.

We and the third parties with whom we work are subject to stringent and evolving U.S. and foreign laws, regulations and rules, contractual obligations, industry standards, policies and other obligations related to data privacy and security. Our (or the third parties with whom we work) actual or perceived failure to comply with such obligations could lead to regulatory investigations or actions; litigation; fines and penalties; disruptions of our business operations; reputational harm; loss of revenue or profits; and other adverse business consequences.

In the ordinary course of business, we collect, receive, store, process, generate, use, transfer, disclose, make accessible, protect, secure, dispose of, transmit, and share (collectively, process) personal data and other sensitive information, including proprietary and confidential business data, trade secrets, intellectual property, data we collect about trial participants in connection with clinical trials, sensitive third-party data, business plans, transactions, financial information and medical information collected by our patient access management team (collectively, sensitive data). Our data processing activities may subject us to numerous data privacy and security obligations, such as various laws, regulations, guidance, industry standards, external and internal privacy and security policies, contractual requirements, and other obligations relating to data privacy and security.

In the United States, federal, state, and local governments have enacted numerous data privacy and security laws, including data breach notification laws, personal data privacy laws, consumer protection laws (e.g., Section 5 of the Federal Trade Commission Act), and other similar laws (e.g., wiretapping laws). For example, HIPAA, as amended by HITECH, imposes specific requirements relating to the privacy, security, and transmission of individually identifiable health information. Additionally, numerous U.S. states have enacted comprehensive privacy laws that impose certain obligations on covered businesses, including providing specific disclosures in privacy notices and affording residents with certain rights concerning their personal data. As applicable, such rights may include the right to access, correct, or delete certain personal data, and to opt-out of certain data processing activities, such as targeted advertising, profiling, and automated decision-making. The exercise of these rights may impact our business and ability to provide our products and services. Certain states also impose stricter requirements for processing certain personal data, including sensitive information, such as conducting data privacy impact assessments. These state laws allow for statutory fines for noncompliance. For example, the California Consumer Privacy Act of 2018 (CCPA) requires businesses to provide specific disclosures in privacy notices and honor requests of California residents to exercise certain privacy rights. The CCPA provides for fines for intentional violations and allows private litigants affected by certain data breaches to recover significant statutory damages. Although some U.S. comprehensive privacy laws exempt some data processed in the context of clinical trials, these laws may increase compliance costs and potential liability with respect to other personal data we may maintain about California residents. Similar laws are being considered in several other states, as well as at the federal and local levels, and we expect more jurisdictions to pass similar laws in the future.

Outside the United States, an increasing number of laws, regulations, and industry standards may govern data privacy and security. For example, the European Union's General Data Protection Regulation (EU GDPR), United Kingdom's GDPR (UK GDPR) (collectively, the GDPR), Brazil's General Data Protection Law (Lei Geral de Proteção de Dados Pessoais, or LGPD) (Law No. 13,709/2018), and China's Personal Information Protection Law (PIPL) impose strict requirements for processing personal data. For example, under the GDPR, companies may face temporary or definitive bans on data processing and other corrective actions; fines of up to 20 million Euros under the EU GDPR / 17.5 million pounds sterling under the UK GDPR or 4% of annual global revenue, whichever is greater; or private litigation related to processing of personal data brought by classes of data subjects or consumer protection organizations authorized at law to represent their interests.

The Swiss Federal Act on Data Protection, or the FADP, also applies to the collection and processing of personal data, including health-related information, by companies located in Switzerland, or in certain circumstances, by companies located outside of Switzerland.

In addition, we may be unable to transfer personal data from Europe and other jurisdictions to the United States or other countries due to data localization requirements or limitations on cross-border data flows. Europe and other jurisdictions have enacted laws requiring data to be localized or limiting the transfer of personal data to other countries. In particular, the European Economic Area (EEA) and the UK have significantly restricted the transfer of personal data to the United States and other countries whose privacy laws it believes are inadequate. Other jurisdictions have adopted and may continue to adopt similarly stringent data localization and cross-border data transfer laws. Although there are currently various mechanisms that may be used to transfer personal data from the EEA and UK to the United States in compliance with law, such as the EEA standard contractual clauses, the UK's International Data Transfer Agreement / Addendum, and the EU-U.S. Data Privacy Framework and the UK extension thereto (which allows for transfers to relevant U.S.-based organizations who self-certify compliance and participate in the Framework), these mechanisms are subject to legal challenges, and there is no

assurance that we can satisfy or rely on these measures to lawfully transfer personal data to the United States. If there is no lawful manner for us to transfer personal data from the EEA, the UK, or other jurisdictions to the United States, or if the requirements for a legally-compliant transfer are too onerous, we could face significant adverse consequences, including by limiting our ability to conduct clinical trial activities in Europe and elsewhere, the interruption or degradation of our operations, the need to relocate part of or all of our business or data processing activities to other jurisdictions (such as Europe) at significant expense, increased exposure to regulatory actions, substantial fines and penalties, the inability to transfer data and work with partners, vendors and other third parties, and injunctions against our processing or transferring of personal data necessary to operate our business. Some European regulators have ordered certain companies to suspend or permanently cease certain transfers of personal data to recipients outside Europe for allegedly violating the GDPR's cross-border data transfer limitations. Additionally, companies that transfer personal data to recipients outside of the EEA and/or UK to other jurisdictions, particularly to the United States, are subject to increased scrutiny from regulators individual litigants and activist groups.

Our employees and personnel use generative artificial intelligence (AI) technologies to perform their work, and the disclosure and use of personal data in generative AI technologies is subject to various privacy laws and other privacy obligations. Governments have passed and are likely to pass additional laws regulating generative AI. Our use of this technology could result in additional compliance costs, regulatory investigations and actions, and lawsuits. If we are unable to use generative AI, it could make our business less efficient and result in competitive disadvantages.

In addition to data privacy and security laws, we may be contractually subject to industry standards adopted by industry groups and may become subject to additional such obligations in the future. We are also bound by other contractual obligations related to data privacy and security, and our efforts to comply with such obligations may not be successful. We publish privacy policies, marketing materials, and other statements, such as statements related to compliance with certain certifications or self-regulatory principles, regarding artificial intelligence, data privacy and security. Regulators in the United States are increasingly scrutinizing these statements, and if these policies, materials or statements are found to be deficient, lacking in transparency, deceptive, unfair, misleading or misrepresentative of our practices, we may be subject to investigation, enforcement actions by regulators, or other adverse consequences.

Additionally, under various privacy laws and other obligations, we may be required to obtain certain consents to process personal data. For example, some of our data processing practices may be challenged under wiretapping laws, if we obtain consumer information from third parties through various methods, including chatbot and session replay providers, or via third-party marketing pixels. These practices may be subject to increased challenges by class action plaintiffs. Our inability or failure to obtain consent for these practices could result in adverse consequences, including class action litigation and mass arbitration demands.

Obligations related to data privacy and security (and consumers' data privacy expectations) are quickly changing, becoming increasingly stringent, and creating uncertainty. Additionally, these obligations may be subject to differing applications and interpretations, which may be inconsistent or conflict among jurisdictions. Preparing for and complying with these obligations requires us to devote significant resources and may necessitate changes to our services, information technologies, systems, and practices and to those of any third parties that process personal data on our behalf.

We may at times fail (or be perceived to have failed) in our efforts to comply with our data privacy and security obligations. Moreover, despite our efforts, our personnel or third parties with whom we work may fail to comply with such obligations, which could negatively impact our business operations. If we or the third parties with whom we work fail, or are perceived to have failed, to address or comply with applicable data privacy and security obligations, we could face significant consequences, including but not limited to: government enforcement actions (e.g., investigations, fines, penalties, audits, inspections, and similar); litigation (including class-action claims) and mass arbitration demands; additional reporting requirements and/or oversight; bans or restrictions on processing personal data; and orders to destroy or not use personal data. In particular, plaintiffs have become increasingly more active in bringing privacy-related claims against companies, including class claims. Some of these claims allow for the recovery of statutory damages on a per violation basis, and, if viable, carry the potential for monumental statutory damages, depending on the volume of data and the number of violations. Any of these events could have a material adverse effect on our reputation, business, or financial condition, including but not limited to loss of customers; inability to process personal data or to operate in certain jurisdictions; limited ability to develop or commercialize our products; expenditure of time and resources to defend any claim or inquiry; adverse publicity; or substantial changes to our business model or operations.

If we fail to comply with our reporting and payment obligations under the Medicaid Drug Rebate Program or other governmental pricing programs in the U.S., we could be subject to additional reimbursement requirements, fines, sanctions and exposure under other laws which could have a material adverse effect on our business, results of operations and financial condition.

We participate in the Medicaid Drug Rebate Program, as administered by CMS, and other federal and state government pricing programs in the U.S., and we may participate in additional government pricing programs in the future. These programs generally require us to pay rebates or otherwise provide discounts to government payors in connection with drugs that are dispensed to beneficiaries/recipients of these programs. In some cases, such as with the Medicaid Drug Rebate Program, the rebates are based on pricing that we report on a monthly and quarterly basis to the government agencies that administer the programs. Pricing requirements and rebate/discount calculations are complex, vary among products and programs, and are often subject to interpretation by governmental or regulatory agencies and the courts. The requirements of these programs, including, by way of example, their respective terms and scope, change frequently. For example, American Rescue Plan Act of 2021 eliminated the statutory Medicaid drug rebate cap, previously set at 100% of a drug's average manufacturer price (AMP), for single source and innovator multiple source drugs, effective January 1, 2024. Responding to current and future changes may increase our costs, and the complexity of compliance will be time consuming. Invoicing for rebates is provided in arrears, and there is frequently a time lag of up to several months between the sales to which rebate notices relate and our receipt of those notices, which further complicates our ability to accurately estimate and accrue for rebates related to the Medicaid program as implemented by individual states. Thus, we may not be able to identify all factors that may cause our discount and rebate payment obligations to vary from period to period, and our actual results may differ significantly from our estimated allowances for discounts and rebates. Changes in estimates and assumptions may have a material adverse effect on our business, results of operations and financial condition.

In addition, the HHS Office of Inspector General and other Congressional, enforcement and administrative bodies have recently increased their focus on pricing requirements for products, including, but not limited to the methodologies used by manufacturers to calculate AMP, and best price (BP), for compliance with reporting requirements under the Medicaid Drug Rebate Program. We are liable for errors associated with our submission of pricing data and for any overcharging of government payors. For example, failure to submit monthly/quarterly AMP and BP data on a timely basis could result in significant civil monetary penalties for each day the submission is late beyond the due date. Failure to make necessary disclosures and/or to identify overpayments could result in allegations against us under the civil False Claims Act and other laws and regulations. Any required refunds to the U.S. government or responding to a government investigation or enforcement action would be expensive and time consuming and could have a material adverse effect on our business, results of operations and financial condition. In addition, in the event that the CMS were to terminate our rebate agreement, no federal payments would be available under Medicaid or Medicare for our covered outpatient drugs.

We could face liability if a regulatory authority determines that we are promoting our products for any "off-label" uses.

The FDA, Health Canada, the European Commission, competent authorities of individual EU Member States and other comparable foreign regulatory authorities and industry self-regulatory bodies strictly regulate the marketing and promotional claims that are made about drug and biologic products. In particular, a company may not promote "off-label" uses for its drug products. An off-label use is the use of a product for an indication, patient population, or manner that is not described in the product's approved labeling and that differs from those approved by the applicable regulatory authorities. Physicians and other persons qualified to prescribe medicinal products, on the other hand, may, in certain jurisdictions including the U.S., prescribe products for off-label uses. Although the FDA and certain comparable foreign regulatory authorities do not generally regulate a physician's or other person qualified to prescribe's choice of drug treatment made in the such person's independent medical judgment, they do restrict promotional communications from pharmaceutical companies or their sales force with respect to off-label uses of products for which marketing clearance has not been issued. A company that is found to have promoted off-label use of its product may be subject to significant liability, including civil and criminal sanctions.

We intend to comply with the requirements and restrictions of the FDA, Health Canada and other comparable foreign regulatory authorities, governmental authorities and regulatory bodies in the jurisdictions that approve our products or product candidates with respect to our promotion of our products, but such authorities may nevertheless make us the target of an investigation or prosecution based on our marketing and promotional practices. As a result, we may be subject to criminal and civil liability for the promotion of off-label uses. In addition, our management's attention could be diverted to handle any such alleged violations, all of which could have a material adverse effect on our business, results of operations, financial condition and reputation.

A significant number of pharmaceutical companies have been the target of inquiries and investigations by various U.S. federal and state regulatory, investigative, prosecutorial and administrative entities in connection with the promotion of products for unapproved uses and other sales practices, including by the Department of Justice (DOJ), and various U.S. Attorneys' Offices, the HHS Office of Inspector General, the FDA, the Federal Trade Commission and various state Attorneys General offices. These investigations have alleged violations of various U.S. federal and state laws and regulations, including claims asserting antitrust violations, violations of the FDCA, the civil False Claims Act, the Prescription Drug Marketing Act, anti-kickback laws, and other alleged violations in connection with the promotion of products for unapproved uses, pricing and Medicare and/or Medicaid reimbursement. If the FDA, DOJ, or any other governmental agency initiates an enforcement action against us, or if we are the subject of a qui tam suit and it is determined that we violated prohibitions relating to the promotion of products for unapproved uses, we could be subject to substantial civil or criminal fines or damage awards and other sanctions such as consent decrees and corporate integrity agreements pursuant to which our activities would be subject to ongoing scrutiny and monitoring to ensure compliance with applicable laws and regulations. Any such fines, awards or other sanctions would have an adverse effect on our revenue, business, financial prospects, and reputation.

In the EU, the advertising and promotion of medicinal products are subject to both EU and EU Member States' laws governing promotion of medicinal products, interactions with physicians and other healthcare professionals, misleading and comparative advertising and unfair commercial practices. General requirements for advertising and promotion of medicinal products, such as direct-to-consumer advertising of prescription medicinal products, are established in EU law. However, the details are governed by regulations in individual EU Member States and can differ from one country to another. If the EU or an applicable EU Member State were to determine that we violated an applicable law or regulation, we could be subject to lawsuits, regulatory actions, penalties and other adverse consequences that would have an adverse effect on our revenue, business, financial prospects, and reputation.

Changes at the FDA and other government agencies could delay or prevent new products from being developed or commercialized in a timely manner or otherwise prevent those agencies from performing normal functions on which the operation of our business may rely, which could negatively impact our business.

The ability of the FDA to review and approve new products can be affected by a variety of factors, including government budget and funding levels, ability to hire and retain key personnel and accept payment of user fees, layoffs and statutory, regulatory, and policy changes. Average review times at the agency have fluctuated in recent years as a result. In addition, government funding of other government agencies on which our operations may rely, including those that fund research and development activities is subject to the political process, including executive and congressional priorities, the impacts of which are inherently fluid and unpredictable.

Disruptions at the FDA and other agencies may also slow the time necessary for new drugs to be reviewed and/or approved by necessary government agencies, which would adversely affect our business. For example, over the last several years, the U.S. government has shut down several times and certain regulatory agencies, such as the FDA, have had to furlough critical government employees and stop critical activities. In addition, the current administration has proposed substantial reductions in force at various government agencies that, if applied in a material way, could significantly reduce the FDA's and other agencies' capacities to perform their functions in a manner consistent with past practices and could negatively impact our business. If repeated or prolonged government shutdowns or material layoffs of agency personnel occur, it could significantly impact the ability of the FDA to timely review and process our regulatory submissions, and negatively impact other government operations on which we rely, which could have a material adverse effect on our business.

We are subject to stringent regulation in connection with the marketing of our products, which could delay the development and commercialization of our products.

The pharmaceutical industry is subject to stringent regulation by the FDA and other regulatory agencies in the U.S. and by comparable foreign regulatory authorities in other jurisdictions. Neither we nor our collaborators can market a pharmaceutical product in the U.S. until it has completed rigorous preclinical testing and clinical trials and an extensive regulatory clearance process implemented by the FDA. Satisfaction of regulatory requirements typically takes many years, depends upon the type, complexity and novelty of the product, and requires substantial resources. Even if regulatory approval is obtained, the FDA and comparable foreign regulatory authorities may impose significant restrictions on the indicated uses, conditions for use, labeling, advertising, promotion, and/or marketing of such products, and requirements for post-approval studies, including additional research and development and clinical trials. These limitations may limit the size of the market for the product or result in the incurrence of additional costs. Any delay or failure in obtaining required approvals could have a material adverse effect on our ability to generate revenues from the particular product candidate, if approved.

Outside the U.S., the ability to market a product is contingent upon receiving approval from the appropriate regulatory authorities. The requirements governing the conduct of clinical trials, marketing authorization, pricing, and reimbursement vary widely from country to country. Only after the appropriate regulatory authority is satisfied that adequate evidence of safety, quality, and efficacy has been presented will it grant a marketing authorization. Approval by the FDA does not automatically lead to the approval by regulatory authorities outside the U.S. and, similarly, approval by regulatory authorities outside the U.S. will not automatically lead to FDA approval.

In addition, U.S. and foreign government regulations control access to and use of some human or other tissue samples in our research and development efforts. U.S. and foreign government agencies may also impose restrictions on the use of data derived from human or other tissue samples. Accordingly, if we fail to comply with these regulations and restrictions, the commercialization of our product candidates, if approved, may be delayed or suspended, which may delay or impede our ability to generate product revenues.

If our competitors develop and market products that are more effective than our products, they may reduce or eliminate our commercial opportunity.

Competition in the pharmaceutical and biotechnology industries is intense and expected to increase. We face, and will continue to face, intense competition from pharmaceutical and biotechnology companies, as well as numerous academic and research institutions and governmental agencies, both in the U.S. and abroad. We compete, or will compete, with existing and new products being developed by our competitors. Some of these competitors have products or are pursuing the development of pharmaceuticals that target the same diseases and conditions that our research and development programs target.

For example, the use of NUPLAZID for the treatment of PDP competes with off-label use of various antipsychotic drugs, including the generic drugs quetiapine, clozapine, risperidone, aripiprazole, and olanzapine. In addition, Anavex has a product, Anavex 2-73, in development for the potential treatment of Rett syndrome and Taysha Gene Therapies and Neurogene are conducting Phase 1/2 clinical trials of gene therapies to treat Rett syndrome. Several academic institutions and pharmaceutical companies are currently conducting clinical trials for the treatment of various symptoms of Rett syndrome, including Unravel Bio and Vanderbilt University Medical Center, which are jointly conducting an early stage study with vorinostat (RVL-001).

Other competitors may have a variety of drugs in development or awaiting approval from the FDA or comparable foreign regulatory authorities that could reach the market and become established before we have a product to sell for the applicable disorder. Our competitors may also develop alternative therapies that could further limit the market for any drugs that we may develop. Many of our competitors are using technologies or methods different or similar to ours to identify and validate drug targets and to discover novel small molecule drugs. Many of our competitors and their collaborators have significantly greater experience than we do in the following:

- identifying and validating targets;
- screening compounds against targets;
- preclinical studies and clinical trials of potential pharmaceutical products;
- obtaining FDA and other regulatory approvals; and
- commercializing pharmaceutical products.

In addition, many of our competitors and their collaborators have substantially greater advantages in the following areas: capital resources, research and development resources, manufacturing capabilities, sales and marketing, and production facilities. Smaller companies also may prove to be significant competitors, particularly through proprietary research discoveries and collaboration arrangements with large pharmaceutical and established biotechnology companies. Many of our competitors have products that have been approved or are in advanced development and may develop superior technologies or methods to identify and validate drug targets and to discover novel small molecule drugs. Our competitors, either alone or with their collaborators, may succeed in developing technologies or drugs that are more effective, safer, more affordable, or more easily administered than ours and may achieve patent protection or commercialize drugs sooner than us. Our competitors may also develop alternative therapies that could further limit the market for any drugs that we may develop. Our failure to compete effectively could have a material adverse effect on our business.

If product liability lawsuits are brought against us, we may incur substantial liabilities and may be required to limit commercialization of our products, or development or commercialization of our product candidates, if approved.

We face an inherent risk of product liability as a result of the commercial sales of our products and the clinical testing of our product candidates. For example, we may be sued if any of our products allegedly cause injury or are found to be otherwise unsuitable for administration in humans. Any such product liability claims may include allegations of defects in manufacturing, defects in design, a failure to warn of dangers inherent in the product, negligence, strict liability or a breach of warranties. Claims could also be asserted under state consumer protection acts. If we cannot successfully defend ourselves against product liability claims, we may incur substantial liabilities or be required to limit commercialization of our product candidates, if approved. Even successful defense would require significant financial and management resources. Regardless of the merits or eventual outcome, liability claims may result in:

- decreased demand for our products or product candidates, if approved;
- injury to our reputation;
- withdrawal of clinical trial participants;
- initiation of investigations by regulators;
- costs to defend the related litigation;
- a diversion of management's time and our resources;
- substantial monetary awards to trial participants or patients;
- product recalls, withdrawals or labeling, marketing or promotional restrictions;
- loss of revenue;
- exhaustion of any available insurance and our capital resources;
- the inability to commercialize our products or product candidates, if approved; and
- a decline in our stock price.

Although we currently have product liability insurance that covers our clinical trials and the commercialization of our products, we may need to increase and expand this coverage, including if we commence larger scale trials and if our product candidates are approved for commercial sale. This insurance may be prohibitively expensive or may not fully cover our potential liabilities. Inability to obtain sufficient insurance coverage at an acceptable cost or otherwise to protect against potential product liability claims could prevent or inhibit the commercialization of products that we or our collaborators develop. If we determine that it is prudent to increase our product liability coverage, we may be unable to obtain such increased coverage on acceptable terms or at all. Our insurance policies also have various exclusions, and we may be subject to a product liability claim for which we have no coverage. Our liability could exceed our total assets if we do not prevail in a lawsuit from any injury caused by our drug products. Product liability claims could have a material adverse effect on our business and results of operations.

If our information technology systems or data, or those of third parties with whom we work, are or were compromised, we could experience adverse consequences resulting from such compromise, including but not limited to regulatory investigations or actions, interruptions to operations or clinical trials, reputational harm, litigation, fines and penalties, disruptions of our business operations, and a loss of customers or sales.

In the ordinary course of our business, we, or the third parties with whom we work, process proprietary, confidential, and sensitive data, including personal data (such as health-related data), intellectual property, and trade secrets.

Cyberattacks, malicious internet-based activity, online and offline fraud and other similar activities threaten the confidentiality, integrity, and availability of our sensitive data and information technology systems, and those of the third parties with whom we work. These threats are prevalent, continue to rise, and are becoming increasingly difficult to detect. These threats come from a variety of sources, including traditional computer "hackers," hacktivists, threat actors, personnel misconduct or error (such as through theft or misuse), organized criminal threat actors, sophisticated nation-states, and nation-state-supported actors. Some actors now engage and are expected to continue to engage in cyber-attacks, including without limitation nation-state actors for geopolitical reasons and in conjunction with military conflicts and defense activities. During times of war and other major conflicts, we and the third parties with whom we work may be vulnerable to a

heightened risk of these attacks, including retaliatory cyber-attacks, that could materially disrupt our systems and operations, supply chain, and ability to produce, sell and distribute our goods and services.

We and the third parties with whom we work are subject to a variety of evolving threats, including but not limited to, social engineering attacks (including through deep fakes, which may be increasingly more difficult to identify as fake, and phishing attacks), malicious code (such as viruses and worms), malware (including as a result of advanced persistent threat intrusions), denial-of-service attacks, credential stuffing, credential harvesting, personnel misconduct or error, ransomware attacks, supply-chain attacks, software bugs, server malfunction, software or hardware failures, loss of data or other information technology assets, adware, attacks enhanced or facilitated by AI, telecommunications failures, earthquakes, fire, flood, and other similar threats.

Ransomware attacks, including by organized criminal threat actors, nation-states, and nation-state-supported actors, are becoming increasingly prevalent and severe and can lead to significant interruptions, delays, or outages in our operations, disruption of clinical trials or otherwise affecting our ability to provide our products or product candidates, loss of sensitive data (including data related to clinical trials) and income, significant extra expenses to restore data or systems, reputational harm and the diversion of funds. Extortion payments may alleviate the negative impact of a ransomware attack, but we may be unwilling or unable to make such payments (including, for example, if applicable laws or regulations prohibit such payments). Remote work has increased risks to our information technology systems and data, as our employees work from home, utilizing network connections, computers and devices outside our premises, including at home, while in transit or in public locations. Future or past business transactions (such as acquisitions or integrations) could expose us to additional cybersecurity risks and vulnerabilities, as our systems could be negatively affected by vulnerabilities present in acquired or integrated entities' systems and technologies. Furthermore, we may discover security issues that were not found during due diligence of such acquired or integrated entities, and it may be difficult to integrate companies into our information technology environment and security program.

We rely on third-party service providers and technologies to operate critical business systems to process sensitive data in a variety of contexts, including, without limitation, cloud-based infrastructure, drug suppliers, data center facilities, encryption and authentication technology, employee email, content delivery to customers, and other functions. Our ability to monitor these third parties' information security practices and posture (including whether any unremediated vulnerabilities exist or have been exploited) is limited, and these third parties may not have adequate information security measures in place. In addition, supply-chain attacks have increased in frequency and severity, and we cannot guarantee that third parties' infrastructure in our supply chain or our third-party partners' supply chains have not been compromised. For example, we were made aware of a cyberattack against one of the largest prescription processors in the country in February 2024 that impacted the ability for our specialty pharmacy partners to have payors provide authorizations for patient refills and new patient starts for certain of our products. In April 2024, we were notified by a third-party patient support service provider of a data security incident that involved personal data of NUPLAZID patients.

It may be difficult and/or costly to detect, investigate, mitigate, contain and remediate a security incident. Our efforts to investigate, mitigate, contain and remediate a security incident may not be successful. Actions taken by us or the third parties with whom we work to detect, investigate, mitigate, contain and remediate a security incident could result in outages, data losses and disruptions of our business. Threat actors may also gain access to other networks and systems after a compromise of our networks and systems.

While we have implemented security measures designed to protect against security incidents, there can be no assurance that these measures will be effective. We take steps designed to detect, mitigate, and remediate vulnerabilities in our information security systems (such as our hardware and/or software, including that of third parties with whom we work). We and the third parties with whom we work may not, however, detect and remediate all such vulnerabilities including on a timely basis. For example, we have identified certain vulnerabilities in our information systems, and we take steps designed to mitigate the risks associated with known vulnerabilities. These steps include implementing compensating controls and other protective measures. Further, we and the third parties with whom we work may experience delays in developing and deploying remedial measures and patches designed to address identified vulnerabilities. Vulnerabilities could be exploited and result in a security incident.

Any of the previously identified or similar threats could cause, and in some cases have in the past caused, a security incident or other interruption that could result in unauthorized, unlawful, or accidental acquisition, modification, destruction, loss, alteration, encryption, disclosure of, or access to our sensitive information or our information technology systems, or those of the third parties with whom we work. A security incident or other interruption could disrupt our ability (and that of third parties with whom we work) to provide our products.

We may expend significant resources or fundamentally change our business activities and practices (including our clinical trials) to try to protect against security incidents. Certain data privacy and security obligations may require us to implement and maintain specific security measures or industry-standard or reasonable security measures to protect our information technology systems and sensitive data.

Applicable data privacy and security obligations may require us, or we may choose, to notify relevant stakeholders, including affected individuals, customers, regulators, and investors, of security incidents, or to implement other requirements, such as providing credit monitoring or identity theft protection services. Such disclosures and related actions are costly, and the disclosure or the failure to comply with applicable requirements could lead to adverse consequences. If we (or a third party with whom we work) experience a security incident or are perceived to have experienced a security incident, we may experience adverse consequences. These consequences may include: government enforcement actions (for example, investigations, fines, penalties, audits, and inspections); additional reporting requirements and/or oversight; restrictions on processing sensitive data (including personal data); litigation (including class claims); indemnification obligations; negative publicity; reputational harm; monetary fund diversions; diversion of management attention; interruptions in our operations (including availability of data); financial loss; and other similar harms. Security incidents and attendant consequences may prevent or cause customers to stop using our products, deter new customers from using our products, and negatively impact our ability to grow and operate our business.

Our contracts may not contain limitations of liability, and even where they do, there can be no assurance that limitations of liability in our contracts are sufficient to protect us from liabilities, damages, or claims related to our data privacy and security obligations.

In addition, our insurance coverage may not be adequate or sufficient in type or amount to protect us from or to mitigate liabilities arising out of our privacy and security practices. The successful assertion of one or more large claims against us that exceeds our available insurance coverage, or results in changes to our insurance policies (including premium increases or the imposition of large deductible or co-insurance requirements), could have an adverse effect on our business.

In addition to experiencing a security incident, third parties may gather, collect, or infer sensitive data about us from public sources, data brokers or other means that reveals competitively sensitive details about our organization and could be used to undermine our competitive advantage or market position. Additionally, sensitive information of the Company could be leaked, disclosed, or revealed as a result of or in connection with our employees', personnel's, or vendors' use of generative AI technologies.

Risks Related to Our Common Stock

Our stock price historically has been, and is likely to remain, highly volatile.

The market prices for securities of biotechnology companies in general, and drug discovery and development companies in particular, have been highly volatile and may continue to be highly volatile in the future. From the period between January 2, 2024 to February 18, 2025, the closing price of our common stock has ranged from a low of $14.29 per share to a high of $30.86 per share. Furthermore, especially as we and our market capitalization have grown, the price of our common stock has been increasingly affected by quarterly and annual comparisons with the valuations and recommendations of the analysts who cover our business. The following factors, in addition to other risk factors described in this section, may have a significant impact on the market price of our common stock:

- the success of our commercialization of our products;
- the status and cost of development and commercialization of our products and product candidates, if approved, including compounds being developed under our collaborations;
- whether we acquire or in-license additional product candidates or products, and the status of development and commercialization of such product candidates, if approved, or products;
- the status and cost of development and commercialization of trofinetide for indications other than Rett syndrome and in jurisdictions outside North America;
- any other communications or guidance from the FDA or other regulatory authorities that pertain to our products or product candidates;
- the status and cost of our PMRs for DAYBUE;

- the initiation, termination, or reduction in the scope of our collaborations or any disputes or developments regarding our collaborations;
- market conditions or trends related to biotechnology and pharmaceutical industries, or the market in general;
- announcements of technological innovations, new products, or other material events by our competitors or us, including any new products that we may acquire or in-license;
- disputes or other developments concerning our proprietary and intellectual property rights;
- fluctuations in our operating results;
- changes in, or failure to meet, securities analysts' or investors' expectations of our financial performance;
- our failure to meet applicable Nasdaq listing standards and the possible delisting of our common stock from the Nasdaq Stock Market;
- additions or departures of key personnel;
- discussions of our business, products, financial performance, prospects, or stock price by the financial and scientific press and online investor communities such as blogs and chat rooms;
- public concern as to, and legislative action with respect to, genetic testing or other research areas of biopharmaceutical companies, the pricing and availability of prescription drugs, or the safety of drugs and drug delivery techniques;
- regulatory developments in the U.S. and in foreign countries;
- changes in the structure of healthcare payment systems;
- the announcement of, or developments in, any litigation matters;
- disruptions caused by geopolitical or macroeconomic developments or other business interruptions, as well as any related political or economic responses and counter-responses or otherwise by various global actors or the general effect on the global economy and supply chain; and
- economic and political factors, including but not limited to economic and financial crises, wars, terrorism, and political unrest.

In the past, following periods of volatility in the market price of a particular company's securities, securities class action litigation has often been brought against that company. For example, we, and certain of our current and former officers and directors, are subject to numerous lawsuits related to prior statements about NUPLAZID and our sNDA seeking approval of pimavanserin for the treatment of hallucinations and delusions associated with DRP, as described in "Legal Proceedings". If we are not successful in defense of these claims, we may have to make significant payments to, or other settlements with, our stockholders and their attorneys. Even if such claims are not successful, the litigation has resulted in additional costs in the past and could result in further substantial costs and diversion of our management's attention and resources in the future, which could have a material adverse effect on our business, operating results or financial condition.

If we or our stockholders sell substantial amounts of our common stock, the market price of our common stock may decline.

A significant number of shares of our common stock are held by a small number of stockholders. Sales of a significant number of shares of our common stock, or the expectation that such sales may occur, could significantly reduce the market price of our common stock. In connection with our March 2014 public offering of common stock, we agreed to provide resale registration rights for the shares of our common stock held by entities affiliated with one of our principal stockholders and two of our directors, Julian C. Baker and Dr. Stephen R. Biggar, which we refer to as the Baker Entities. In connection with our January 2016 public offering of common stock, we entered into a formal registration rights agreement with the Baker Entities to provide for these rights. Under the registration rights agreement, we have agreed that, if at any time and from time to time, the Baker Entities demand that we register their shares of our common stock for resale under the Securities Act, we would be obligated to effect such registration. On May 25, 2022, we filed a registration statement covering the sale of up to 42,393,855 shares of our common stock, which includes 489,269 shares of our common stock issuable upon the exercise of warrants that were owned by the Baker Entities as of May 16, 2022, and which represented approximately 26 percent of our outstanding shares at the time. Our registration obligations under this registration rights agreement, which cover all shares now held or later acquired by the Baker Entities, will be in effect for up to 10 years, and include our obligation to facilitate

certain underwritten public offerings of our common stock by the Baker Entities in the future. If the Baker Entities sell a large number of our shares, or the market perceives that the Baker Entities intend to sell a large number of our shares, this could adversely affect the market price of our common stock. We also may elect to sell from time to time an indeterminate number of shares on our own behalf pursuant to a registration statement or in a private placement. Our stock price may decline as a result of the sale of the shares of our common stock included in any of these registration statements or future financings.

If our officers, directors, and largest stockholders choose to act together, they may be able to significantly influence our management and operations, acting in their best interests and not necessarily those of our other stockholders.

Our directors, executive officers and holders of 5% or more of our outstanding common stock and their affiliates beneficially own a substantial portion of our outstanding common stock. As a result, these stockholders, acting together, have the ability to significantly influence all matters requiring approval by our stockholders, including the election of all of our board members, amendments to our certificate of incorporation, going-private transactions, and the approval of mergers or other business combination transactions. The interests of this group of stockholders may not always coincide with our interests or the interests of other stockholders and they may act in a manner that advances their best interests and not necessarily those of our other stockholders.

Anti-takeover provisions in our charter documents and under Delaware law may make an acquisition of us more complicated and may make the removal and replacement of our directors and management more difficult.

Our amended and restated certificate of incorporation and amended and restated bylaws contain provisions that may delay or prevent a change in control, discourage bids at a premium over the market price of our common stock and adversely affect the market price of our common stock and the voting and other rights of the holders of our common stock. These provisions may also make it difficult for stockholders to remove and replace our board of directors and management. These provisions:

- establish that members of the board of directors may be removed only for cause upon the affirmative vote of stockholders owning at least a majority of our capital stock;
- authorize the issuance of "blank check" preferred stock that could be issued by our board of directors to increase the number of outstanding shares and prevent or delay a takeover attempt;
- limit who may call a special meeting of stockholders;
- establish advance notice requirements for nominations for election to the board of directors or for proposing matters that can be acted upon at stockholder meetings;
- prohibit our stockholders from making certain changes to our amended and restated certificate of incorporation or amended and restated bylaws except with $66^{2/3}$% stockholder approval; and
- provide for a board of directors with staggered terms.

We are also subject to provisions of the General Corporation Law of the State of Delaware that, in general, prohibit any business combination with a beneficial owner of 15% or more of our common stock for three years unless the holder's acquisition of our stock was approved in advance by our board of directors. Although we believe these provisions collectively provide for an opportunity to receive higher bids by requiring potential acquirors to negotiate with our board of directors, they would apply even if the offer may be considered beneficial by some stockholders.

We do not intend to pay dividends on our common stock in the foreseeable future; as such, you must rely on stock appreciation for any return on your investment.

To date, we have not paid any cash dividends on our common stock, and we do not intend to pay any dividends in the foreseeable future. Instead, we intend to retain any future earnings to fund the development and growth of our business. For this reason, the success of an investment in our common stock, if any, will depend on the appreciation of our common stock, which may not occur. There is no guarantee that our common stock will appreciate, and therefore, a holder of our common stock may not realize a return on his or her investment.

Item 1B. ***Unresolved Staff Comments.***

This item is not applicable.

Item 1C. ***Cybersecurity.***

Risk management and strategy

We have implemented and maintain various information security processes designed to identify, assess and manage material risks from cybersecurity threats to our critical computer networks, third party hosted services, communications systems, hardware and software, and our critical data, including intellectual property, confidential information that is proprietary, strategic or competitive in nature, and data related to our clinical trials and products (Information Systems and Data).

Our information security function, our Chief Information Officer (CIO), and our Chief Compliance Officer (CCO) help identify, assess and manage the Company's cybersecurity threats and risks. This group works to identify and assess risks from cybersecurity threats by monitoring and evaluating our threat environment and the Company's risk profile using various methods in certain contexts, including, for example, manual tools, subscribing to reports and services that identify cybersecurity threats, analyzing reports of threat actors, conducting scans of certain environments, evaluating certain threats reported to us, conducting threat and vulnerability assessments, using external intelligence feeds, and using third parties to conduct tabletop incident response exercises and other tests.

Depending on the environment, we implement and maintain various technical, physical, and organizational measures, processes, standards and policies designed to manage and mitigate material risks from cybersecurity threats to our Information Systems and Data, including, for example: incident detection and response policies, disaster recovery/business continuity policies, a vulnerability management policy, a vendor risk management program, risk assessments, encryption of certain data, network security controls and data segmentation for certain systems, access controls, physical security, asset management and tracking, systems monitoring, employee training, penetration testing, cybersecurity insurance, and dedicated cybersecurity staff.

Our assessment and management of material risks from cybersecurity threats are integrated into the Company's overall risk management processes. For example, (1) cybersecurity risk is addressed as a component of the Company's enterprise risk management program; (2) the information security department works with management to prioritize our risk management processes and mitigate cybersecurity threats that are more likely to lead to a material impact to our business; and (3) our senior management evaluates material risks from cybersecurity threats against our overall business objectives and reports to the audit committee of the board of directors, which evaluates our overall enterprise risk.

We use third-party service providers to assist us from time to time to identify, assess, and manage material risks from cybersecurity threats, including for example, outside legal counsel, threat intelligence service providers, cybersecurity consultants, cybersecurity software providers, penetration testing firms, managed cybersecurity service providers, darkweb monitoring services, and forensic investigators.

We use third-party service providers to perform a variety of functions throughout our business, such as application providers, hosting companies, contract research organizations, contract manufacturing organizations, distributors, and supply chain resources. We have vendor management processes designed to help manage cybersecurity risks associated with our use of certain of these providers. For certain vendors, these processes include vendor risk assessments, security questionnaires, review of vendors' written security program, and imposition of contractual obligations related to information security on certain vendors.

For a description of the risks from cybersecurity threats that may materially affect the Company and how they may do so, see our risk factors under Part 1. Item 1A. Risk Factors, including: "We and the third parties with whom we work are subject to stringent and evolving U.S. and foreign laws, regulations and rules, contractual obligations, industry standards, policies and other obligations related to data privacy and security. Our (or the third parties with whom we work) actual or perceived failure to comply with such obligations could lead to regulatory investigations or actions; litigation; fines and penalties; disruptions of our business operations; reputational harm; loss of revenue or profits; and other adverse business consequences."; and "If our information technology systems or data, or those of third parties with whom we work, are or were compromised, we could experience adverse consequences resulting from such compromise, including but not limited to regulatory investigations or actions, interruptions to operations or clinical trials, reputational harm, litigation, fines and penalties, disruptions of our business operations, and a loss of customers or sales."

Governance

Our board of directors addresses the Company's cybersecurity risk management as part of its general oversight function. The audit committee of the board of directors is responsible for overseeing the Company's cybersecurity risk management processes, including oversight of mitigation of risks from cybersecurity threats.

Our cybersecurity risk assessment and management processes are implemented and maintained by certain Company management, including our Director of Information Security, who has managed the Security Operations Center for a Fortune 500 company, and led cybersecurity efforts as the Director of IT at another organization.

The Director of Information Security, along with management, including the CIO and CCO, is responsible for hiring appropriate personnel, helping to integrate cybersecurity risk considerations into the Company's overall risk management strategy, and communicating key priorities to relevant personnel. Management is responsible for approving budgets, helping prepare for cybersecurity incidents, approving cybersecurity processes, and reviewing security assessments and other security-related reports.

Our incident response policy is designed to escalate certain cybersecurity incidents to members of management depending on the circumstances, including our CIO, Senior Vice President of Finance, CCO, Senior Vice President of People and Performance, and Director of Information Security. This team works with the Company's incident response team to help the Company mitigate and remediate cybersecurity incidents of which they are notified. In addition, the Company's incident response policy includes reporting to the audit committee of the board of directors for certain cybersecurity incidents.

The audit committee receives periodic reports from senior management concerning the Company's significant cybersecurity threats and risks and the processes the Company has implemented to address them.

Item 2. *Properties.*

As of December 31, 2024, our primary facility consists of approximately 67,000 square feet of office space in San Diego, California. We also lease a facility in Princeton, New Jersey that covers approximately 25,000 square feet of office space, which is leased through January 2026. We believe that our existing facilities are adequate to meet our current needs, and that suitable additional alternative spaces will be available in the future on commercially reasonable terms.

Item 3. *Legal Proceedings.*

Patent Infringement

On July 24, 2020, we filed complaints against (i) Aurobindo Pharma Limited and its affiliate Aurobindo Pharma USA, Inc. and (ii) Teva Pharmaceuticals USA, Inc. and its affiliate Teva Pharmaceutical Industries Ltd., and on July 30, 2020, we filed complaints against (i) Hetero Labs Limited and its affiliates Hetero Labs Limited Unit-V and Hetero USA Inc., (ii) MSN Laboratories Private Ltd. and its affiliate MSN Pharmaceuticals, Inc., and (iii) Zydus Pharmaceuticals (USA) Inc. and its affiliate Cadila Healthcare Limited. These complaints, which were filed in the United States District Court for the District of Delaware, allege infringement of certain of our Orange Book-listed patents covering NUPLAZID (Pimavanserin I Cases).

We entered into an agreement effective April 22, 2021 with Hetero settling all claims and counterclaims in the litigation. The agreement allows Hetero to launch its generic pimavanserin product on February 27, 2038, subject to certain triggers for earlier launch. The Hetero case was dismissed by joint agreement on May 3, 2021.

On September 30, 2022, we filed a stipulation and proposed order to stay the claims currently asserted against Teva and for Teva to be bound by the result of the litigation rendered against the remaining defendants Aurobindo and MSN, which was ordered by the Court on October 4, 2022.

On October 21, 2022, we filed additional complaints against Aurobindo, MSN and Zydus in the United States District Court for the District of Delaware alleging infringement of an additional Orange Book-listed patent covering NUPLAZID (Pimavanserin II Cases).

We entered into an agreement, effective March 31, 2023, with Zydus settling all claims and counterclaims in the Pimavanserin I Cases and Pimavanserin II Cases. The agreement allows Zydus to launch its generic pimavanserin 10 mg tablet products on September 23, 2036 and 34 mg capsule products on February 27, 2038, subject to certain triggers for earlier launch. The Zydus case was dismissed by joint agreement on April 5, 2023.

As a result of the above, only MSN remained as an active defendant in the Pimavanserin I Cases. On January 11, 2024, following summary judgment motions, the District Court entered final judgment in our favor that MSN's submission of ANDA No. 214925 was an act of infringement in the Pimavanserin I Case and the '740 patent was not invalid. On January 18, 2024, MSN filed a Notice of Appeal to the United States Court of Appeals for the Federal Circuit from the final judgment entered on January 11, 2024. The appeal is fully briefed and awaiting a date for oral argument.

In connection with the Pimavanserin II cases, MSN and Aurobindo are the remaining defendants. A bench trial was conducted from December 3, 2024 to December 6, 2024 in the matter. Post-trial briefing was completed on February 12, 2025 and we are awaiting the final decision of the Court.

On February 14, 2025, we filed a complaint against Zydus Lifesciences Limited, Zydus Worldwide DMCC, and Zydus Pharmaceuticals (USA) Inc. (collectively "Zydus") in the United States District Court for the District of Delaware, alleging infringement of certain of our Orange Book-listed patents covering NUPLAZID (Pimavanserin) by Zydus' proposed 34 mg pimavanserin tablet product. Zydus has not responded to the complaint as of yet and there is no schedule in place for the case.

Securities Class Action

On April 19, 2021, a purported stockholder of us filed a putative securities class action complaint (captioned *City of Birmingham Relief Retirement Systems v. Acadia Pharmaceuticals Inc.*, Case No. 21-cv-0762) in the U.S. District Court for the Southern District of California against us and certain of our current executive officers. On September 29, 2021, the Court issued an order designating lead plaintiff and lead counsel. On December 10, 2021, lead plaintiff filed an amended complaint. The amended complaint generally alleges that defendants violated Sections 10(b) and 20(a) of the Securities Exchange Act of 1934, as amended, by failing to disclose that the materials submitted in support of its sNDA seeking approval of pimavanserin for the treatment of hallucinations and delusions associated with dementia-related psychosis contained statistical and design deficiencies and that the FDA was unlikely to approve the sNDA in its current form. The amended complaint seeks unspecified monetary damages and other relief. On March 11, 2024, the Court granted plaintiffs' motion for class certification and appointment of class representatives and class counsel. The parties are currently engaged in expert discovery, which is scheduled to close on June 13, 2025.

Opt-Out Litigation

On March 7, 2024, a purported stockholder of the Company filed a complaint (captioned *Alger Dynamic Opportunities Fund v. Acadia Pharmaceuticals, Inc.*, Case No. 24-cv-00451) in the U.S. District Court for the Southern District of California against us and one executive officer. The complaint is based on the same underlying allegations as the Securities Class Action described above, and alleged claims under federal and state securities laws, and for common law fraud and negligent misrepresentations. On May 24, 2024, Defendants moved to dismiss the complaint. On October 31, 2024, the Court granted in part and denied in part Defendants' motion to dismiss. The Court dismissed with leave to amend the purported stockholder's state and common law claims, as well as the claim brought under Section 18(a) of the Securities Exchange Act of 1934, as amended. Defendants filed their answer to the Sections 10(b) and 20(a) claims on December 16, 2024. On January 13, 2025, the Court stayed this suit pending the outcome of the Securities Class Action.

Derivative Suit

On December 15, 2023, a purported stockholder of us filed a derivative action (captioned *Kanner et al v. Biggar et al.*, Case No. 23-cv-2293) in the U.S. District Court for the Southern District of California against certain of our current directors. We are named as a nominal defendant. The complaint is based on the same alleged misconduct as the Securities Class Action, and asserts state law claims, on behalf of us, against the individual defendants for breach of fiduciary duty, unjust enrichment, abuse of control, waste of corporate assets, and insider trading. The complaint also asserts federal claims under sections 10(b), 21D, and 14(a) of the Securities Exchange Act of 1934, as amended. On December 27, 2023, the action was reassigned to District Judge William Q. Hayes and Magistrate Judge Michael S. Berg due to its relation to the Securities Class Action. On January 30, 2024, the parties jointly requested a stay of the action. The Court granted that request and the action was stayed on February 20, 2024, pending the outcome of our Demand Review Committee's investigation into the underlying claims.

We currently believe that none of the foregoing claims or other actions pending against us as of December 31, 2024 is likely to have, individually or in the aggregate, a material adverse effect on our business, liquidity, financial position, or results of operations. Given the unpredictability inherent in litigation, however, we cannot predict the outcome of these matters. We are unable to estimate possible losses or ranges of losses that may result from these matters, and therefore we have not accrued any amounts in connection with these matters other than attorneys' fees incurred to date.

Item 4. ***Mine Safety Disclosures.***

This item is not applicable.

PART II

Item 5. ***Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.***

Market Information

Our common stock is traded on the Nasdaq Global Select Market under the symbol "ACAD".

Holders

As of February 18, 2025, there were 166,788,517 shares of common stock outstanding held by approximately 32 stockholders of record.

Dividends

To date, we have not paid any cash dividends on our common stock, and we do not intend to pay any dividends in the foreseeable future. Instead, we intend to retain any future earnings to fund the development and growth of our business.

Securities Authorized for Issuance Under Equity Compensation Plans

The information required by this Item regarding equity compensation plans is incorporated herein by reference to Item 12 of Part III of this Annual Report on Form 10-K.

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

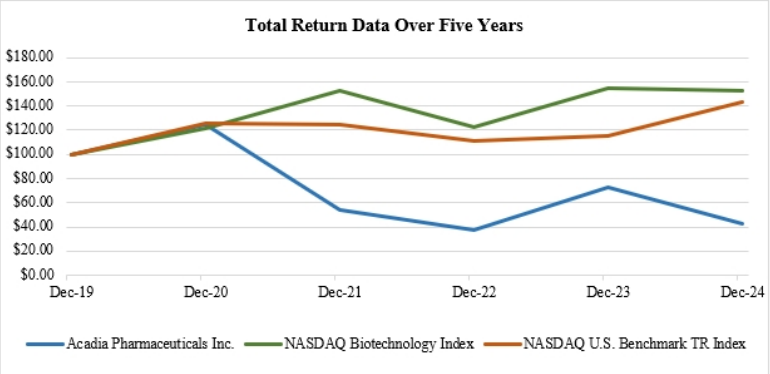
None.

Recent Sales of Unregistered Securities

Not applicable.

Performance Graph

The following graph shows a comparison of the total cumulative returns of an investment of $100 in cash from December 31, 2019 through December 31, 2024 in (i) our common stock, (ii) the Nasdaq Biotechnology Index, and (iii) the Nasdaq U.S. Benchmark TR Index. The comparisons in the graph are required by the SEC and are not intended to forecast or be indicative of the possible future performance of our common stock. The graph assumes that all dividends have been reinvested (to date, we have not declared any dividends).



	Dec-19	Dec-20	Dec-21	Dec-22	Dec-23	Dec-24
Acadia Pharmaceuticals Inc.	$ 100.00	$ 124.96	$ 54.56	$ 37.21	$ 73.19	$ 42.89
NASDAQ Biotechnology Index	$ 100.00	$ 121.27	$ 152.67	$ 122.55	$ 154.93	$ 152.89
NASDAQ U.S. Benchmark TR Index	$ 100.00	$ 125.69	$ 124.89	$ 111.27	$ 115.42	$ 143.60

Item 6. [Reserved]

Item 7. ***Management's Discussion and Analysis of Financial Condition and Results of Operations*****.**

The following discussion and analysis of our consolidated financial condition and results of operations should be read in conjunction with our consolidated financial statements and related notes included elsewhere in this report. Past operating results are not necessarily indicative of results that may occur in future periods. This discussion contains forward-looking statements, which involve a number of risks and uncertainties. Such forward-looking statements include statements about the benefits to be derived from our products and our product candidates, the potential market opportunities for our products and our drug candidates, our strategy for the commercialization of our products, our plans for exploring and developing our products for additional indications, the commercialization of DAYBUE or trofinetide in jurisdictions other than the U.S., our plans and timing with respect to seeking regulatory approvals, the potential commercialization of any of our product candidates that receive regulatory approval, the progress, timing, results or implications of clinical trials and other development milestones and activities involving our products and our product candidates, our strategy for discovering, developing and, if approved, commercializing our product candidates, our existing and potential future collaborations, our estimates of future payments, revenues and profitability, our estimates regarding our capital requirements, future expenses and needs for additional financing, the potential or expected impacts of geopolitical and macroeconomic developments, possible changes in legislation, and other statements that are not historical facts, including statements which may be preceded by the words "aims," "anticipates," "believes," "continue," "could," "estimates," "expects," "hopes," "intends," "may," "plans," "potential" "predicts," "pro forma," "projects," "seeks," "should," "will," "would," or similar words. In addition, statements that "we believe" and similar statements reflect our beliefs and opinions on the relevant subject. These statements are based upon information available to us as of the date of this report, and while we believe such information forms a reasonable basis for such statements, such information may be limited or incomplete, and our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all potentially available relevant information. These statements are inherently uncertain. For forward-looking statements, we claim the protection of the Private Securities Litigation Reform Act of 1995. Readers of this report are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date on which they are made. We undertake no obligation to update or revise publicly any forward-looking statements. Forward-looking statements are not guarantees of performance. Actual results or events may differ materially from those anticipated in our forward-looking statements as a result of various factors, including those set forth under the section captioned "Risk Factors" elsewhere in this report. Information in the following discussion for a yearly period means for the year ended December 31 of the indicated year.

Overview

Background

We are a biopharmaceutical company focused on the development and commercialization of innovative medicines that address unmet medical needs in CNS disorders and rare diseases.

We have two core franchises in neuroscience and neuro-rare diseases. Our neuroscience franchise is anchored by the commercial product NUPLAZID (pimavanserin), which is the first and only drug approved by the FDA for the treatment of hallucinations and delusions associated with PDP. Our neuro-rare disease franchise is anchored by the commercial product DAYBUE, which is the first and only drug approved for the treatment of Rett syndrome. Net product sales from these two commercial products totaled $957.8 million for 2024, compared with $726.4 million for 2023.

In August 2018, we acquired an exclusive North American license to develop and commercialize DAYBUE for Rett syndrome and other indications from Neuren. Rett syndrome is a debilitating neurological disorder that occurs predominantly in females following apparently normal development for the first six months of life. Rett syndrome also occurs in boys, albeit far less frequently. Typically, between six to eighteen months of age, patients experience a period of rapid decline with loss of purposeful hand use and spoken communication and inability to independently conduct activities of daily living. Symptoms also include seizures, hand movements or stereotypies, disorganized breathing patterns, scoliosis and sleep disturbances, among others. The FDA approval of DAYBUE for the treatment of Rett syndrome was based on the positive results from our pivotal Phase 3 LAVENDER™ study which demonstrated statistically significant improvement over placebo for both co-primary endpoints as well as the key secondary endpoint.

Under the terms of the 2018 agreement, Neuren received an upfront payment of $10.0 million and is eligible to receive milestone payments of up to $400.0 million based on the achievement of certain development and sales milestones for Rett syndrome in North America, of which, $50 million has been paid to date. Neuren is also eligible to receive up to $55.0 million in development and sales milestone for Fragile X syndrome in North America. In addition, Neuren is eligible to receive tiered, escalating, double-digit percentage royalties based on net sales in North America. The following tables provide a summary of milestone and royalty payments that Neuren remains eligible to receive based on the achievement of net sales of trofinetide in North America in any given year:

Sales Milestones Based on Annual Net Sales in North America	
Net Sales ≥$250 million	$50 million
Net Sales ≥$500 million	$50 million
Net Sales ≥$750 million	$100 million
Net Sales ≥$1 billion	$150 million

Tiered Royalty Rates Based on Annual Net Sales in North America	
≤$250 million	10%
>$250 million, but ≤$500 million	12%
>$500 million, but ≤$750 million	14%
>$750 million	15%

In July 2023, we expanded our current licensing agreement for trofinetide with Neuren to acquire rights to the drug outside of North America as well as global rights in Rett syndrome and Fragile X syndrome to Neuren's development candidate NNZ-2591. Under the terms of the expanded agreement, Neuren received an upfront payment of $100.0 million and is eligible to receive up to an additional $426.3 million in milestone payments based on the achievement of certain commercial and sales milestones for trofinetide outside of North America and up to $831.3 million in milestone payments based on the achievement of certain development and sales milestones for NNZ-2591. In addition, we will be required to pay Neuren tiered royalties from the mid-teens to low-twenties percent based on net sales of trofinetide and NNZ-2591. The following table provides a summary of milestone payments that Neuren is eligible to receive based on the achievement of certain sales milestones under the terms of the expanded agreement:

Territory	First Commercial Sales Milestones	Total Sales Milestones
Europe	$35 million (Rett syndrome) $10 million (2nd indication)	Up to $170 million
Japan	$15 million (Rett syndrome) $4 million (2nd indication)	Up to $110 million
Rest of World	—	Up to $83 million

In addition to these commercial products, we have a portfolio of product candidates and research programs that are designed to address significant unmet medical needs in CNS disorders and rare diseases. In order to achieve significant long-term growth, we plan to develop our current portfolio, expand our pipeline of early- and late-stage product candidates and expand into areas of rare disease that are adjacent to our existing franchises, including through strategic business development, and make use of our internal capabilities and knowledge.

Our most advanced product candidate is ACP-101 (intranasal carbetocin) for the treatment of hyperphagia in PWS, a neuro rare disease. Hyperphagia is an intense persistent sensation of hunger accompanied by food preoccupations, an extreme drive to consume food, food-related behavior problems, and a lack of normal satiety. In November 2023, we initiated the Phase 3 COMPASS PWS study evaluating the efficacy and safety of ACP-101 for the treatment of hyperphagia in PWS.

Our next most advanced product candidate is ACP-204 for the treatment of ADP. In November 2023, we initiated a Phase 2 study evaluating the efficacy and safety of ACP-204 for the treatment of hallucinations and delusions associated with ADP. We plan to initiate an additional Phase 2 study of ACP-204 in LBDP in the third quarter of 2025.

We have several product candidates in earlier stages of development for the treatment of CNS disorders and rare diseases, including ACP-711 for the treatment of essential tremor, for which we expect to initiate a Phase 2 study in 2026.

We have incurred substantial operating losses since our inception due in large part to expenditures for our research and development activities. As of December 31, 2024, we had an accumulated deficit of approximately $2.2 billion. Contingent on the level of business development activities we may complete as well as pipeline programs we may advance, we may incur operating losses as we incur significant research and development costs and costs for continued commercialization of our products.

Financial Operations Overview

Product Revenues

Net product sales consist of sales of our products. The FDA approved NUPLAZID in April 2016 for the treatment of hallucinations and delusions associated with PDP and we launched the product in the United States in May 2016. The FDA approved DAYBUE in March 2023 for the treatment of Rett syndrome and we launched the product in the United States in April 2023.

Cost of Product Sales

Cost of product sales consists of third-party manufacturing costs, freight, and indirect overhead costs associated with sales of our products. Cost of product sales may also include period costs related to certain inventory manufacturing services, excess or obsolete inventory adjustment charges, unabsorbed manufacturing and overhead costs, and manufacturing variances. In addition, cost of product sales may include license fees and royalties. License fees and royalties currently consist of milestone payments capitalized and subsequently amortized under our 2018 license agreement with Neuren. License fees and royalties also include royalties of tiered, escalating, double-digit percentages due to Neuren based upon net sales of DAYBUE.

Cost of sales for a newly launched product does not include the full cost of manufacturing until the initial pre-launch inventory is depleted, and additional inventory is manufactured and sold. Thus the cost of sales as a percentage of net sales of DAYBUE for the year ended December 31, 2024 and 2023 were affected by use of the initial pre-launch inventory, which was previously expensed as research and development expense, and is referred to as zero cost inventories. However, we do not expect that the cost of sales as a percentage of net sales of DAYBUE will increase significantly once we commence the sales of full cost inventories.

Research and Development Expenses

Our research and development expenses have consisted primarily of fees paid to external service providers, salaries and related personnel expenses, facilities and equipment expenses, and other costs incurred related to pre-commercial product candidates. We charge all research and development expenses to operations as incurred. Our research and development activities have focused on pimavanserin, trofinetide, ACP-101, ACP-204 and other earlier-stage product candidates. In connection with the FDA approval of DAYBUE, we are required to conduct post-marketing work, including a clinical study of renal impairment in healthy volunteers, nonclinical carcinogenicity studies, and nonclinical in vitro and clinical in vivo drug interaction studies. The FDA has released us from one of the five PMRs. In addition, we have fulfilled one of the five PMRs. Of the remaining three PMRs, we have also completed one and we are awaiting the FDA's acknowledgement and acceptance of that completed PMR. We will be responsible for all costs incurred for these PMRs. In addition, we expect to incur increased research and development expenses as a result of advancement of our early-stage product candidates.

We use external service providers to manufacture our product candidates and for the majority of the services performed in connection with the preclinical and clinical development of our product candidates. Historically, we have used our internal research and development resources, including our employees and discovery infrastructure, across several projects and many of our costs have not been attributable to a specific project. Accordingly, we have not reported our internal research and development costs on a project-by-project basis. To the extent that external expenses are not attributable to a specific project, they are allocated proportionally to each of the projects.

The following table summarizes our research and development expenses for the years ended December 31, 2024, 2023, and 2022 (in thousands):

	Years Ended December 31,		
	2024	2023	2022
Costs of external service providers:			
NUPLAZID (pimavanserin)	$ 34,369	$ 55,527	$ 62,746
DAYBUE (trofinetide)	30,677	32,065	62,300
ACP-101	30,401	11,887	2,085
ACP-204	54,389	43,768	16,898
Early-stage product candidates	44,703	26,789	45,803
Upfront and milestone payments*	34,500	102,500	88,741
Subtotal	229,039	272,536	278,573
Internal costs	60,110	61,675	60,422
Stock-based compensation	14,100	17,408	22,580
Total research and development expenses	$ 303,249	$ 351,619	$ 361,575

* Includes upfront and milestone consideration as well as transaction costs associated with acquired in-process research and development.

At this time, due to the risks inherent in regulatory requirements and clinical development, we are unable to estimate with certainty the costs we will incur to support the commercialization of DAYBUE, as well as the further development of our early-stage product candidates. Likewise, we are unable to determine with certainty the anticipated completion dates for our current research and development programs. Clinical development and regulatory approval timelines, probability of success, and development costs vary widely. While our current development efforts are primarily focused on advancing the development of ACP-101, ACP-204 and other early-stage product candidates, we anticipate that we will make determinations as to which programs to pursue and how much funding to direct to each program on an ongoing basis in response to the scientific and clinical success of each product candidate, as well as an ongoing assessment of the commercial potential of each candidate and our financial position. We cannot forecast with any degree of certainty which product candidates will be subject to future collaborative or licensing arrangements, when such arrangements will be secured, if at all, and to what degree any such arrangements would affect our development plans and capital requirements. Similarly, we are unable to estimate with certainty the costs we will incur for post-marketing studies that we committed to conduct in connection with FDA approval of DAYBUE.

We expect our research and development expenses will continue to be substantial as we conduct studies pursuant to our PMRs and pursue the further development of ACP-101, ACP-204 and other early-stage product candidates. The lengthy process of completing clinical trials and supporting development activities and seeking regulatory approval for our product candidates requires the expenditure of substantial resources. Any failure by us or delay in completing clinical trials, or in obtaining regulatory approvals, could cause our research and development expenses to increase and, in turn, have a material adverse effect on our results of operations.

Selling, General and Administrative Expenses

Our selling, general and administrative expenses consist of salaries and other related costs, including stock-based compensation expense, for our commercial personnel, including our specialty sales forces, our medical education professionals, and our personnel serving in executive, finance, business development, and business operations functions. Also included in selling, general and administrative expenses are fees paid to external service providers to support our commercial activities associated with our products, professional fees associated with legal and accounting services, costs associated with patents and patent applications for our intellectual property and charitable donations to independent charitable foundations that support Parkinson's disease patients generally. Changes in selling, general and administrative expenses in future periods are subject to the evolving PDP market dynamics and the Rett syndrome market.

Gain on Sale of Non-Financial Asset

Following the FDA approval of DAYBUE, we were granted a Rare Pediatric Disease PRV. During the year ended December 31, 2024, we sold the PRV to a third party for the aggregate net proceeds of $146.5 million.

Income Tax Expense

Because we maintain a full valuation allowance against our net deferred tax assets, income tax expense is expected to primarily consist of current federal and state tax expense as a result of taxable income anticipated or incurred in certain jurisdictions. Income tax expense may fluctuate from quarter to quarter due to adjustments related to non-recurring transactions, timing of revenue and expense across different tax jurisdictions and changes in certain tax assessments.

Critical Accounting Policies and Estimates

A summary of the significant accounting policies is provided in Note 2 to our Consolidated Financial Statements.

The preparation of financial statements in accordance with GAAP requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. We evaluate our estimates on an ongoing basis. Our estimates are based on historical experience and on various other assumptions and factors that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities and the reported amounts of revenues and expenses that are not readily apparent from other sources. Actual results may differ from those estimates under different assumptions and conditions.

Management considers an accounting estimate to be critical if:

- it requires a significant level of estimation uncertainty; and
- changes in the estimate are reasonably likely to have a material effect on our financial condition or results of operations.

We believe the following critical accounting policies and estimates describe the more significant judgments and estimates used in the preparation of our consolidated financial statement.

Product Sales, Net

We sell NUPLAZID through SPs and SDs. SPs dispense product to a patient based on the fulfillment of a prescription and SDs sell product to government facilities, long-term care pharmacies, or in-patient hospital pharmacies. We sell DAYBUE through a single wholesale distributor. Product shipping and handling costs are included in cost of product sales.

We recognize revenue from product sales at the net sales price (the “transaction price”) which includes estimates of variable consideration for which reserves are established and reflects each of these as either a reduction to the related account receivable or as an accrued liability, depending on how the amount payable is settled. Overall, these reserves reflect our best estimates of the amount of consideration to which we are entitled based on the terms of the contract. Actual amounts of consideration ultimately received may differ from our estimates. If actual results in the future vary from estimates, we may need to adjust our estimates, which would affect net revenue in the period of adjustment. The following sales discounts and allowances involve a substantial degree of judgment:

Rebates: Allowances for rebates include mandated discounts under the Medicaid Drug Rebate Program and the Medicare Part D prescription drug benefit. Rebates are amounts owed after the final dispensing of the product to a benefit plan participant and are based upon contractual agreements with, or statutory requirements pertaining to, Medicaid and Medicare benefit providers. The allowance for rebates is based on statutory discount rates and expected utilization. Our estimates for expected utilization of rebates is based on historical data received from the SPs, SDs and the single wholesale distributor since product launch. Rebates are generally invoiced and paid in arrears so that the accrual balance consists of an estimate of the amount expected to be incurred for the current quarter’s activity, plus an accrual balance for prior quarters’ unpaid rebates still estimated to be incurred. Allowances for rebates also include amounts due under the Inflation Reduction act of 2022 for Medicare Part D unit sales with applicable period AMP increases that outpace inflation over the benchmark period. The applicable period will be twelve months on October 1 of each year, with the initial applicable period beginning on October 1, 2022. The benchmark period AMP price is January 1, 2021 through September 30, 2021. Our estimates are based Medicare Part D sales as a percentage of gross sales and the rate AMP for the current period will be in excess the benchmark period. We regularly monitor our estimates and record adjustments when rebate trends, rebate programs and contract terms, legislative changes, or other significant events indicate that a change in the estimates is appropriate. To date, our estimates have not differed materially from actual rebates. However, subsequent changes in estimates may result in a material change in our accruals, which could also materially affect our balance sheet and results of operations.

Chargebacks: Chargebacks are discounts and fees that relate to contracts with government and other entities purchasing from the SDs at a discounted price. The SDs charge back to us the difference between the price initially paid by the SDs and the discounted price paid to the SDs by these entities. We also incur group purchasing organization fees for transactions through certain purchasing organizations. We estimate sales with these entities and accrue for anticipated chargebacks and organization fees, based on the applicable contractual terms. To date, our estimates have not differed materially from the actual chargebacks and organization fees. However, subsequent changes in estimates may result in a material change in our accruals, which could also materially affect our balance sheet and results of operations.

Research and Development Accruals

We estimate certain costs and expenses and accrue for these liabilities as part of our process of preparing financial statements. Examples of areas in which subjective judgments may be required include, among other things, costs associated with services provided by contract organizations for preclinical development, manufacturing of our product candidates and clinical trials, and personnel related expenses. We accrue for costs incurred as the services are being provided by monitoring the status of the trial or services provided, and the invoices received from our external service providers. In the case of clinical trials, a portion of the estimated cost normally relates to the projected cost to treat a patient in the trials, and this cost is recognized based on the number of patients enrolled in the trial. Other indirect costs are generally recognized on a straight-line basis over the estimated period of the study. As actual costs become known to us, we adjust our accruals. To date, our estimates have not differed materially from the actual costs incurred. However, subsequent changes in estimates may result in a material change in our accruals, which could also materially affect our balance sheet and results of operations.

Stock-Based Compensation

The fair value of each employee stock option and each employee stock purchase plan right granted is estimated on the grant date under the fair value method using the Black-Scholes valuation model, which requires us to make a number of assumptions including the estimated expected life of the award and related volatility. The fair value of restricted stock units is estimated based on the market price of our common stock on the date of grant. The estimated fair values of stock options, purchase plan rights, and regular restricted stock units are then expensed over the vesting period. For restricted stock units requiring satisfaction of both market and service conditions, the estimated fair values are generally expensed over the longest of the explicit, implicit and derived service periods. The fair value of performance-based stock awards (PSUs) that vest upon the achievement of certain pre-defined company-specific performance-based criteria is estimated based on the closing market price of our common stock on the date of grant. Expense related to these PSUs is recognized ratably over the expected performance period once the pre-defined performance-based criteria for vesting becomes probable and can vest up to 200 percent of the target number of shares granted. Beginning in 2024, the structure of the PSU design was revised with a relative total shareholder return (rTSR) approach such that awards are earned for our rTSR performance over three-year measurement periods relative to a peer group of companies and the actual numbers of PSUs that will vest at the end of the performance period may be anywhere from zero to 150 percent of the target number of shares granted. The fair value of these PSUs is estimated using a Monte Carlo model. Expense related to these PSUs is recognized ratably over the three-year measurement period. See also Item 15 of Part IV, “Notes to Consolidated Financial Statements—Note 2—Summary of Significant Accounting Policies” for further discussion of our assumptions and estimates related to our stock-based compensation.

Results of Operations

Fluctuations in Operating Results

Our results of operations have fluctuated significantly from period to period in the past and are likely to continue to do so in the future. We anticipate that our quarterly and annual results of operations will be impacted for the foreseeable future by several factors, including the progress and timing of expenditures related to our commercial activities associated with our products and the extent to which we generate revenue from product sales, our development of pimavanserin for the negative symptoms of schizophrenia, our further development of our early-stage product candidates and the progress and timing of expenditures related to studies of DAYBUE pursuant to our PMRs. Further, we expect our sales allowances to vary from quarter to quarter due to fluctuations in our Medicare Part D Coverage Gap liability and the volume of purchases eligible for government mandated discounts and rebates, as well as changes in discount percentages that may be impacted by potential future price increases and other factors. We cannot predict with certainty what the full impact that geopolitical and macroeconomic developments, including the ongoing military conflict between Ukraine and Russia and in the Middle East, and tariffs and trade tensions may have on our business, results of operations, financial condition and prospects. Due to these fluctuations, we believe that the period-to-period comparisons of our operating results are not a good indication of our future performance.

Comparison of the Years Ended December 31, 2024 and 2023

Product Sales, Net

Net product sales, comprised of our products, were $957.8 million and $726.4 million for the years ended December 31, 2024 and 2023, respectively.

Net product sales of NUPLAZID were $609.4 million and $549.2 million in 2024 and 2023, respectively. The increase in net product sales of NUPLAZID of $60.2 million was due to the growth in NUPLAZID unit sales as well as a higher average net selling price in NUPLAZID in 2024 compared to 2023. Net product sales of DAYBUE were $348.4 million and $177.2 million in 2024 and 2023, respectively. The increase in net product sales of DAYBUE of $171.2 million was mainly due to the growth in DAYBUE unit sales in 2024 compared to 2023.

The following table provides a summary of activity with respect to our sales allowances and accruals for the year ended December 31, 2024 (in thousands):

	Distribution Fees, Discounts & Chargebacks	Co-Pay Assistance	Rebates, Data Fees & Returns	Total
Balance at December 31, 2023	$ 12,156	$ (520)	$ 86,054	$ 97,690
Provision related to current period sales	122,083	5,148	168,868	296,099
Credits/payments for current period sales	(110,200)	(5,262)	(20,762)	(136,224)
Credits/payments for prior period sales	(12,156)	520	(86,054)	(97,690)
Balance at December 31, 2024	$ 11,883	$ (114)	$ 148,106	$ 159,875

Cost of Product Sales

Cost of product sales was $81.8 million and $41.6 million in 2024 and 2023, respectively, or approximately 9% and 6% of net product sales, respectively. Cost of product sales as a percentage of net product sales for NUPLAZID remained flat in 2024 as compared to 2023. The increase in cost of product sales was primarily due to the $51.8 million in license fees and royalties expensed during 2024 as compared to $21.8 million in the same period of 2023 for DAYBUE, including royalties due to Neuren based on net sales of DAYBUE and the amortization of the milestone payments capitalized under our 2018 license agreement with Neuren.

Certain manufacturing related expenses incurred prior to DAYBUE receiving FDA approval were classified as research and development expenses, resulting in zero cost inventory. Prior to receiving FDA approval for DAYBUE in March 2023, we manufactured inventory and recorded approximately $29.9 million related to the zero cost inventory as research and development expense. Utilizing the actual direct costs to manufacture DAYBUE prior to receiving FDA approval, had the previously expensed inventory been capitalized and recognized when sold, the total cost of sales with these manufacturing costs included for the year ended December 31, 2024 would have increased by approximately $14.9 million. We do not expect our cost of product sales for DAYBUE to increase significantly as a percentage of net product sales in future periods as we continue to produce inventory for future sales. We expect to finish selling the zero cost inventories of DAYBUE in 2025.

Subsequent to using our entire zero cost inventories, we estimate our overall cost of product sales as a percentage of total net product sales will be in the range of a mid-single digit to high single digit percentage.

Research and Development Expenses

Research and development expenses decreased to $303.2 million in 2024, including $14.1 million in stock-based compensation, from $351.6 million in 2023, including $17.4 million in stock-based compensation. The decrease in research and development expenses during 2024 was due to decreased business development payments, which in the period ending December 31, 2023 included the $100.0 million payment to Neuren under the expanded license agreement for trofinetide, partially offset by increased costs from clinical stage programs.

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased to $488.4 million in 2024, including $51.6 million in stock-based compensation expense, from $406.6 million in 2023, including $48.0 million in stock-based compensation expense. The increase in selling, general and administrative expenses was primarily driven by increased marketing costs to support the NUPLAZID and DAYBUE franchises in the U.S. and investments to support commercialization of DAYBUE outside the U.S.

Gain on Sale of Non-Financial Asset

Following the FDA approval of DAYBUE, we were granted a Rare Pediatric Disease PRV. During the year ended December 31, 2024, we sold the PRV to a third party for the aggregate net proceeds of $146.5 million. No other non-financial asset sale happened during the year ended December 31, 2023.

Comparison of the Years Ended December 31, 2023 and 2022

Product Sales, Net

Product sales, net, comprised of NUPLAZID, were $726.4 million and $517.2 million in 2023 and 2022, respectively.

Net product sales of NUPLAZID were $549.2 million and $517.2 million in 2023 and 2022, respectively. The increase in net product sales of NUPLAZID of $32.0 million was due to the growth in NUPLAZID unit sales as well as a higher average net selling price in NUPLAZID in 2023 compared to 2022. Net product sales of DAYBUE were $177.2 million for 2023. There were no net product sales of DAYBUE during 2022.

The following table provides a summary of activity with respect to our sales allowances and accruals for the year ended December 31, 2023 (in thousands):

	Distribution Fees, Discounts & Chargebacks	Co-Pay Assistance	Rebates, Data Fees & Returns	Total
Balance at December 31, 2022	$ 10,923	$ (340)	$ 26,046	$ 36,629
Provision related to current period sales	97,797	3,979	113,011	214,787
Credits/payments for current period sales	(85,641)	(4,499)	(26,957)	(117,097)
Credits/payments for prior period sales	(10,923)	340	(26,046)	(36,629)
Balance at December 31, 2023	$ 12,156	$ (520)	$ 86,054	$ 97,690

Cost of Product Sales

Cost of product sales was $41.6 million and $10.2 million in 2023 and 2022, respectively, or approximately 6% and 2% of net product sales, respectively. Cost of product sales as a percentage of net product sales for NUPLAZID remained flat in 2023 as compared to 2022. The increase in cost of product sales was primarily due to the $21.8 million in license fees and royalties expensed during 2023 for DAYBUE, including royalties due to Neuren based on net sales of DAYBUE and the amortization of the milestone payments capitalized under our 2018 license agreement with Neuren. There were no license fees and royalties in the same period of 2022 for either product.

Certain manufacturing related expenses incurred prior to DAYBUE receiving FDA approval were classified as research and development expenses, resulting in zero cost inventory. Prior to receiving FDA approval for DAYBUE in March 2023, we manufactured inventory and recorded approximately $29.9 million related to the zero cost inventory as research and development expense. Utilizing the actual direct costs to manufacture DAYBUE prior to receiving FDA approval, had the previously expensed inventory been capitalized and recognized when sold, the total cost of sales with these manufacturing costs included for the year ended December 31, 2023 would have increased by approximately $9.4 million. We do not expect our cost of product sales for DAYBUE to increase significantly as a percentage of net product sales in future periods as we continue to produce inventory for future sales.

Subsequent to using our entire zero cost inventories, we estimate our overall cost of product sales as a percentage of total net product sales will be in the range of a mid-single digit to high single digit percentage.

Research and Development Expenses

Research and development expenses decreased to $351.6 million in 2023, including $17.4 million in stock-based compensation expense, from $361.6 million in 2022, including $22.6 million in stock-based compensation expense. The decrease in research and development expenses during 2023 was mainly due to trofinetide commercial supply build that was expensed prior to approval. There was a similar level of clinical spend and business development investment year over year.

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased to $406.6 million in 2023, including $48.0 million in stock-based compensation expense, from $369.1 million in 2022, including $44.4 million in stock-based compensation expense. The increase in selling, general and administrative expenses was primarily due to increased commercial costs associated with the DAYBUE launch, partially offset by reductions in expenses associated with NUPLAZID.

Liquidity and Capital Resources

We have funded our operations primarily with revenues from sales of our products since their approvals, and through sales of our equity securities and interest income. We anticipate that the level of cash used in our operations will fluctuate in future periods depending on the levels of spending required for our ongoing and planned commercial activities for our products, our ongoing and planned development activities for pimavanserin for the negative symptoms of schizophrenia, ACP-101 as a treatment for PWS and ACP-204 as a treatment for ADP, studies to be conducted pursuant to our PMRs, our ongoing and planned development activities for other early- and late-stage product candidates and strategic business development to further expand our portfolio. We expect that our cash, cash equivalents and investment securities, as well as funds generated by anticipated sales of our products, will be sufficient to fund our planned operations through and beyond the next 12 months.

We may require additional financing in the future to fund our operations. Our future capital requirements will depend on, and could increase significantly as a result of, many factors, including:

- the costs of acquiring additional product candidates or research and development programs;
- the scope, prioritization and number of our research and development programs;
- the ability of our collaborators and us to reach the milestones and other events or developments triggering payments under our collaboration or license agreements, or our collaborators' ability to make payments under these agreements;
- our ability to enter into new collaboration and license agreements;
- the progress in, and the costs of, our ongoing and planned development activities for pimavanserin, post-marketing studies for DAYBUE to be conducted over the next several years, and ongoing and planned commercial activities for our products;
- the costs of our development activities for our product candidates;
- the costs of commercializing our products, including the maintenance and development of our sales and marketing capabilities;
- the costs of establishing, or contracting for, sales and marketing capabilities for our product candidates;
- the amount of U.S. product sales from our products;
- the costs of preparing applications for regulatory approvals for DAYBUE in jurisdictions other than the U.S., for NUPLAZID in additional indications other than PDP and for other product candidates, as well as the costs required to support review of such applications;
- the costs of manufacturing and distributing our products for commercial use in the U.S.;
- our ability to obtain regulatory approval for, and subsequently generate product sales from, NUPLAZID for the negative symptoms of schizophrenia, or from DAYBUE, and our product candidates;
- the extent to which we are obligated to reimburse collaborators or collaborators are obligated to reimburse us for costs under collaboration agreements;

- the costs involved in filing, prosecuting, enforcing, and defending patent claims and other intellectual property rights;
- the costs of maintaining or securing manufacturing arrangements for clinical or commercial production of pimavanserin, trofinetide or other product candidates; and
- the costs associated with litigation, including the costs incurred in defending against any product liability claims that may be brought against us related to our products.

In the past, periods of turmoil and volatility in the financial markets have adversely affected the market capitalizations of many biotechnology companies, and generally made equity and debt financing more difficult to obtain. For example, due to geopolitical and macroeconomic developments, including the Ukraine-Russia military conflict and related sanctions, the ongoing conflicts in the Middle East, tariffs and trade tensions, the global credit and financial markets have experienced extreme volatility and disruptions, including diminished liquidity and credit availability, declines in consumer confidence, declines in economic growth, increases in unemployment rates and uncertainty about economic stability. These events, coupled with other factors, may limit our access to additional financing in the future. We cannot be certain that additional funding will be available to us on acceptable terms, or at all. If adequate funds are not available when needed, we will be required to delay, reduce the scope of, or eliminate one or more of our research or development programs or our commercialization efforts. We also may be required to relinquish greater or all rights to product candidates at an earlier stage of development or on less favorable terms than we would otherwise choose. Additional funding, if obtained, may significantly dilute existing stockholders and could negatively impact the price of our stock.

We have invested a substantial portion of our available cash in money market funds, municipal bonds, and government sponsored enterprises in accordance with our investment policy. Our investment policy defines allowable investments and establishes guidelines relating to credit quality, diversification, and maturities of our investments to preserve principal and maintain liquidity. All investment securities have a credit rating of at least Aa3/AA- or better, or P-1/A-1 or better, as determined by Moody's Investors Service or Standard & Poor's. Our investment portfolio has not been adversely impacted by the disruptions in the credit markets that have occurred in the past. However, if there are future disruptions in the credit markets, there can be no assurance that our investment portfolio will not be adversely affected.

Material Cash Requirements

Our material cash requirements in the short and long term consist of the operational, manufacturing, and capital expenditures, a portion of which contain contractual or other obligations. We plan to fund our material cash requirements with our current financial resources together with our anticipated receipts from product sales. On a long-term basis, we manage future cash requirements relative to our long-term business plans.

Our primary uses of cash and operating expenses relate to paying employees and consultants, administering clinical trials, marketing our products, and providing technology and facility infrastructure to support our operations. We also make investments in our office and laboratory facilities to enable continued expansion of our business.

As of December 31, 2024 we have long-term contractual obligations related to our operating leases of $59.4 million. In May 2023, we subleased our 2nd floor of corporate office space in San Diego with a total minimum sublease income of $18.4 million. In addition to operating leases, we enter into certain other long-term commitments for goods and services that are outstanding for periods greater than one year. We also enter into short-term agreements with various vendors and suppliers of goods and services in the normal course of operations through purchase orders or other documentation, or that are undocumented except for an invoice. Such short-term agreements are generally outstanding for periods less than a year and are settled by cash payments upon delivery of goods and services. The nature of the work being conducted under these agreements is such that, in most cases, the services may be stopped on short notice. In such event, we would not be liable for the full amount of the agreement.

We have entered into various collaboration, licensing and merger agreements which generally include upfront license fees, development and commercial milestone payments upon achievement of certain clinical and commercial development and annual net sales milestones, as well as royalties calculated as a percentage of net product sales, with rates that vary by agreement. As of December 31, 2024, we may be required to make milestone payments up to $4.0 billion in the aggregate. $1.1 billion payments are contingent upon achieving future development and regulatory milestones, and $2.9 billion payments are contingent upon achieving future commercial milestones. Of the total $4.0 billion milestone payments, we are required to make milestone payments of $50.0 million within 60 days following Neuren's invoice delivery after December 31, 2024 as our aggregate net revenue of trofinetide in North America for the treatment of Rett syndrome exceeded $250.0 million in 2024. We also paid Neuren $48.8 million for one third of the net proceeds from sale of PRV in February 2025.

We expect to receive our first invoice for rebates under the IRA from Medicare Part D unit sales in 2025. Payment is due 30 days after receiving such invoice; the payment will be set off against the allowance for such rebate that we have accrued up to the date of payment.

Cash Flows

At December 31, 2024, we had $756.0 million in cash, cash equivalents, and investment securities, compared to $438.9 million at December 31, 2023. This $317.1 million increase in cash, cash equivalents, and investment securities during 2024 was primarily due to net cash provided by operating activities, including the sale of the PRV.

Net cash provided by operating activities was $157.7 million in 2024 compared to net cash provided by operating activities of $16.7 million in 2023 and net cash used in operating activities of $114.0 million in 2022. The increase in net cash provided by operating activities in 2024 relative to 2023 was primarily due to an increase in our net revenues, decreased research and development costs and proceeds from sale of a non-financial asset, partially offset by increased sales and marketing costs. The increase in net cash provided by operating activities in 2023 relative to 2022 was primarily due to an increase in our net revenues and decreased research and development costs, partially offset by increased sales and marketing costs.

Net cash used in investing activities totaled $30.5 million in 2024 compared to net cash provided by investing activities of $32.0 million in 2023 and net cash provided by investing activities of $73.2 million in 2022. The increase in net cash used in investing activities in 2024 compared to 2023 was primarily due to increased net purchases of investment securities. The decrease in net cash provided by investing activities in 2023 compared to 2022 was primarily due to milestone payment of $40 million to Neuren and decreased net sale and maturities of investment securities.

Net cash provided by financing activities decreased to $6.8 million in 2024 compared to $25.1 million in 2023 and $8.2 million in 2022. This decrease in net cash provided by financing activities in 2024 relative to 2023 was attributable primarily to a decrease in proceeds resulting from the exercise of employee stock options. The increase in net cash provided by financing activities in 2023 relative to 2022 was primarily due to an increase in proceeds resulting from the exercise of employee stock options.

Off-Balance Sheet Arrangements

To date, we have not had any relationships with unconsolidated entities or financial partnerships, such as entities referred to as structured finance or special purpose entities, which are established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes. As such, we are not materially exposed to any financing, liquidity, market, or credit risk that could arise if we had engaged in these relationships.

Recent Accounting Pronouncements

See Item 15 of Part IV, "Notes to Consolidated Financial Statements—Note 2—Summary of Significant Accounting Policies."

Item 7A. ***Quantitative and Qualitative Disclosures About Market Risk***

Interest Rate Risk

We invest our excess cash in investment-grade, interest-bearing securities. The primary objective of our investment activities is to preserve principal and liquidity. To achieve this objective, we invest in money market funds. U.S. treasury notes, and high quality marketable debt instruments of corporations and government sponsored enterprises with contractual maturity dates of generally less than one year. All investment securities have a credit rating of at least Aa3/AA- or better, or P-1/A-1 or better, as determined by Moody's Investors Service or Standard & Poor's. We do not have any direct investments in auction-rate securities or securities that are collateralized by assets that include mortgages or subprime debt. If a 10 percent change in interest rates were to have occurred on December 31, 2024 and 2023, this change would not have had a material effect on the fair value of our investment portfolio as of that date. Due to our investment in investment-grade, interest-bearing securities, as of the date of this Annual Report on Form 10-K, we do not expect anticipated changes in interest rates to have a material effect on our interest rate risk in future reporting periods.

Item 8. ***Financial Statements and Supplementary Data.***

The consolidated financial statements required pursuant to this item are included in Item 15 of this report and are presented beginning on page F-1.

Item 9. ***Changes in and Disagreements With Accountants on Accounting and Financial Disclosure.***

None.

Item 9A. ***Controls and Procedures.***

Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our periodic and current reports that we file with the SEC is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer (our principal executive officer and principal financial officer, respectively), as appropriate, to allow timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable and not absolute assurance of achieving the desired control objectives. In reaching a reasonable level of assurance, management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. In addition, the design of any system of controls is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions; over time, controls may become inadequate because of changes in conditions, or the degree of compliance with policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

As of December 31, 2024, we carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective at the reasonable assurance level as of December 31, 2024.

Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is a process designed by, or under the supervision and with the participation of, our Chief Executive Officer and Chief Financial Officer, and effected by our board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America.

As of December 31, 2024, our management assessed the effectiveness of our internal control over financial reporting, as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act of 1934, as amended, using the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control-Integrated Framework (2013). Based on this assessment, management, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, concluded that, as of December 31, 2024, our internal control over financial reporting was effective based on those criteria.

The effectiveness of our internal control over financial reporting as of December 31, 2024 has been audited by Ernst & Young LLP, an independent registered public accounting firm, as stated in its report, which is included herein.

Changes in Internal Control Over Financial Reporting

An evaluation was also performed under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of any changes in our internal control over financial reporting that occurred during our last fiscal quarter and that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting. That evaluation did not identify any change in our internal control over financial reporting that occurred during our latest fiscal quarter and that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of
Acadia Pharmaceuticals Inc.

Opinion on Internal Control Over Financial Reporting

We have audited Acadia Pharmaceuticals Inc.'s internal control over financial reporting as of December 31, 2024, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, Acadia Pharmaceuticals Inc. (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2024, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2024 and 2023, the related consolidated statements of operations, comprehensive income (loss), cash flows and stockholders' equity for each of the three years in the period ended December 31, 2024, and the related notes and financial statement schedule listed in the Index at Item 15(a)2 and our report dated February 27, 2025 expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young LLP

San Diego, California
February 27, 2025

Item 9B. ***Other Information.***

Insider Trading Arrangements

During the Company's last fiscal quarter, the following officer (as defined in Rule 16a-1(f) under the Securities Exchange Act of 1934, as amended (the Exchange Act)) adopted or terminated a "Rule 10b5-1 trading arrangement" as defined in Item 408 of Regulation S-K, as follows:

- On November 19, 2024, James Kihara, Senior Vice President, Finance, adopted a Rule 10b5-1 trading arrangement providing for the sale of up to 18,000 shares of our common stock. The trading arrangement is intended to satisfy the affirmative defense in Rule 10b5-1(c). The duration of the trading arrangement is from two business days after the filing of this Form 10-K report until February 17, 2026, or earlier if and when all transactions under the trading arrangement are completed.

Item 9C. ***Disclosure Regarding Foreign Jurisdictions that Prevent Inspections.***

Not applicable.

PART III

Item 10. ***Directors, Executive Officers and Corporate Governance.***

The remaining information required by this Item and not set forth below will be set forth under the proposal captioned "Election of Directors" and the sections captioned "Information Regarding the Board of Directors and Corporate Governance," "Executive Officers" and "Delinquent Section 16(a) Reports," if any, in our definitive Proxy Statement for our 2025 Annual Meeting of Stockholders to be filed with the SEC by April 30, 2025 (our Proxy Statement) and is incorporated in this report by reference.

The information required by Item 408(b) of Regulation S-K will be set forth in the section captioned "Insider Trading Arrangements and Policies" in our Proxy Statement and is incorporated in this report by reference.

We have adopted a code of ethics for directors, officers (including our principal executive officer, principal financial officer and principal accounting officer or controller) and employees, known as the Code of Business Conduct and Ethics. The Code of Business Conduct and Ethics is available on our website at *http://www.acadia.com* under the Corporate Governance section of our Investors page. Information contained in our website does not constitute a part of this report or our other filings with the SEC. We will promptly disclose on our website (i) the nature of any amendment to the policy that applies to our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions and (ii) the nature of any waiver, including an implicit waiver, from a provision of the policy that is granted to one of these specified individuals, the name of such person who is granted the waiver and the date of the waiver. Stockholders may request a free copy of the Code of Business Conduct and Ethics from our compliance department c/o Acadia Pharmaceuticals Inc., 12830 El Camino Real, Suite 400, San Diego, CA 92130.

Item 11. ***Executive Compensation.***

The information required by this Item will be set forth in the section headed "Executive Compensation" in our Proxy Statement and is incorporated in this report by reference.

The information required by Item 402(x) of Regulation S-K shall be set forth in the section headed "Policies and practices related to the grant of certain equity awards close in time to the release of material nonpublic information" in our Proxy Statement and is incorporated in this report by reference.

Item 12. ***Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.***

The information required by this Item will be set forth in the section headed "Security Ownership of Certain Beneficial Owners and Management" in our Proxy Statement and is incorporated in this report by reference.

Information regarding our equity compensation plans will be set forth in the section headed "Equity Compensation Plan Information" in our Proxy Statement and is incorporated in this report by reference.

Item 13. ***Certain Relationships and Related Transactions, and Director Independence.***

The information required by this Item will be set forth in the section headed "Transactions With Related Persons" in our Proxy Statement and is incorporated in this report by reference.

Item 14. ***Principal Accountant Fees and Services.***

The information required by this Item will be set forth under the proposal captioned "Ratification of Selection of Independent Registered Public Accounting Firm" in our Proxy Statement and is incorporated in this report by reference.

PART IV

Item 15. ***Exhibits and Financial Statement Schedules.***

(a) Documents filed as part of this report.

1. The following financial statements of Acadia Pharmaceuticals Inc. and Report of Ernst & Young LLP, Independent Registered Public Accounting Firm, are included in this report:

	Page Number
Report of Independent Registered Public Accounting Firm (PCAOB ID: 42)	F-1
Consolidated Balance Sheets	F-3
Consolidated Statements of Operations	F-4
Consolidated Statements of Comprehensive Income (Loss)	F-5
Consolidated Statements of Cash Flows	F-6
Consolidated Statements of Stockholders' Equity	F-7
Notes to Consolidated Financial Statements	F-8

2. List of financial statement schedules:

Schedule II – Valuation and Qualifying Accounts

Schedules not listed above have been omitted because they are not applicable or the required information is shown in the financial statements or notes thereto.

3. List of Exhibits required by Item 601 of Regulation S-K. See part (b) below.

(b) Exhibits.

Exhibit Number	Description
3.1	Amended and Restated Certificate of Incorporation, as Amended (incorporated by reference to Exhibit 3.1 to the Registrant's Quarterly Report on Form 10-Q, filed August 6, 2015).
3.2	Certificate of Amendment of Amended and Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.2 to the Registrant's Annual Report on Form 10-K, filed February 25, 2021).
3.3	Amended and Restated Bylaws (incorporated by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K, filed September 12, 2013).
4.1	Form of common stock certificate of the Registrant (incorporated by reference to Exhibit 4.1 to Registration Statement No. 333-52492).
4.2	Form of Amended and Restated Warrant to Purchase Common Stock (incorporated by reference to Exhibit 4.2 to the Registrant's Annual Report on Form 10-K, filed February 26, 2019).
4.3	Description of the Registrant's Common Stock (incorporated by reference to Exhibit 4.3 to the Registrant's Annual Report on Form 10-K, filed February 27, 2020).
10.1[a]	Form of Indemnity Agreement for directors and officers (incorporated by reference to Exhibit 10.1 to Registration Statement No. 333-113137).
10.2[a]	2004 Equity Incentive Plan and forms of agreement thereunder (incorporated by reference to Exhibit 10.3 to Registration Statement No. 333-113137).
10.3[a]	2010 Equity Incentive Plan, as amended (incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-K, filed August 9, 2022).
10.4[a]	Forms of Nonstatutory Stock Option Grant Notice and Stock Option Agreement under Acadia Pharmaceuticals Inc. 2010 Equity Incentive Plan (incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q, filed May 9, 2024).

10.5[a]	Forms of Restricted Stock Unit Grant Notice and Restricted Stock Unit Award Agreement under Acadia Pharmaceuticals Inc. 2010 Equity Incentive Plan (incorporated by reference to Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q, filed May 9, 2024).
10.6[a]	Forms of Performance Stock Unit Grant Notice and Performance Stock Unit Award Agreement under Acadia Pharmaceuticals Inc. 2010 Equity Incentive Plan (incorporated by reference to Exhibit 10.3 to the Registrant's Quarterly Report on Form 10-Q, filed May 9, 2024).
10.7[a]	2004 Employee Stock Purchase Plan, as amended (incorporated by reference to Exhibit 99.1 to the Registrant's Current Report on Form 8-K, filed June 29, 2020).
10.8[a]	Offerings under the 2004 Employee Stock Purchase Plan, as amended (incorporated by reference to Exhibit 10.6 to the Registrant's Annual Report on Form 10-K, filed February 28, 2017).
10.9[a]	Employment Agreement, dated September 1, 2015, between the Registrant and Stephen Davis (incorporated by reference to Exhibit 99.1 to the Registrant's Current Report on Form 8-K, filed September 3, 2015).
10.10[a]	Executive Transition Agreement, dated September 23, 2024, by and between the Registrant and Stephen R. Davis (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K, filed on September 23, 2024).
10.11[a]	Employment Offer Letter, dated June 26, 2018, between the Registrant and Brendan Teehan (incorporated by reference to Exhibit 10.9 to the Registrant's Annual Report on Form 10-K, filed March 1, 2022).
10.12[a]	Employment Agreement, dated September 23, 2024, by and between the Registrant and Catherine Owen Adams (incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K, filed on September 23, 2024).
10.13[a]	Employment Offer Letter, dated April 28, 2020, between the Registrant and Mark Schneyer (incorporated by reference to Exhibit 10.11 to the Registrant's Annual Report on Form 10-K, filed March 1, 2022).
10.14[a]	Employment Offer Letter, dated February 22, 2024, between the Registrant and Elizabeth H. Z. Thompson. (incorporated by reference to Exhibit 10.9 of the Registrant's Quarterly Report on Form 10-Q, filed August 7, 2024).
10.15[a]	Employment Offer Letter, dated January 12, 2024, between the Registrant and Jennifer Rhodes (incorporated by reference to Exhibit 10.13 to the Registrant's Annual Report on Form 10-K, filed February 28, 2024).
10.16[a, b]	Employment Offer Letter, dated November 15, 2024, by and between the Registrant and Thomas Garner.
10.17[a]	Non-Employee Director Compensation Policy (incorporated by reference to Exhibit 99.2 to the Registrant's Current Report on Form 8-K, filed June 29, 2020).
10.18[a]	Management Severance Benefit Plan (incorporated by reference to Exhibit 99.1 to the Registrant's Current Report on Form 8-K, filed December 15, 2015).
10.19[a]	Amended and Restated Change in Control Severance Benefit Plan (incorporated by reference to Exhibit 99.2 to the Registrant's Current Report on Form 8-K, filed December 15, 2015).
10.20[b]	Master Manufacturing Services Agreement and Product Agreement, dated August 3, 2015, by and between the Registrant and Patheon Pharmaceuticals Inc. (incorporated by reference to Exhibit 10.17 to the Registrants Annual Report on Form 10-K, filed February 28, 2024).
10.21[b]	First Amendment to Product Agreement, dated April 25, 2016, by and between the Registrant and Patheon Pharmaceuticals Inc. (incorporated by reference to Exhibit 10.18 to the Registrants Annual Report on Form 10-K, filed February 28, 2024).
10.22[b]	Second Amendment to Product Agreement, dated October 6, 2016, by and between the Registrant and Patheon Pharmaceuticals Inc. (incorporated by reference to Exhibit 10.19 to the Registrants Annual Report on Form 10-K, filed February 28, 2024).
10.23[b]	Third Amendment to Product Agreement, dated December 11, 2017, by and between the Registrant and Patheon Pharmaceuticals Inc. (incorporated by reference to Exhibit 10.20 to the Registrants Annual Report on Form 10-K, filed February 28, 2024).

10.24[b]	Master Services Agreement, dated December 15, 2016, by and between Acadia Pharmaceuticals GmbH and Siegfried AG and its affiliates, and Attachment #1, Attachment #2 and Attachment #3 (incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q, filed November 3, 2022).
10.25[b]	Change Order #1 to Master Services Agreement Attachment #1, dated January 3, 2017, by and between Acadia Pharmaceuticals GmbH and Siegfried AG (incorporated by reference to Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q, filed November 3, 2022).
10.26[b]	Attachment #4, Attachment #5 and Attachment #6, each dated May 12, 2017, to the Master Services Agreement, dated December 15, 2016, by and between Acadia Pharmaceuticals GmbH and Siegfried AG and its affiliates (incorporated by reference to Exhibit 10.3 to the Registrant's Quarterly Report on Form 10-Q, filed November 3, 2022).
10.27[b]	Attachment #7, dated September 30, 2020, to the Master Services Agreement, dated December 15, 2016, by and between Acadia Pharmaceuticals GmbH and Siegfried AG and its affiliates (incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly report on Form 10-Q, filed November 4, 2020).
10.28	Registration Rights Agreement, dated January 6, 2016, between the Registrant and the investors listed on Schedule A thereto (incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K, filed January 7, 2016).
10.29	Assignment of Brann Intellectual Property Rights, dated January 29, 1997, by Mark R. Brann in favor of the Registrant (incorporated by reference to Exhibit 10.17 to Registration Statement No. 333-52492).
10.30[b]	License Agreement, dated August 6, 2018, by and between the Registrant and Neuren Pharmaceuticals Ltd.
10.31[b]	Lease Agreement, effective October 4, 2018, by and between the Registrant and Kilroy Realty, L.P.
10.32[b]	First Amendment to Office Lease, dated December 23, 2019, between the Registrant and Kilroy Realty, L.P. (incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly report on Form 10-Q, filed May 8, 2020).
10.33[b]	Second Amendment to Office Lease, dated March 12, 2020, between the Registrant and Kilroy Realty, L.P. (incorporated by reference to Exhibit 10.2 to the Registrant's Quarterly report on Form 10-Q, filed May 8, 2020).
10.34[a]	Acadia Pharmaceuticals Inc. 2023 Inducement Plan (incorporated by reference to Exhibit 99.1 to Registration Statement No. 333-269611).
10.35[a]	Forms of Stock Option Grant Notice and Stock Option Agreement under Acadia Pharmaceuticals Inc. 2023 Inducement Plan (incorporated by reference to Exhibit 99.2 to Registration Statement No. 333-269611).
10.36[a]	Forms of Restricted Stock Unit Grant Notice and Restricted Stock Unit Agreement under Acadia Pharmaceuticals Inc. 2023 Inducement Plan (incorporated by reference to Exhibit 99.3 to Registration Statement No. 333-269611).
10.37[b]	Lease Agreement, effective May 15, 2018, by and between the Registrant and Boston Properties Limited Partnership (incorporated by reference to Exhibit 10.33 to the Registrant's Annual Report on Form 10-K, filed February 28, 2023).
10.38[b]	Master Commercial Supply Agreement, dated November 16, 2022, by and between the Registrant and Corden Pharma Bergamo S.p.A. (incorporated by reference to Exhibit 10.36 to the Registrants Annual Report on Form 10-K, filed February 28, 2024).
10.39[b]	Commercial Supply Agreement, dated December 15, 2021, by and between the Registrant and F.I.S. Fabbrica Italiana Sintetici S.p.A. (incorporated by reference to Exhibit 10.36 to the Registrants Annual Report on Form 10-K, filed February 28, 2024).
10.40[b]	Product Agreement, effective May 1, 2022, by and between the Registrant and Patheon Pharmaceuticals Inc. (incorporated by reference to Exhibit 10.37 to the Registrants Annual Report on Form 10-K, filed February 28, 2024).
10.41[b]	Commercial Supply Agreement, dated March 1, 2023, by and between the Registrant and CoreRx Inc., as amended by Amendment No. 1, dated August 1, 2023 (incorporated by reference to Exhibit 10.38 to the Registrants Annual Report on Form 10-K, filed February 28, 2024).

10.42[b]	Joint Venture and License Agreement, dated July 13, 2023, by and between the Registrant and Neuren Pharmaceuticals Ltd. (incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q, filed August 3, 2023).
10.43[b]	Asset Purchase Agreement dated November 5, 2024 with respect to sale of a priority review voucher.
10.44[a]	Acadia Pharmaceuticals Inc. 2024 Equity Incentive Plan (incorporated by reference to Exhibit 99.1 to Registration Statement No. 333-279784).
10.45[a]	Forms of Standard Stock Option Grant Notice and Stock Option Agreement under the Acadia Pharmaceuticals Inc. 2024 Equity Incentive Plan (incorporated by reference to Exhibit 99.2 to Registration Statement No. 333-279784).
10.46[a]	Forms of Standard Restricted Stock Unit Grant Notice and Restricted Stock Unit Agreement under the Acadia Pharmaceuticals Inc. 2024 Equity Incentive Plan (incorporated by reference to Exhibit 99.3 to Registration Statement No. 333-279784).
10.47[a]	Forms of Director Stock Option Grant Notice and Stock Option Agreement under the Acadia Pharmaceuticals Inc. 2024 Equity Incentive Plan (incorporated by reference to Exhibit 99.4 to Registration Statement No. 333-279784).
10.48[a]	Forms of Director Restricted Stock Unit Grant Notice and Restricted Stock Unit Agreement under the Acadia Pharmaceuticals Inc. 2024 Equity Incentive Plan (incorporated by reference to Exhibit 99.5 to Registration Statement No. 333-279784).
10.49[a]	Acadia Pharmaceuticals Inc. 2024 Inducement Plan (incorporated by reference to Exhibit 99.1 to Registration Statement No. 333-282295).
10.50[a]	Forms of Standard Stock Option Grant Notice and Stock Option Agreement under the Acadia Pharmaceuticals Inc. 2024 Inducement Plan (incorporated by reference to Exhibit 99.2 to Registration Statement No. 333-282295).
10.51[a]	Forms of Standard Restricted Stock Unit Grant Notice and Restricted Stock Unit Agreement under the Acadia Pharmaceuticals Inc. 2024 Inducement Plan (incorporated by reference to Exhibit 99.3 to Registration Statement No. 333-282295).
10.52[a]	Forms of Standard Performance Stock Unit Grant Notice and Performance Stock Unit Agreement under the Acadia Pharmaceuticals Inc. 2024 Inducement Plan (incorporated by reference to Exhibit 10.6 to the Registrant's Quarterly Report on Form 10-Q, filed November 7, 2024).
19.1	Acadia Pharmaceuticals Inc. Insider Trading Policy.
21.1	List of subsidiaries of the Registrant.
23.1	Consent of Independent Registered Public Accounting Firm.
24.1	Power of Attorney (see signature page hereto).
31.1	Certification of Catherine Owen Adams, Chief Executive Officer, pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Mark Schneyer, Executive Vice President and Chief Financial Officer, pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1[c]	Certification of Catherine Owen Adams, Chief Executive Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2[c]	Certification of Mark Schneyer, Executive Vice President and Chief Financial Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
97.1	Acadia Pharmaceuticals Inc. Dodd-Frank Clawback Policy (incorporated by reference to Exhibit 97.1 to the Registrants Annual Report on Form 10-K, filed February 28, 2024).

101	The following financial statements from this Annual Report, formatted in iXBRL (Inline Extensible Business Reporting Language), are filed herewith: (i) Consolidated Balance Sheets, (ii) Consolidated Statements of Operations, (iii) Consolidated Statements of Comprehensive Loss, (iv) Consolidated Statements of Cash Flows, (v) Consolidated Statements of Stockholders' Equity, and (vi) Notes to Consolidated Financial Statements.
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)

[a] Indicates management contract or compensatory plan or arrangement.

[b] Pursuant to Item 601(b)(10) of Regulation S-K, certain portions of this exhibit have been omitted (indicated by "[***]" or "[…***…]") because the Company has determined that the information is both not material and is the type that the Company treats as private or confidential.

[c] The information in Exhibits 32.1 and 32.2 shall not be deemed "filed" for purposes of Section 18 of the Exchange Act, or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act or the Exchange Act (including this Annual Report), unless the Registrant specifically incorporates the foregoing information into those documents by reference.

Item 16. ***Form 10-K Summary***

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities and Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

ACADIA PHARMACEUTICALS INC.

Date: February 27, 2025

/s/ CATHERINE OWEN ADAMS

Catherine Owen Adams
Chief Executive Officer
(on behalf of the registrant and as the registrant's Principal Executive Officer)

KNOW ALL PERSONS BY THESE PRESENTS, that each individual whose signature appears below constitutes and appoints each of Catherine Owen Adams and Mark C. Schneyer his or her true and lawful attorney-in-fact and agent, with full power of substitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any and all amendments to this Annual Report on Form 10-K, and to file the same, with all exhibits thereto and all documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorney-in-fact and agent full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that each said attorney-in-fact and agent, or his or her substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities and Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ CATHERINE OWEN ADAMS **Catherine Owen Adams**	Chief Executive Officer and Director (Principal Executive Officer)	February 27, 2025
/s/ MARK C. SCHNEYER **Mark C. Schneyer**	Executive Vice President and Chief Financial Officer (Principal Financial Officer)	February 27, 2025
/s/ JAMES K. KIHARA **James K. Kihara**	Senior Vice President, Finance (Principal Accounting Officer)	February 27, 2025
/s/ STEPHEN R. BIGGAR **Stephen R. Biggar**	Chairman of the Board	February 27, 2025
/s/ JULIAN C. BAKER **Julian C. Baker**	Director	February 27, 2025
/s/ LAURA A. BREGE **Laura A. Brege**	Director	February 27, 2025
/s/ JAMES M. DALY **James M. Daly**	Director	February 27, 2025
/s/ ELIZABETH A. GAROFALO **Elizabeth A. Garofalo**	Director	February 27, 2025
/s/ EDMUND P. HARRIGAN **Edmund P. Harrigan**	Director	February 27, 2025
/s/ ADORA NDU **Adora Ndu**	Director	February 27, 2025
/s/ DANIEL B. SOLAND **Daniel B. Soland**	Director	February 27, 2025

Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of
Acadia Pharmaceuticals Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Acadia Pharmaceuticals Inc. (the Company) as of December 31, 2024 and 2023, the related consolidated statements of operations, comprehensive income (loss), cash flows and stockholders' equity for each of the three years in the period ended December 31, 2024, and the related notes and financial statement schedule listed in the Index at Item 15(a)2 (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2024 and 2023, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2024, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2024, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), and our report dated February 27, 2025 expressed an unqualified opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Medicare Part D sales rebate accruals

Description of the Matter	As described in Note 2 to the consolidated financial statements under the caption "Revenue Recognition" the Company establishes provisions for sales rebates and discounts in the same period as the related sales occur. Estimated sales rebates for the purchase of NUPLAZID covered by Medicare Part D are included within accrued liabilities on the consolidated balance sheet. In order to establish these sales rebate accruals, the Company estimated its rebates based upon the identification of the product subject to a rebate, the historical and expected payor mix, the applicable price, rebate terms and the estimated lag time between the sale and payment of the rebate. Auditing the Medicare Part D sales rebate is complex because of the subjectivity of certain assumptions required to estimate the rebate liabilities and the amounts involved are material to the financial statements taken as a whole. In calculating the appropriate accrual amount, the Company considered historical Medicare Part D rebate payments as well as any significant changes in sales trends, the lag in payment timing, an evaluation of the current Medicare Part D laws and interpretations, the percentage of products that are sold via Medicare Part D, and product pricing. In deriving these estimates and assumptions, the Company used both internal and external sources of information to estimate product in the distribution channels, payor mix, prescription volumes and historical experience. Management supplemented its historical data analysis with qualitative adjustments based upon changes in rebate trends, rebate programs and contract terms, legislative changes, or other significant events which indicate a change in the reserve is appropriate.
How We Addressed the Matter in Our Audit	We obtained an understanding evaluated the design and tested the operating effectiveness of controls over the Company's sales rebate accruals for Medicare Part D rebates. This included testing controls over management's review of the significant assumptions described above and inputs into the rebate calculations. For example, we tested controls over actual sales and the accuracy of forecasting expected utilization and payor mix. The testing was inclusive of management's controls to evaluate the accuracy of its reserve judgments to actual rebates paid, rebate validation and processing, and controls to ensure that the data used to evaluate and support the significant assumptions was complete, accurate and, where applicable, verified to external data sources. To test the sales rebate accruals for Medicare Part D, our audit procedures included, among others, understanding and evaluating the significant assumptions and underlying data used in management's calculations. Our testing of significant assumptions included a lookback analysis to evaluate the historical accuracy of management's estimates by comparing actual rebates to previous estimates and performed sensitivity analyses over the subjective assumptions to evaluate the completeness of the reserves. As a part of our procedures, we evaluated the reasonableness of the Company's assumptions considering recent sales trends and regulatory factors.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 2015.

San Diego, California
February 27, 2025

ACADIA PHARMACEUTICALS INC.
CONSOLIDATED BALANCE SHEETS
(in thousands, except share and per share amounts)

	December 31,	
	2024	2023
Assets		
Cash and cash equivalents	$ 319,589	$ 188,657
Investment securities, available-for-sale	436,404	250,208
Accounts receivable, net	98,739	98,267
Interest and other receivables	5,956	4,083
Inventory	21,949	35,819
Prepaid expenses	55,681	39,091
Total current assets	938,318	616,125
Property and equipment, net	4,215	4,612
Operating lease right-of-use assets	46,571	51,855
Intangible assets, net	119,782	65,490
Restricted cash	8,770	5,770
Long-term inventory	69,741	4,628
Other assets	359	476
Total assets	$ 1,187,756	$ 748,956
Liabilities and stockholders' equity		
Accounts payable	$ 16,192	$ 17,543
Accrued liabilities	378,678	236,711
Total current liabilities	394,870	254,254
Operating lease liabilities	42,037	47,800
Other long-term liabilities	18,056	15,147
Total liabilities	454,963	317,201
Commitments and contingencies (Note 9)		
Stockholders' equity:		
Preferred stock, $0.0001 par value; 5,000,000 shares authorized at December 31, 2024 and 2023; no shares issued and outstanding at December 31, 2024 and 2023	—	—
Common stock, $0.0001 par value; 225,000,000 shares authorized at December 31, 2024 and 2023; 166,708,856 shares and 164,650,219 shares issued and outstanding at December 31, 2024 and 2023, respectively	16	16
Additional paid-in capital	2,936,871	2,862,552
Accumulated deficit	(2,204,386)	(2,430,837)
Accumulated other comprehensive income	292	24
Total stockholders' equity	732,793	431,755
Total liabilities and stockholders' equity	$ 1,187,756	$ 748,956

The accompanying notes are an integral part of these consolidated financial statements.

ACADIA PHARMACEUTICALS INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share amounts)

	Years Ended December 31,		
	2024	2023	2022
Revenues			
Product sales, net	$ 957,797	$ 726,437	$ 517,235
Total revenues	957,797	726,437	517,235
Operating expenses			
Cost of product sales	81,841	41,638	10,166
Research and development	303,249	351,619	361,575
Selling, general and administrative	488,428	406,559	369,090
Gain on sale of non-financial asset	(146,515)	—	—
Total operating expenses	727,003	799,816	740,831
Income (loss) from operations	230,794	(73,379)	(223,596)
Interest income, net	25,458	17,234	6,610
Other income	1,823	5,109	3,542
Income (loss) before income taxes	258,075	(51,036)	(213,444)
Income tax expense	31,624	10,250	2,531
Net income (loss)	$ 226,451	$ (61,286)	$ (215,975)
Earnings (net loss) per share:			
Basic	$ 1.37	$ (0.37)	$ (1.34)
Diluted	$ 1.36	$ (0.37)	$ (1.34)
Weighted average common shares outstanding:			
Basic	165,717	163,819	161,683
Diluted	166,362	163,819	161,683

The accompanying notes are an integral part of these consolidated financial statements.

ACADIA PHARMACEUTICALS INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(in thousands)

	Years Ended December 31,		
	2024	2023	2022
Net income (loss)	$ 226,451	$ (61,286)	$ (215,975)
Other comprehensive income (loss):			
Unrealized gain/(loss) on investment securities	362	1,017	(789)
Foreign currency translation adjustments	(94)	(18)	6
Comprehensive income (loss)	$ 226,719	$ (60,287)	$ (216,758)

The accompanying notes are an integral part of these consolidated financial statements.

ACADIA PHARMACEUTICALS INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Years Ended December 31,		
	2024	2023	2022
Cash flows from operating activities			
Net income (loss)	$ 226,451	$ (61,286)	$ (215,975)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Stock-based compensation	67,049	66,421	68,201
Amortization of premiums and accretion of discounts on investment securities	(9,304)	(7,533)	(2,736)
Amortization of intangible assets	14,963	4,093	—
Gain on sale of non-financial asset	(146,515)	—	—
Gain on strategic investment	—	(5,109)	(3,542)
Depreciation	920	1,459	2,026
Loss on sale of investment securities	—	524	—
Changes in operating assets and liabilities:			
Accounts receivable, net	(472)	(36,072)	2,171
Interest and other receivables	(1,873)	(3,198)	93
Inventory	(49,550)	(28,808)	2,415
Prepaid expenses and other current assets	(16,590)	(17,693)	2,494
Operating lease right-of-use assets	7,502	5,769	6,566
Other assets	117	(33)	(48)
Accounts payable	(1,351)	4,797	5,870
Accrued liabilities	71,061	93,170	24,306
Operating lease liabilities	(7,598)	(5,872)	(7,916)
Long-term liabilities	2,909	6,073	2,040
Net cash provided by (used in) operating activities	157,719	16,702	(114,035)
Cash flows from investing activities			
Purchases of investment securities	(505,095)	(369,985)	(363,174)
Sale and maturity of investment securities	328,565	429,780	436,415
Proceeds from sale of non-financial asset	146,515	—	—
Proceeds from sale of strategic investment	—	12,253	—
Net purchases of property and equipment	(523)	(50)	—
Intangible assets	—	(40,000)	—
Net cash (used in) provided by investing activities	(30,538)	31,998	73,241
Cash flows from financing activities			
Proceeds from issuance of common stock, net of issuance costs	6,845	25,129	8,199
Net cash provided by financing activities	6,845	25,129	8,199
Effect of exchange rate changes on cash	(94)	(18)	6
Net increase (decrease) in cash, cash equivalents and restricted cash	133,932	73,811	(32,589)
Cash, cash equivalents and restricted cash			
Beginning of year	194,427	120,616	153,205
End of year	$ 328,359	$ 194,427	$ 120,616
Supplemental disclosure of cash flow information:			
Cash paid for income taxes	$ 19,521	$ 5,850	$ 2,190
Supplemental disclosure of noncash information:			
Accrued inventory purchases	$ 1,268	$ —	$ —
Accrued milestone and contingent payments in connection with asset acquisition	$ 98,838	$ 29,583	$ —

The accompanying notes are an integral part of these consolidated financial statements.

ACADIA PHARMACEUTICALS INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(in thousands, except share amounts)

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
	Shares	Amount				
Balances at December 31, 2021	161,012,695	$ 16	$ 2,694,646	$ (2,153,576)	$ (192)	$ 540,894
Issuance of common stock from exercise of stock options and units	721,652	—	3,705	—	—	3,705
Issuance of common stock pursuant to employee stock purchase plan	330,525	—	4,494	—	—	4,494
Net loss		—		(215,975)		(215,975)
Stock-based compensation	—	—	68,078	—	—	68,078
Other comprehensive loss	—	—			(783)	(783)
Balances at December 31, 2022	162,064,872	16	2,770,923	(2,369,551)	(975)	400,413
Issuance of common stock from exercise of stock options and units	2,236,849	—	20,309	—	—	20,309
Issuance of common stock pursuant to employee stock purchase plan	348,498	—	4,820	—	—	4,820
Net loss	—	—	—	(61,286)	—	(61,286)
Stock-based compensation	—	—	66,500	—	—	66,500
Other comprehensive income	—	—	—	—	999	999
Balances at December 31, 2023	164,650,219	16	2,862,552	(2,430,837)	24	431,755
Issuance of common stock from exercise of stock options and units	1,641,013	—	1,572	—	—	1,572
Issuance of common stock pursuant to employee stock purchase plan	417,624	—	5,273	—	—	5,273
Net income	—	—	—	226,451	—	226,451
Stock-based compensation	—	—	67,474	—	—	67,474
Other comprehensive income	—	—	—	—	268	268
Balances at December 31, 2024	166,708,856	$ 16	$ 2,936,871	$ (2,204,386)	$ 292	$ 732,793

The accompanying notes are an integral part of these consolidated financial statements.

1. Organization and Business

Acadia Pharmaceuticals Inc. (the Company), based in San Diego, California, is a biopharmaceutical company focused on the development and commercialization of innovative medicines to address unmet medical needs in central nervous system disorders and rare diseases.

In April 2016, the FDA approved the Company's first drug, NUPLAZID® (pimavanserin), for the treatment of hallucinations and delusions associated with PDP. NUPLAZID became available for prescription in the United States in May 2016.

In March 2023, the FDA approved the Company's second drug, DAYBUE™ (trofinetide), for the treatment of Rett syndrome. DAYBUE became available for prescription in the United States in April 2023.

In October 2024, Health Canada granted marketing authorization of DAYBUE™ (trofinetide) for the treatment of Rett syndrome in adult and pediatric patients 2 years of age and older.

2. Summary of Significant Accounting Policies

Significant accounting policies followed in the preparation of these financial statements are as follows:

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Cash and Cash Equivalents

The Company considers all highly liquid investments with a maturity date at the date of purchase of three months or less to be cash equivalents.

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported in the consolidated balance sheets that sum to the total of the same such amounts shown in the consolidated statements of cash flows (in thousands):

	Twelve Months Ended December 31, 2024		Twelve Months Ended December 31, 2023	
	Beginning of period	End of period	Beginning of period	End of period
Cash and cash equivalents	$ 188,657	$ 319,589	$ 114,846	$ 188,657
Restricted cash	5,770	8,770	5,770	5,770
Total cash, cash equivalents and restricted cash shown in the statements of cash flows	$ 194,427	$ 328,359	$ 120,616	$ 194,427

Investment Securities

Currently, all of the Company's investment securities are debt securities. The Company has classified all of its investment securities as available-for-sale as the sale of such securities may be required prior to maturity to implement management strategies, and accordingly, carries these investments at fair value. Unrealized gains and losses, if any, are reported as a separate component of stockholders' equity. The cost of investment securities classified as available-for-sale is adjusted for amortization of premiums and accretion of discounts to maturity. Such amortization and accretion are included in interest income. Realized gains and losses, if any, are also included in interest income. The cost of securities sold is based on the specific identification method.

Fair Value of Financial Instruments

The carrying values of the Company's financial instruments, consisting of cash and cash equivalents, trade receivables, interest and other receivables, restricted cash, and accounts payable and accrued liabilities, approximate fair value due to the relative short-term nature of these instruments.

As disclosed in Note 4, the Company classifies its cash equivalents and available-for-sale investment securities within the fair value hierarchy as defined by authoritative guidance:

Level 1 Inputs — Quoted prices for identical instruments in active markets.

Level 2 Inputs — Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are observable.

Level 3 Inputs — Valuation derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

Accounts Receivable

Accounts receivable are recorded net of customer allowances for distribution fees, prompt payment discounts, chargebacks, and credit losses. Allowances for distribution fees, prompt payment discounts and chargebacks are based on contractual terms. The Company estimated the current expected credit losses of its accounts receivable by assessing the risk of loss and available relevant information about the collectability, including historical credit losses, existing contractual payment terms, actual payment patterns of its customers, individual customer circumstances, and reasonable and supportable forecast of economic conditions expected to exist throughout the contractual life of the receivable. Based on its assessment, as of December 31, 2024 and 2023, the Company has determined that an allowance for credit loss was not required.

Inventory

Inventory is stated at the lower of cost or net realizable value under the first-in, first-out method (FIFO). The Company uses a combination of standard and actual costing methodologies to determine the cost basis for its inventories which approximates actual costs. Inventory consists of raw material, work in process, and finished goods, including third-party manufacturing costs, freight, and indirect overhead costs. The Company capitalizes inventory costs associated with its products upon regulatory approval when, based on management's judgment, future commercialization is considered probable and the future economic benefit is expected to be realized; otherwise, such costs are expensed. Prior to FDA approval of NUPLAZID in April 2016 and DAYBUE and March 2023, all costs related to the manufacturing of NUPLAZID and DAYBUE were charged to research and development expense in the period incurred.

The Company periodically reviews inventory and reduces the carrying value of items to net realizable value for potentially excess, dated or obsolete inventory based on an analysis of forecasted demand compared to quantities on hand and any firm purchase orders, as well as product shelf life. During the years ended December 31, 2024, 2023 and 2022, the Company recorded charges of $0.5 million, $0.9 million and $0.6 million, respectively, to reduce certain finished goods and work in process inventory to its net realizable value.

Property and Equipment

Property and equipment are recorded at cost and depreciated over their estimated useful lives using the straight-line method. Leasehold improvements are amortized over the shorter of their estimated useful lives or the term of the lease by use of the straight-line method. Construction-in-process reflects amounts incurred for property, equipment or improvements that have not been placed in service. Maintenance and repair costs are expensed as incurred. When assets are retired or sold, the assets and accumulated depreciation are removed from the respective accounts and any gain or loss is recognized. Estimated useful lives by major asset category are as follows:

	Useful Lives
Machinery and equipment	5 to 7 years
Computers and software	3 years
Furniture and fixtures	10 years

Impairment of Long-Lived Assets

The Company reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset. Through December 31, 2024, no such impairment losses have been recorded by the Company.

License Fees and Royalties

The Company expenses amounts paid to acquire licenses associated with products under development when the ultimate recoverability of the amounts paid is uncertain and the technology has no alternative future use when acquired. Acquisitions of technology licenses are charged to expense or capitalized based upon management's assessment regarding the ultimate recoverability of the amounts paid and the potential for alternative future use. The Company has determined that technological feasibility for its product candidates is reached when the requisite regulatory approvals are obtained to make the product available for sale.

Pursuant to the license agreement with Neuren, the Company has capitalized a total of $138.8 million as intangible assets following the FDA approval and sale of DAYBUE and sale of PRV, as disclosed in Note 9. The intangible assets are amortized on a straight-line basis over the estimated useful life of the licensed patents through early 2036. The Company recorded total amortization expense related to these intangible assets of $15.0 million and $4.1 million for the years ended December 31, 2024 and 2023, respectively. As of December 31, 2024, estimated future amortization expense related to the Company's intangible assets was $10.9 million for each subsequent year.

Royalties incurred in connection with the Company's license agreement with Neuren, as disclosed in Note 9, are expensed to cost of product sales as revenue from product sales is recognized.

Intangible Assets

Finite-lived intangible assets are recorded at cost, net of accumulated amortization, and, if applicable, impairment charges. Amortization of finite-lived intangible assets is recorded over the assets' estimated useful lives on a straight-line basis or based on the pattern in which economic benefits are consumed, if reliably determinable. We review our finite-lived intangible assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If such intangible assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of intangible the assets exceeds the estimated fair value of the intangible assets. No impairment loss was recorded on intangible assets during the years ended December 31, 2024 or 2023.

Acquisitions

The Company accounts for acquisitions of an asset or group of similar identifiable assets that do not meet the definition of a business as asset acquisition using the cost accumulation method, whereby the cost of the acquisition, including certain transaction costs, is allocated to the assets acquired on the basis of their relative fair values. No goodwill is recognized in an asset acquisition. Intangible assets acquired in an asset acquisition for use in research and development activities which have no alternative future use are expensed as in-process research and development on the acquisition date. Intangible assets acquired for use in research and development activities which have an alternative future use are capitalized as in-process research and development. Future costs to develop these assets are recorded to research and development expense as they are incurred. Contingent milestone payments associated with asset acquisitions are recognized when probable and estimable. These amounts are expensed to research and development if there is no alternative future use associated with the asset, or capitalized as an intangible asset if alternative future use of the asset exists.

Advertising Expense

Advertising costs are expensed when services are performed or goods are delivered. The Company incurred $21.1 million, $9.4 million and $5.5 million in advertising costs during the years ended December 31, 2024, 2023 and 2022, respectively and $1.3 million of advertising costs were capitalized as prepaid expenses at December 31, 2024. No advertising costs were capitalized as prepaid expenses at December 31, 2023 or 2022.

Revenue Recognition

The Company operates in one business segment. Results of its operations are reported on a consolidated basis for purposes of segment reporting, consistent with internal management reporting. Revenues consist of net product sales to customers, all of which are sales in the U.S. Revenues by product are as follows (in thousands):

	Years Ended December 31,		
	2024	2023	2022
NUPLAZID	$ 609,385	$ 549,248	$ 517,235
DAYBUE	348,412	177,189	—
Product sales, net	$ 957,797	$ 726,437	$ 517,235

Product Sales, Net

The Company accounts for contracts with its customers in accordance with *Revenue from Contracts with Customers (Topic 606)*. The Company recognizes revenue when its customer obtains control of promised goods or services which is generally upon delivery. Revenues reflect the consideration which the Company expects to receive in exchange for those goods or services. To determine revenue recognition for arrangements that the Company determines are within the scope of Topic 606, the Company performs the following five steps: (i) identify the contract(s) with a customer; (ii) identify the performance obligations in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations in the contract; and (v) recognize revenue when (or as) the Company satisfies a performance obligation. The Company only applies the five-step model to contracts when it is probable that the Company will collect the consideration it is entitled to in exchange for the goods or services it transfers to the customer. At contract inception, once the contract is determined to be within the scope of Topic 606, the Company assesses the goods or services promised within each contract, determines those that are performance obligations, and assesses whether each promised good or service is distinct. The Company then recognizes as revenue the amount of the transaction price that is allocated to the respective performance obligation when (or as) the performance obligation is satisfied. Payment terms differ by customer, but typically range from 31 to 35 days from the date of shipment. Revenue for the Company's product sales has not been adjusted for the effects of a financing component as the Company expects, at contract inception, that the period between when the Company transfers control of the product and when the Company receives payment will be one year or less.

The Company's product sales, net consist of U.S. sales of NUPLAZID and DAYBUE. NUPLAZID was approved by the FDA in April 2016 and the Company commenced shipments of NUPLAZID to SPs and SDs in late May 2016. SPs dispense product to a patient based on the fulfillment of a prescription and SDs sell product to government facilities, long-term care pharmacies, or in-patient hospital pharmacies. DAYBUE was approved by the FDA in March 2023 and the Company commenced shipments of DAYBUE to a single wholesale distributor in April 2023. Product shipping and handling costs are included in cost of product sales.

The Company recognizes revenue from product sales at the net sales price (the "transaction price") which includes estimates of variable consideration for which reserves for sales discounts and allowance are established and reflects each of these as either a reduction to the related account receivable or as an accrued liability, depending on how the amount payable is settled. Overall, these reserves reflect the Company's best estimates of the amount of consideration to which the Company is entitled based on the terms of the contract. The amount of variable consideration that is included in the transaction price may be constrained, and is included in the net sales price only to the extent that it is probable that a significant reversal in the amount of the cumulative revenue recognized will not occur in a future period. Actual amounts of consideration ultimately received may differ from the Company's estimates. If actual results in the future vary from estimates, the Company may need to adjust its estimates, which would affect net revenue in the period of adjustment. The following are the Company's significant categories of sales discounts and allowances:

Distribution Fees: Distribution fees include distribution service fees paid to the SPs, SDs and wholesale distributor based on a contractually fixed percentage of the wholesale acquisition cost (WAC), fees for data, and prompt payment discounts. Distribution fees are recorded as an offset to revenue based on contractual terms at the time revenue from the sale is recognized.

Rebates: Allowances for rebates include mandated discounts under the Medicaid Drug Rebate Program and the Medicare Part D prescription drug benefit. Rebates are amounts owed after the final dispensing of the product to a benefit plan participant and are based upon contractual agreements with, or statutory requirements pertaining to, Medicaid and Medicare benefit providers. The allowance for rebates is based on statutory discount rates, estimated payor mix, and expected utilization. The Company's estimates for expected utilization of rebates are based on historical data received from the SPs, SDs and single wholesale distributor since product launch. Rebates are generally invoiced and paid in arrears so that the accrual balance consists of an estimate of the amount expected to be incurred for the current quarter's activity, plus an accrual balance for prior quarters' unpaid rebates still estimated to be incurred. Allowances for rebates also include amounts due under the Inflation Reduction act of 2022 for Medicare Part D unit sales with applicable period AMP increases that outpace inflation over the benchmark period. The applicable period will be twelve months on October 1 of each year, with the initial applicable period beginning on October 1, 2022. The benchmark period AMP price is January 1, 2021 through September 30, 2021 for NUPLAZID and January 1, 2024 through December 31, 2024 for DAYBUE. The Company's estimates are based Medicare Part D sales as a percentage of gross sales and the rate AMP for the current period will be in excess the benchmark period.

Chargebacks: Chargebacks are discounts and fees that relate to contracts with government and other entities purchasing from the SDs at a discounted price. The SDs charge back to the Company the difference between the price initially paid by the SDs and the discounted price paid to the SDs by these entities. The Company also incurs group purchasing organization fees for transactions through certain purchasing organizations. The Company estimates sales with these entities and accrues for anticipated chargebacks and organization fees, based on the applicable contractual terms.

Co-Payment Assistance: The Company offers co-payment assistance to commercially insured patients meeting certain eligibility requirements. Co-payment assistance is accrued for based on actual program participation and estimates of program redemption using data provided by third-party administrators.

Product Returns: Consistent with industry practice, the Company offers the SPs and SDs limited product return rights for damages, shipment errors, and expiring product; provided that the return is within a specified period around the product expiration date as set forth in the applicable individual distribution agreement. The Company does not allow product returns for product that has been dispensed to a patient. As the Company receives inventory reports from the SPs and SDs and has the ability to control the amount of product that is sold to the SPs and SDs, it is able to make a reasonable estimate of future potential product returns based on this on-hand channel inventory data and sell-through data obtained from the SPs and SDs. In arriving at its estimate for product returns, the Company also considers historical product returns, the underlying product demand, and industry data specific to the specialty pharmaceutical distribution industry.

Research and Development Expenses

Research and development expenses are charged to operations as incurred. Research and development expenses include costs associated with services provided by contract organizations for preclinical development, pre-commercialization manufacturing expenses, and clinical trials, salaries and related personnel expenses including stock-based compensation expense, and facilities and equipment expenses. The upfront consideration and transaction costs associated with acquired in-process research and development are also included in the research and development expenses.

The Company accrues for costs incurred as the services are being provided by monitoring the status of the trial or services provided and the invoices received from its external service providers. When the Company makes payments in advance of services being provided, it records those amounts as prepaid expenses on its consolidated balance sheets and expense them as the services are rendered. In the case of clinical trials, a portion of the estimated cost normally relates to the projected cost to treat a patient in the trials, and this cost is recognized based on the number of patients enrolled in the trial. Other indirect costs are generally recognized on a straight-line basis over the estimated period of the study. As actual costs become known, the Company adjusts its accruals accordingly.

Concentration Risk

Financial instruments, which potentially subject the Company to concentrations of credit risk, principally consist of cash, cash equivalents, investment securities, accounts receivable, and restricted cash. The Company invests its excess cash primarily in money market funds, U.S. treasury notes, and high quality, marketable debt instruments of corporations and government sponsored enterprises in accordance with the Company's investment policy. The Company's investment policy defines allowable investments and establishes guidelines relating to credit quality, diversification, and maturities of its investments to preserve principal and maintain liquidity. All investment securities have a credit rating of at least Aa3/AA- or better, or P-1/A-1 or better, as determined by Moody's Investors Service or Standard & Poor's. Further, the Company specifies credit quality standards for its customers that are designed to limit the Company's credit exposure to any single party.

The Company does not currently have any of its own manufacturing facilities, and therefore it depends on an outsourced manufacturing strategy for the production of NUPLAZID and DAYBUE for commercial use and for the production of its product candidates for clinical trials. For the production of NUPLAZID, the Company has contracts in place with two third-party manufacturers of commercial drug product and one third-party manufacturer of drug substance that is approved for the production of NUPLAZID API. For the production of DAYBUE, the Company has contracts in place with two third-party manufacturers of commercial drug product and two third-party manufacturers of drug substance that is approved for the production of DAYBUE API. Although there are potential sources of supply other than the Company's existing suppliers, any new supplier would be required to qualify under applicable regulatory requirements.

The Company has entered into agreements for the distribution of NUPLAZID with a limited number of SPs and SDs, and all of the Company's product sales of NUPLAZID are to these customers. The Company has also entered into agreements for the distribution of DAYBUE with a single wholesale distributor, and all of the Company's product sales of DAYBUE and accounts receivable balance at December 31, 2024 are related to this customer. The following table summarizes customers that represent 10% or greater of our consolidated total gross revenues:

	Years Ended December 31,		
	2024	2023	2022
Customer A	34%	23%	*
Customer B	14%	17%	25%
Customer C	13%	15%	17%
Customer D	12%	14%	21%
Customer E	10%	10%	11%

* Represents less than 10% and/or not a customer in the applicable year

The following table summarizes customers with amounts due that represent 10% or greater of our consolidated accounts receivable balance:

	As of December 31,	
	2024	2023
Customer A	42%	33%
Customer B	13%	14%
Customer C	14%	12%
Customer D	12%	14%
Customer E	*	10%

* Represents less than 10% and/or not a customer in the applicable year

Stock-Based Compensation

We measure stock-based compensation expense for equity-classified awards, principally related to stock options, restricted stock units (RSUs), PSUs and stock purchase rights under our employee stock purchase plan (ESPP) based on the estimated fair value of the award on the date of grant.

The fair value of each employee stock option and each employee stock purchase right granted is estimated on the grant date under the fair value method using the Black-Scholes valuation model. The estimated fair value of each stock option and purchase right is then expensed on a straight-line basis over the requisite service period, which is generally the vesting period. The following weighted-average assumptions were used during these periods:

	Years Ended December 31,		
	2024	2023	2022
Stock Options:			
Expected volatility	62%	66%	68%
Risk-free interest rate	4.1%	3.9%	2.9%
Expected dividend yield	0%	0%	0%
Expected life of options in years	5.5	5.4	5.4

	Years Ended December 31,		
	2024	2023	2022
Employee Stock Purchase Plan:			
Expected volatility	46%-63%	40%-67%	62%-82%
Risk-free interest rate	4.3%-5.3%	4.0%-5.3%	1.5%-4.6%
Expected dividend yield	0%	0%	0%
Expected life in years	0.5-2.0	0.5-2.0	0.5-2.0

Expected Volatility. The Company considers its historical volatility and implied volatility when determining the expected volatility.

Risk-Free Interest Rate. The Company determines its risk-free interest rate assumption based on the U.S. Treasury yield for obligations with contractual terms similar to the expected term of the stock option or purchase right being valued.

Expected Dividend Yield. The Company has never paid any dividends and currently has no plans to do so.

Expected Life. In determining the expected life for stock options, the Company considers, among other factors, its historical exercise experience to date as well as the mean time remaining to full vesting of all outstanding options and the mean time remaining to the end of the contractual term of all outstanding options. The estimated life for the Company's employee stock purchase rights is based upon the terms of each offering period.

Forfeitures. The Company recognizes forfeitures as they occur.

The fair value of RSUs is estimated based on the closing market price of the Company's common stock on the date of grant. RSUs generally vest over a four-year period. Certain RSUs also have an accelerated vesting clause based on specified market condition target and continued employment through a minimum vesting period. The fair value of RSUs expected to vest are recognized and amortized on a straight-line basis over the requisite service period, which is generally the vesting period. For those RSUs requiring satisfaction of both market and service conditions, the requisite service period is the longest of the explicit, implicit and derived service periods.

Through 2023, the Company granted PSUs that vest upon the achievement of certain pre-defined company-specific performance-based criteria. Expense related to these PSUs is recognized ratably over the expected performance period once the pre-defined performance-based criteria for vesting becomes probable and can vest up to 200 percent of the target number of shares granted. The fair value of these PSUs is estimated based on the closing market price of the Company's common stock on the date of grant. Beginning in 2024, the structure of the PSU design was revised with a rTSR approach such that awards are earned for the Company's rTSR performance over three-year measurement periods relative to a peer group of companies and the actual numbers of PSUs that will vest at the end of the performance period may be anywhere from zero to 150 percent of the target number of shares granted. The fair value of these PSUs is estimated using a Monte Carlo model because the performance target is based on a market condition. Expense related to these PSUs is recognized ratably over the three-year measurement period.

In connection with the departure of the former CEO, in September 2024 the Company incurred approximately $10.7 million in stock-based compensation expense as a result of accelerated equity award vesting and stock modifications under the former CEO's severance plan.

The table below summarizes the total stock-based compensation expense included in the Company's consolidated statements of operations for the periods presented (in thousands):

	Years Ended December 31,		
	2024	2023	2022
Cost of product sales	$ 1,319	$ 1,007	$ 1,106
Research and development	14,100	17,408	22,580
Sales, general and administrative	51,630	48,006	44,515
	$ 67,049	$ 66,421	$ 68,201

Segment

The Company uses "the management approach" in determining reportable operating segments. The management approach considers the internal organization and reporting used by the Company's Chief Operating Decision Maker (CODM) for making operating decisions and assessing performance as the source for determining the Company's reportable segments. The Company determines and presents operating segments based on the information that is internally provided to the CEO who is considered the Company's CODM, in accordance with ASC 280, *Segment Reporting*. The Company has determined that it operates as a single business segment, which is the development and commercialization of innovative medicines. Refer to Note 11 – Segment Reporting for further information related to the segment.

Income Taxes

Current income tax expense or benefit represents the amount of income taxes expected to be payable or refundable for the current year. A deferred income tax asset or liability is computed for the expected future impact of differences between the financial reporting and income tax bases of assets and liabilities and for the expected future tax benefit to be derived from tax credits and loss carryforwards. Deferred income tax expense or benefit represents the net change during the year in the deferred income tax asset or liability. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized.

The Company recognizes the impact of a tax position in the financial statements only if that position is more likely than not to be sustained upon examination by taxing authorities, based on the technical merits of the position. Any interest and penalties related to uncertain tax positions will be reflected in income tax expense.

Earning (Net Loss) Per Share

Basic earnings (net loss) per share is calculated by dividing the net income (loss) by the weighted average number of common shares outstanding for the period, without consideration for common stock equivalents. Diluted net income (loss) per share is computed by dividing the net income (loss) by the weighted average number of common shares and common stock equivalents outstanding for the period determined using the treasury stock method. For purposes of diluted earnings (net loss) per share calculation, equity awards and employee stock purchase plan rights are considered to be common stock equivalents.

	Years Ended December 31,		
	2024	2023	2022
Net income (loss) - basic and diluted	$ 226,451	$ (61,286)	$ (215,975)
Weighted average shares outstanding:			
Basic	165,717	163,819	161,683
Effect of potentially dilutive common shares from:			
Equity awards	576	—	—
Employee stock purchase plan rights	69	—	—
Diluted	166,362	163,819	161,683
Earnings (net loss) per share:			
Basic	$ 1.37	$ (0.37)	$ (1.34)
Diluted	$ 1.36	$ (0.37)	$ (1.34)
Potentially dilutive shares excluded from per share amounts as their effect would have been anti-dilutive	18,233	21,264	21,185

Recently Issued Accounting Standards

In November 2023, the FASB issued Accounting Standards Update No. 2023-07, *Segment Reporting - Improvements to Reportable Segment Disclosures*. The amendments require disclosure of incremental segment information on an annual and interim basis. The amendments also require companies with a single reportable segment to provide all disclosures required by this amendment and all existing segment disclosures in Accounting Standards Codification 280, *Segment Reporting*. The amendments are effective for fiscal years beginning after December 15, 2023, and interim periods beginning after December 15, 2024. The Company adopted this guidance for the year ended December 31, 2024. There was no significant impact of the adoption of this guidance on the Company's consolidated financial statements.

In December 2023, the FASB issued Accounting Standards Update No. 2023-09, *Income Taxes - Improvements to Income Tax Disclosures*. The amendments require (i) enhanced disclosures in connection with an entity's effective tax rate reconciliation and (ii) income taxes paid disaggregated by jurisdiction. The amendments are effective for annual periods beginning after December 15, 2024. The Company does not expect the adoption of the amendments to have a significant impact on its consolidated financial statements.

3. Investments

The carrying value and amortized cost of the Company's investments, summarized by major security type, consisted of the following (in thousands):

	December 31, 2024			
	Amortized Cost	Unrealized Gains	Unrealized Losses	Estimated Fair Value
U.S. Treasury notes	$ 245,584	$ 319	$ —	$ 245,903
Government sponsored enterprise securities	190,452	157	(108)	190,501
	$ 436,036	$ 476	$ (108)	$ 436,404

	December 31, 2023			
	Amortized Cost	Unrealized Gains	Unrealized Losses	Estimated Fair Value
U.S. Treasury notes	$ 75,315	$ 47	$ (28)	$ 75,334
Government sponsored enterprise securities	174,867	119	(112)	174,874
	$ 250,182	$ 166	$ (140)	$ 250,208

The Company has classified all of its available-for-sale investment securities, including those with maturities beyond one year, as current assets on its consolidated balance sheets based on the highly liquid nature of the investment securities and because these investment securities are considered available for use in current operations. The following table summarizes the contract maturity of the available-for-sale securities we held as of December 31, 2024:

One year or less	79%
After one year but within two years	21%
Total	100%

As of December 31, 2023, all of the Company's available-for-sale investment securities had contractual maturity dates of less than one year. The Company has classified all equity securities as other assets on its consolidated balance sheets.

At December 31, 2024 and 2023, the Company had 17 and 21 securities, respectively, in an unrealized loss position. The following table presents gross unrealized losses and fair value for those available-for-sale investments that were in an unrealized loss position as of December 31, 2024 and December 31, 2023, aggregated by investment category and length of time that individual securities have been in a continuous loss position (in thousands):

	Less Than 12 Months		12 Months or Greater		Total	
	Estimated Fair Value	Unrealized Losses	Estimated Fair Value	Unrealized Losses	Estimated Fair Value	Unrealized Losses
December 31, 2024						
Government sponsored enterprise securities	$ 84,390	$ (108)	$ —	$ —	$ 84,390	$ (108)
Total	$ 84,390	$ (108)	$ —	$ —	$ 84,390	$ (108)
December 31, 2023						
U.S. Treasury notes	$ 41,366	$ (28)	$ —	$ —	$ 41,366	$ (28)
Government sponsored enterprise securities	108,587	(112)	—	—	108,587	(112)
Total	$ 149,953	$ (140)	$ —	$ —	$ 149,953	$ (140)

During the first quarter of 2023, the Company made a sale of all of its investments in commercial paper. The proceeds from sales of these securities were $183.0 million and net realized losses from the related sales were $0.5 million. There were no sales of available-for-sale investment securities in 2024.

At each reporting date, the Company performs an evaluation of impairment to determine if any unrealized losses are the result of credit losses. Impairment is assessed at the individual security level. Factors considered in determining whether a loss resulted from a credit loss or other factors include the Company's intent and ability to hold the investment until the recovery of its amortized cost basis, the extent to which the fair value is less than the amortized cost basis, the length of time and extent to which fair value has been less than the cost basis, the financial condition of the issuer, any historical failure of the issuer to make scheduled interest or principal payments, any changes to the rating of the security by a rating agency, any adverse legal or regulatory events affecting the issuer or issuer's industry, any significant deterioration in economic conditions.

The Company does not intend to sell the investment in unrealized loss position and it is unlikely that the Company will be required to sell the investment before the recovery of its amortized cost basis. Based on its evaluation, the Company determined its year-to-date credit losses related to its available-for-sale securities were immaterial at December 31, 2024.

4. Fair Value Measurements

The Company's investments include cash equivalents, available-for-sale investment securities consisting of money market funds, U.S. treasury notes, and marketable debt instruments of corporations and government sponsored enterprises in accordance with the Company's investment policy, and equity investments. The Company's investment policy defines allowable investment securities and establishes guidelines relating to credit quality, diversification, and maturities of its investments to preserve principal and maintain liquidity. All investment securities have a credit rating of at least Aa3/AA- or better, or P-1/A-1 or better, as determined by Moody's Investors Service or Standard & Poor's.

The Company's cash equivalents, available-for-sale investment securities, and equity securities are classified within the fair value hierarchy as defined by authoritative guidance. The Company's investment securities and equity securities classified as Level 1 are valued using quoted market prices. The Company obtains the fair value of its Level 2 financial instruments from third-party pricing services. The pricing services utilize industry standard valuation models whereby all significant inputs, including benchmark yields, reported trades, broker/dealer quotes, issuer spreads, bids, offers, or other

market-related data, are observable. The Company validates the prices provided by the third-party pricing services by reviewing their pricing methods and matrices and obtaining market values from other pricing sources. After completing the validation procedures, the Company did not adjust or override any fair value measurements provided by these pricing services as of December 31, 2024 and 2023, respectively.

In November 2021, the Company established a plan whereby substantially all full-time employees excluding executive management are eligible to receive a series of cash bonuses based on achievement of certain conditions as described in more detail in Note 6 to the consolidated financial statements. The Company estimated the fair value of the cash awards using a Monte Carlo simulation, which utilizes level 3 inputs such as volatility, probabilities of success, and other inputs that are not observable in active markets. The cash awards are required to be measured at fair value on a recurring basis each reporting period, with changes in the fair value recognized as compensation cost over the derived service period of the awards.

The Company has not transferred any investment securities between the classification levels.

The recurring fair value measurements of the Company's cash equivalents, available-for-sale investment securities, and equity securities at December 31, 2024 and 2023 consisted of the following (in thousands):

		Fair Value Measurements at Reporting Date Using		
	December 31, 2024	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets				
Money market fund	$ 151,555	$ 151,555	$ —	$ —
U.S. Treasury notes	245,903	245,903	—	—
Government sponsored enterprise securities	190,501	—	190,501	—
Total	$ 587,959	$ 397,458	$ 190,501	$ —

		Fair Value Measurements at Reporting Date Using		
	December 31, 2023	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets				
Money market fund	$ 64,586	$ 64,586	$ —	$ —
U.S. Treasury notes	75,334	75,334	—	—
Government sponsored enterprise securities	174,874	—	174,874	—
Total	$ 314,794	$ 139,920	$ 174,874	$ —
Liabilities				
Cash awards	$ 4,506	$ —	$ —	$ 4,506
Total	$ 4,506	$ —	$ —	$ 4,506

Changes in estimated fair value of contingent cash awards during the twelve months ended December 31, 2024 are as follows (in thousands):

Balance as of December 31, 2023	$ 4,506
Vesting of awards	—
Expense forfeited	(392)
Change in fair value	(4,114)
Balance as of December 31, 2024	$ —

5. Balance Sheet Details

Inventory consisted of the following (in thousands):

	December 31, 2024	December 31, 2023
Finished goods	$ 20,461	$ 5,001
Work in process	1,488	4,134
Raw material	69,741	31,312
	$ 91,690	$ 40,447
Reported as:		
Inventory	$ 21,949	$ 35,819
Long-term inventory	69,741	4,628
Total	$ 91,690	$ 40,447

Amount reported as long-term inventory primarily consists of raw materials as of December 31, 2024 and 2023.

Property and equipment, net, consisted of the following (in thousands):

	December 31, 2024	December 31, 2023
Computers and software	$ 5,614	$ 5,873
Leasehold improvements	3,746	3,746
Furniture and fixtures	4,549	4,549
Construction-in-process	523	—
	14,432	14,168
Accumulated depreciation	(10,217)	(9,556)
	$ 4,215	$ 4,612

Depreciation of property and equipment was $0.9 million, $1.5 million, and $2.0 million for the years ended December 31, 2024, 2023, and 2022, respectively. For the years ended December 31, 2024 and 2023, the Company did not retire any fully depreciated property and equipment. For the year ended December 31, 2022, the Company retired $0.1 million of fully depreciated property and equipment.

Accrued liabilities consisted of the following (in thousands):

	December 31, 2024	December 31, 2023
Accrued sales allowances	$ 148,280	$ 90,718
Accrued contingent payments	102,262	29,583
Accrued compensation and benefits	36,551	42,718
Accrued consulting and professional fees	27,435	18,804
Accrued research and development services	27,181	32,883
Accrued taxes	12,016	1,564
Current portion of lease liabilities	9,958	9,405
Other	14,995	11,036
	$ 378,678	$ 236,711

6. Stockholders' Equity

Stock Plans

2024 Equity Incentive Plan

The Company's 2024 Equity Incentive Plan (the 2024 Plan) became effective upon approval of the stockholders in May 2024 and is a successor and continuation of the 2010 Equity Incentive Plan (the 2010 Plan). The 2024 Plan permits the grant of awards to employees, non-employee directors and consultants. In addition, the 2024 Plan permits the grant of stock options, stock appreciation rights, restricted stock awards, restricted stock unit awards, performance awards, and other awards. The 2024 Plan provides that, with limited exceptions, no award will vest until at least 12 months following the date of grant of the award; provided, however, that up to 5% of the aggregate number of shares that may be issued under the 2024 Plan may be subject to awards which do not meet such vesting requirements. The maximum term of any stock option or stock appreciation right awards under 2024 Plan is ten years. All shares that remained eligible for grant under the Company's 2010 Equity Incentive Plan and 2023 Inducement Plan at the time of approval of the 2024 Plan were transferred to the 2024 Plan. At December 31, 2024, there were 13,798,565 shares of common stock available for new grants under the 2024 Plan.

2024 Inducement Plan

The Board adopted the Company's 2024 Inducement Plan (Inducement Plan) in September 2024. The Inducement Plan permits the grant of stock options, stock appreciation rights, restricted stock awards, restricted stock unit awards, performance awards and other stock-related awards. Stock awards granted under the Inducement Plan may only be made to individuals who did not previously serve as employees or non-employee directors of the Company or an affiliate of the Company. In addition, stock awards must be approved by either a majority of the Company's independent directors or the Compensation Committee. The terms of the Inducement Plan are otherwise substantially similar to the 2024 Plan. The maximum number of shares of Company common stock that may be issued under the Inducement Plan is 2,400,000 shares. At December 31, 2024, there were 1,491,346 shares available for new grants under the Inducement Plans.

2023 Inducement Plan

The Board adopted the Company's 2023 Inducement Plan (2023 Inducement Plan) on February 1, 2023. The 2023 Inducement Plan permits the grant of stock options, stock appreciation rights, restricted stock awards, restricted stock unit awards, performance stock awards and other stock-related awards. Stock awards granted under the 2023 Inducement Plan may only be made to individuals who did not previously serve as employees or non-employee directors of the Company or an affiliate of the Company. In addition, stock awards must be approved by either a majority of the Company's independent directors or the Compensation Committee. The terms of the 2023 Inducement Plan are otherwise substantially similar to the 2010 Plan. All shares that remained eligible for grant under the 2023 Inducement Plan at the time of approval of the 2024 Plan were transferred to the 2024 Plan.

2010 Equity Incentive Plan

The 2010 Plan, as amended to date, permits the grant of options to employees, directors and consultants. In addition, the 2010 Plan permits the grant of stock bonuses, rights to purchase restricted stock, and other stock awards. The exercise price of options granted under the 2010 Plan cannot be less than 100 percent of the fair market value of the common stock on the date of grant and the maximum term of any option is 10 years. Options granted under the 2010 Plan generally vest over a four-year period. All shares that remained eligible for grant under the Company's 2004 Equity Incentive Plan (the 2004 Plan) at the time of approval of the 2010 Plan were transferred to the 2010 Plan. In June 2015, June 2016, June 2017, June 2018, June 2019 and June 2022, the Company's stockholders approved amendments to its 2010 Plan to, among other things, increase the aggregate number of shares of common stock authorized for issuance under the plan by 5,000,000 shares, 3,000,000 shares, 5,500,000 shares, 6,700,000 shares, 8,300,000 shares and 6,000,000 shares, respectively. All shares that remained eligible for grant under the 2010 Plan at the time of approval of the 2024 Plan were transferred to the 2024 Plan.

Employee Stock Purchase Plan

The Company's 2004 Employee Stock Purchase Plan (the Purchase Plan) became effective upon the closing of the Company's initial public offering in June 2004. In June 2016, June 2019 and June 2020, the Company's stockholders approved an amendment to the Purchase Plan to, among other things, increase the aggregate number of shares of common stock authorized for issuance under the Purchase Plan by 400,000 shares, 600,000 shares and 3,000,000 shares, respectively. At December 31, 2024, a total of 5,525,000 shares of common stock had been reserved for issuance under the Purchase Plan. At December 31, 2024, 1,713,498 shares of common stock remained available for issuance pursuant to the Purchase Plan. Eligible employees who elect to participate in an offering under the Purchase Plan may have up to 15 percent of their earnings withheld, subject to certain limitations, to purchase shares of common stock pursuant to the Purchase Plan. The price of common stock purchased under the Purchase Plan is equal to 85 percent of the lower of the fair market value of the common stock at the commencement date of each offering period or the relevant purchase date.

Stock Option Activity

The equity plans provided for the grant of options to employees, directors and consultants. The exercise price of options granted under the equity plans were at 100 percent of the fair market value of the common stock on the date of grant and the maximum term of any option was 10 years. Options granted under the equity plans generally vested over a four-year period.

The following table summarizes the Company's stock option activity under all equity plans during the year ended December 31, 2024:

	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (years)	Aggregate Intrinsic Value (in thousands)
Outstanding at December 31, 2023	16,626,029	$ 28.75		
Granted	3,874,498	$ 17.81		
Exercised	(83,743)	$ 18.77		
Cancelled/forfeited	(2,897,930)	$ 25.57		
Outstanding at December 31, 2024	17,518,854	$ 26.90	5.4	$ 6,998
Exercisable at December 31, 2024	12,075,917	$ 30.28	3.9	$ 2,252

The aggregate intrinsic value of options exercisable as of December 31, 2024 is calculated as the difference between the exercise price of the underlying options and the closing market price of the Company's common stock on that date, which was $18.35 per share. The aggregate intrinsic value of options exercised during the years ended December 31, 2024, 2023, and 2022 was approximately $0.3 million, $7.9 million, and $1.7 million, respectively, determined as of the date of exercise. The Company received approximately $1.6 million, $20.3 million and $3.7 million in cash from options exercised during the years ended December 31, 2024, 2023 and 2022, respectively.

The weighted average per share fair value of options granted during the years ended December 31, 2024, 2023, and 2022 was approximately $10.42, $13.25, and $13.66, respectively. As of December 31, 2024, total unrecognized compensation cost related to stock options was approximately $53.6 million and the weighted average period over which this cost is expected to be recognized is approximately 2.8 years.

Restricted Stock Unit Activity

The following table summarizes the Company's RSUs during the year ended December 31, 2024:

	Number of Shares	Weighted Average Grant Date Fair Value	Aggregate Intrinsic Value (in thousands)
Unvested at December 31, 2023	2,650,917	$ 24.66	
Granted	1,465,142	$ 17.80	
Vested	(928,071)	$ 26.75	
Cancelled/forfeited	(474,488)	$ 22.29	
Unvested at December 31, 2024	2,713,500	$ 20.65	$ 49,793

The total fair value of RSUs that vested during the years ended December 31 2024, 2023 and 2022 was $17.3 million, $12.6 million and $10.2 million, respectively. As of December 31, 2024, total unrecognized compensation cost related to RSUs was approximately $39.5 million and the weighted average period over which this cost is expected to be recognized is approximately 2.5 years.

Performance Stock Unit Activity

The following table summarizes the Company's PSUs during the year ended December 31, 2024:

	Number of Shares	Weighted Average Grant Date Fair Value	Aggregate Intrinsic Value (in thousands)
Unvested at December 31, 2023	1,734,828	$ 26.68	
Granted	615,743	$ 21.82	
Vested	(629,199)	$ 26.15	
Cancelled/forfeited	(500,582)	$ 25.41	
Unvested at December 31, 2024[(1)]	1,220,790	$ 25.02	$ 22,401

(1) The unvested balance consisted of 148,643 RSUs that have an accelerated vesting clause based on specified market condition target and continued employment through a minimum vesting period, 488,976 PSUs that vest upon achievement of certain pre-defined company-specific performance-based targets and 583,171 that vest based on the Company's rTSR performance over a three-year measurement period.

The total fair value of PSUs that vested during the years ended December 31 2024 and 2023 was $10.2 million and $13.3 million, respectively. No PSUs vested during the year ended December 31, 2022. As of December 31, 2024, total unrecognized compensation cost related to PSUs was approximately $7.3 million and the weighted average remaining contractual term was 1.8 years.

Contingent Cash Awards

In November 2021, the Company established a plan whereby substantially all full-time employees excluding executive management are eligible to receive a series of cash bonuses over certain periods based on continued employment and the Company's stock price reaching a pre-specified target. The maximum potential payout of the cash awards at the grant date was $15.1 million. The Company has determined that the cash awards were classified as liabilities pursuant to ASC Topic 718, *Compensation – Stock Compensation*. The Company estimates the fair value of the awards at each reporting period using the Monte Carlo simulation, which is recognized as compensation cost over the derived service period. Total fair value of the awards at the grant date was $4.4 million. The awards were forfeited in November 2024 as the Company's stock price did not reach the pre-specified target and the Company recorded a reversal of $4.5 million of compensation expense related to the awards during the year ended December 31, 2024. During the year ended December 31, 2023, the awards had a total fair value of $5.2 million and the Company recorded a total of $3.6 million of compensation cost related to the awards.

7. 401(k) Plan

Effective January 1997, the Company established a deferred compensation plan (the 401(k) Plan) pursuant to Section 401(k) of the Internal Revenue Code of 1986, as amended (the Code), whereby substantially all employees are eligible to contribute up to 60 percent of their pretax earnings, not to exceed amounts allowed under the Code. The Company makes discretionary contributions to the 401(k) Plan equal to 100 percent of each employee's pretax contributions up to 5 percent of his or her eligible compensation, subject to limitations under the Code. The Company's total contributions to the 401(k) Plan were $6.9 million, $6.1 million, and $5.1 million for the years ended December 31, 2024, 2023, and 2022, respectively.

8. Income Taxes

Domestic and foreign pre-tax income (loss) is as follows (in thousands):

	Years Ended December 31,		
	2024	2023	2022
Domestic	$ 95,845	$ (100,215)	$ (233,216)
Foreign	162,230	49,179	19,772
	$ 258,075	$ (51,036)	$ (213,444)

The income tax provision consists of the following (in thousands):

	Years Ended December 31,		
	2024	2023	2022
Current provision:			
Federal	$ 19,542	$ 5,440	$ —
State	12,064	4,805	2,531
Foreign	18	5	—
Total current provision	31,624	10,250	2,531
Total income tax provision	$ 31,624	$ 10,250	$ 2,531

At December 31, 2024, the Company had federal, state, and foreign net operating loss (NOL) carryforwards of approximately $130.2 million, $453.9 million, and $475.2 million, respectively. The Company recognized federal and state income tax provisions of $31.6 million, $10.3 million and $2.5 million for the years ended December 31, 2024, 2023 and 2022, respectively. These tax liabilities were primarily associated with federal and state liabilities in excess of net operating losses in the current year and an increase in federal and state reserves related to uncertain tax positions. Utilization of the domestic NOL and research and development (R&D) credit carryforwards may be subject to a substantial annual limitation due to ownership change limitations that have occurred or that could occur in the future, as required by Section 382 of the Code, as well as similar state and foreign provisions. These ownership changes may limit the amount of NOL and R&D credit carryforwards that can be utilized annually to offset future taxable income and tax, respectively. In general, an "ownership change" as defined by Section 382 of the Code results from a transaction or series of transactions over a three-year period resulting in an ownership change of more than 50 percentage points of the outstanding stock of a company by certain stockholders or public groups.

The Company previously completed a study to assess whether an ownership change, as defined by Section 382 of the Code, had occurred from the Company's formation through December 31, 2013. Based upon this study, the Company determined that several ownership changes had occurred. Accordingly, the Company reduced its deferred tax assets related to the federal NOL carryforwards and the federal R&D credit carryforwards that are anticipated to expire unused as a result of these ownership changes. These tax attributes were excluded from deferred tax assets with a corresponding reduction of the valuation allowance with no net effect on income tax expense or the effective tax rate. The Company completed a study through December 31, 2024 and concluded no additional ownership changes occurred. Future ownership changes may further limit the Company's ability to utilize its remaining tax attributes.

The Company had federal and state carryforwards of $14.7 million and $452.3 million that will begin to expire in 2031 and 2028, respectively unless utilized. The remaining federal and state NOL carryforwards of $115.4 million and $1.6 million will carry forward indefinitely. At December 31, 2024, the Company had federal and state charitable contribution carryforwards of $166.4 million which will begin to expire in 2025. At December 31, 2024, the Company had $36.2 million of federal R&D credit carryforwards, of which $0.2 million will expire in 2025 unless utilized, and the remaining federal R&D credit carryforwards will begin to expire beginning in 2026. At December 31, 2024, the Company had state R&D credit carryforwards of approximately $2.4 million that will begin to expire in 2025 and $21.5 million that have no expiration date. At December 31, 2024, the Company had foreign NOL carryforwards of $145.3 million that will expire in 2025 unless utilized and $9.0 million that have no expiration date. The Company continues to record the deferred tax assets related to these attributes, subject to valuation allowance, until expiration occurs.

The components of the deferred tax assets are as follows (in thousands):

	December 31,	
	2024	2023
Deferred tax assets		
NOL carryforwards	$ 117,052	$ 149,049
R&D credit carryforwards	27,543	70,906
Capitalized R&D	110,848	90,164
Stock-based compensation	51,438	51,028
Charitable contributions	40,008	40,956
Lease liabilities	12,753	13,671
Intangibles	50,431	43,220
Accrued rebates	35,186	19,401
Other	21,130	16,087
Total deferred tax assets	466,389	494,482
Valuation allowance	(454,966)	(482,089)
Deferred tax liabilities		
Right-of-use assets	(11,423)	(12,393)
Total deferred tax liabilities	(11,423)	(12,393)
Total net deferred tax assets	$ —	$ —

Realization of deferred tax assets is dependent upon future earnings, if any, the timing and amount of which are uncertain. The Company assesses all available positive and negative evidence to estimate whether sufficient future taxable income will be generated to permit use of the existing deferred tax assets. A significant piece of objective negative evidence evaluated was the cumulative book loss incurred over the three-year period ended December 31, 2024. Such objective evidence limits the ability to consider other subjective evidence, such as projections for future growth. On the basis of this analysis, a valuation allowance of $455.0 million and $482.1 million at December 31, 2024 and 2023, respectively, was recorded to offset the net deferred tax asset as realization of such asset is uncertain. However, the amount of the deferred tax asset considered realizable could be adjusted if estimates of future taxable income during the carryforward period are increased, or if objective negative evidence in the form of cumulative losses is no longer present and additional weight is given to subjective evidence such as the Company's projections for future growth.

An accounting policy may be selected to either (i) treat taxes due on future U.S. inclusions in taxable income related to global intangible low-taxed income (GILTI) as a current-period expense when incurred or (ii) factor such amounts into a company's measurement of its deferred taxes. The Company has elected to account for GILTI as a period cost.

A reconciliation of income taxes to the amount computed by applying the statutory federal income tax rate to the pretax income (loss) is summarized as follows (in thousands):

	Years Ended December 31,		
	2024	2023	2022
Amounts computed at statutory federal rate	$ 54,196	$ (10,718)	$ (44,823)
Stock-based compensation and other permanent differences	9,986	7,865	7,459
Branded pharmaceutical drug fee	2,122	1,848	1,454
Write-off of IP R&D	1,260	—	2,449
Other permanent differences	1,008	593	137
R&D credits	(18,406)	(5,827)	(9,974)
Change in valuation allowance	(27,013)	1,100	11,227
State taxes	3,050	(977)	(2,232)
Contingencies	5,960	(2,071)	6,993
Foreign rate differential	(13,715)	(5,076)	(1,971)
Deferred adjustments for limits on executive compensation	2,375	2,112	3,918
Deferred rate adjustment	(528)	(438)	922
Expiration of attributes	3,264	17,225	16,142
GILTI	8,215	7,665	10,804
Other	(150)	(3,051)	26
Income tax expense	$ 31,624	$ 10,250	$ 2,531

The tax years 2003 – 2024 remain open to examination by the major taxing jurisdictions to which the Company is subject.

The Company recognizes a tax benefit from an uncertain tax position when it is more likely than not that the position will be sustained upon examination. The Company recorded an uncertain tax position reserve of $1.3 million, $18.0 million and $5.1 million for the years ended December 31, 2024, 2023 and 2022, respectively. Due to the valuation allowance recorded against the Company's deferred tax assets, approximately $8.7 million and $6.8 million of the total unrecognized tax benefits as of December 31, 2024 and 2023, respectively, would reduce the annual effective tax rate if recognized. The Company does not anticipate that the amount of unrecognized tax benefits as of December 31, 2024 will significantly change within the next twelve months. The Company's practice is to recognize interest and/or penalties related to uncertain income tax positions in income tax expense. The Company had immaterial interest and/or penalties accrued on the Company's consolidated balance sheets at December 31, 2024 or 2023, respectively. Further, the Company recognized an insignificant amount of interest and/or penalties in the statement of operations for the years ended December 31, 2024, 2023 and 2022, respectively, related to uncertain tax positions.

The following table provides a reconciliation of changes in unrecognized tax benefits (in thousands):

	Years Ended December 31,		
	2024	2023	2022
Balance at beginning of period	$ 37,112	$ 19,064	$ 13,923
Additions related to current period tax positions	6,337	5,304	5,140
Additions related to prior period tax positions	—	12,956	38
Reductions related to prior period tax positions	(5,074)	(212)	(37)
Balance at end of period	$ 38,375	$ 37,112	$ 19,064

9. Commitments and Contingencies

License and Merger Agreements

The Company has entered into various collaboration, licensing and merger agreements which provide the Company with rights to certain know-how, technology and patent rights. The agreements generally include upfront license fees, development and commercial milestone payments upon achievement of certain clinical and commercial development and annual net sales milestones, as well as royalties calculated as a percentage of product revenues, with rates that vary by agreement. The Company incurred $34.5 million, $102.5 million and $88.7 million in upfront and license payments in the years ended December 31, 2024, 2023 and 2022, respectively. These upfront and license payments were included in the research and development expenses in the consolidated statements of operations as there was no alternative future use associated with the payments. As of December 31, 2024, the Company may be required to make milestone payments up to $4.0 billion in the aggregate for candidates in its pipeline, of which, pursuant to the license agreement with Neuren, $50.0 million is payable to Neuren within 60 days following Neuren's invoice delivered after December 31, 2024 as the Company's aggregate net revenue of trofinetide in North America for the treatment of Rett syndrome exceeded $250.0 million in 2024.

In May 2018, the Company signed an Exclusivity Deed (the Deed) with Neuren that provided for exclusive negotiations for a period of three months from the date of the Deed. Under the terms of the Deed, the Company invested $3.1 million to subscribe for 1,330,000 shares of Neuren and paid $0.9 million for the exclusive right to negotiate a deal with Neuren, which was recorded in selling, general and administrative expenses in the consolidated statements of operations in the second quarter of 2018. In 2023, the Company sold the 1,330,000 shares of Neuren for total proceeds of $12.3 million. Net gain on the strategic investments recognized in other income in the consolidated statements of operations for the year ended December 31, 2023 and 2022 was $5.1 million and $3.5 million, respectively. No gain was recorded in the year ended December 31, 2024.

In August 2018, the Company entered into a license agreement with Neuren and obtained exclusive North American rights to develop and commercialize trofinetide for Rett syndrome and other indications. Under the terms of the agreement, the Company paid Neuren an upfront license fee of $10.0 million and it may be required to pay up to an additional $455.0 million in milestone payments based on the achievement of certain development and annual net sales milestones. In addition, the Company will be required to pay Neuren tiered, escalating, double-digit percentage royalties based on net sales. The license agreement was accounted for as an asset acquisition and the upfront cash payment of $10.0 million was expensed to research and development in the third quarter of 2018 as there is no alternative use for the asset. In connection with the FDA approval of DAYBUE, the Company paid a milestone payment of $40.0 million to Neuren following the first commercial sale of DAYBUE pursuant to the license agreement. The Company capitalized the $40.0 million milestone payment as an intangible asset as it was deemed probable of occurring as of March 31, 2023. In addition, the Company was granted a Rare Pediatric Disease PRV following the FDA approval of DAYBUE. Pursuant to the license agreement, the Company is required to pay Neuren one third of the value of the PRV at the time of sale or use of the PRV. The Company capitalized the $29.6 million for the estimated PRV value owed to Neuren as an intangible asset in 2023. During the year ended December 31, 2024, the Company sold the PRV to a third party for aggregate net proceeds of $146.5 million. Upon sale of the PRV, the Company capitalized an additional $19.2 million for the one third PRV value owed to Neuren as an intangible asset.

In July 2023, the Company expanded its licensing agreement for trofinetide with Neuren to acquire rights to the drug outside of North America as well as global rights in Rett syndrome and Fragile X syndrome to Neuren's development candidate NNZ-2591. Under the terms of the expanded agreement, Neuren received an upfront payment of $100.0 million and is eligible to receive up to an additional $426.3 million in milestone payments based on the achievement of certain commercial and sales milestones for trofinetide outside of North America and up to $831.3 million in milestone payments based on the achievement of certain development and sales milestones for NNZ-2591. In addition, the Company will be required to pay Neuren tiered royalties from the mid-teens to low-twenties percent of trofinetide net sales outside of North America. Percentage royalties related to NNZ-2591 net sales are identical to the trofinetide in each of North America and outside North America. The expanded license agreement was accounted for as an asset acquisition and the upfront cash payment of $100.0 million was expensed to research and development in the third quarter of 2023 as there is no alternative use for the asset.

In January 2022, the Company entered into a license and collaboration agreement with Stoke Therapeutics, Inc. (Stoke) to discover, develop and commercialize novel RNA-based medicines for the potential treatment of severe and rare genetic neurodevelopmental diseases of the CNS. The collaboration includes SYNGAP1 syndrome, Rett syndrome (MECP2), and an undisclosed neurodevelopmental target. For the SYNGAP1 program, the two companies will jointly share global research, development and commercialization responsibilities and share 50/50 in all worldwide costs and future profits. In addition, Stoke is eligible to receive potential development, regulatory, first commercial sales and sales milestones. For the MECP2 program and the undisclosed neurodevelopmental program, the Company acquired an exclusive worldwide license to develop and commercialize MECP2 program and the undisclosed neurodevelopmental program. Stoke will lead research and pre-clinical development activities, while the Company will lead clinical development and commercialization activities. The Company will fund research and pre-clinical development activities related to these two targets and Stoke is eligible to receive potential development, regulatory, first commercial sales and sales milestones as well as tiered royalty payments on worldwide sales starting in the mid-single digit range and escalating to the mid-teens based on revenue levels. Under the terms of the agreement, the Company paid Stoke a $60.0 million upfront payment which was accounted for as an asset acquisition and was expensed to research and development in the first quarter of 2022 as there is no alternative use for the asset. The Company may be required to pay up to an additional $907.5 million in milestones as well as royalties on future sales.

In November 2024, the Company entered into a license agreement with Saniona, for the development and commercialization of ACP-711, a highly selective GABAA-α3 positive allosteric modulator. The first indication the Company plans to pursue is development of ACP-711 for essential tremor, a neurological condition that includes shaking or trembling movements in one or more parts of the body. The Company will lead further clinical development, regulatory submissions, and global commercialization efforts for ACP-711 while also providing financial support for Saniona's ongoing Phase 1 study and preparations for Phase 2. Under the terms of the license agreement, the Company paid Saniona an upfront fee of $28.0 million and it may be required to pay up to $582.0 million in milestone payments based on the achievement of certain development and annual net sales milestones. In addition, the Company will be required to pay Saniona tiered royalties of mid-single digits to low double digits on net sales of commercial products that may result from development of ACP-711. The license agreement was accounted for as an asset acquisition and the upfront cash payment of $28.0 million was expensed to research and development in the fourth quarter of 2024 as there is no alternative use for the asset. The potential milestone payments to Saniona consist of up to $147.0 million subject to achievement of development and commercial milestones related to potential first and second indications, and up to $435.0 million subject to achievement of thresholds of annual net sales of ACP-711 worldwide.

Corporate Credit Card Program

In connection with the Company's credit card programs, the Company established letters of credit for a total of $5.0 million, which have automatic annual extensions and are fully secured by restricted cash.

Fleet Program

In connection with the Company's fleet program, the Company established a letter of credit for $0.4 million, which has automatic annual extensions and is fully secured by restricted cash.

Legal Proceedings

Patent Infringement

On July 24, 2020, the Company filed complaints against (i) Aurobindo Pharma Limited and its affiliate Aurobindo Pharma USA, Inc. and (ii) Teva Pharmaceuticals USA, Inc. and its affiliate Teva Pharmaceutical Industries Ltd., and on July 30, 2020, the Company filed complaints against (i) Hetero Labs Limited and its affiliates Hetero Labs Limited Unit-V and Hetero USA Inc., (ii) MSN Laboratories Private Ltd. and its affiliate MSN Pharmaceuticals, Inc., and (iii) Zydus Pharmaceuticals (USA) Inc. and its affiliate Cadila Healthcare Limited. These complaints, which were filed in the United States District Court for the District of Delaware, allege infringement of certain of the Company's Orange Book-listed patents covering NUPLAZID (Pimavanserin I Cases).

The Company entered into an agreement effective April 22, 2021 with Hetero settling all claims and counterclaims in the litigation. The agreement allows Hetero to launch its generic pimavanserin product on February 27, 2038, subject to certain triggers for earlier launch. The Hetero case was dismissed by joint agreement on May 3, 2021.

On September 30, 2022, the Company filed a stipulation and proposed order to stay the claims currently asserted against Teva and for Teva to be bound by the result of the litigation rendered against the remaining defendants Aurobindo and MSN, which was ordered by the Court on October 4, 2022.

On October 21, 2022, the Company filed additional complaints against Aurobindo, MSN and Zydus in the United States District Court for the District of Delaware alleging infringement of an additional Orange Book-listed patent covering NUPLAZID (Pimavanserin II Cases).

The Company entered into an agreement, effective March 31, 2023, with Zydus settling all claims and counterclaims in the Pimavanserin I Cases and Pimavanserin II Cases. The agreement allows Zydus to launch its generic pimavanserin 10 mg tablet products on September 23, 2036 and 34 mg capsule products on February 27, 2038, subject to certain triggers for earlier launch. The Zydus case was dismissed by joint agreement on April 5, 2023.

As a result of the above, only MSN remained as an active defendant in the Pimavanserin I Cases. On January 11, 2024, following summary judgment motions, the District Court entered final judgment in the Company's favor that MSN's submission of ANDA No. 214925 was an act of infringement in the Pimavanserin I Case and the '740 patent was not invalid. On January 18, 2024, MSN filed a Notice of Appeal to the United States Court of Appeals for the Federal Circuit from the final judgment entered on January 11, 2024. The appeal is fully briefed and awaiting a date for oral argument.

In connection with the Pimavanserin II cases, MSN and Aurobindo are the remaining defendants. A bench trial was conducted from December 3, 2024 to December 6, 2024 in the matter. Post-trial briefing was completed on February 12, 2025 and the Company is awaiting the final decision of the Court.

On February 14, 2025, the Company filed a complaint against Zydus Lifesciences Limited, Zydus Worldwide DMCC, and Zydus Pharmaceuticals (USA) Inc. (collectively "Zydus") in the United States District Court for the District of Delaware, alleging infringement of certain of the Company's Orange Book-listed patents covering NUPLAZID (Pimavanserin) by Zydus' proposed 34 mg pimavanserin tablet product. Zydus has not responded to the complaint as of yet and there is no schedule in place for the case.

Securities Class Action

On April 19, 2021, a purported stockholder of the Company filed a putative securities class action complaint (captioned *City of Birmingham Relief Retirement Systems* v. Acadia Pharmaceuticals, Inc., Case No. 21-cv-0762) in the U.S. District Court for the Southern District of California against the Company and certain of the Company's current executive officers. On September 29, 2021, the Court issued an order designating lead plaintiff and lead counsel. On December 10, 2021, lead plaintiff filed an amended complaint. The amended complaint generally alleges that defendants violated Sections 10(b) and 20(a) of the Securities Exchange Act of 1934, as amended, by failing to disclose that the materials submitted in support of its sNDA seeking approval of pimavanserin for the treatment of hallucinations and delusions associated with dementia-related psychosis contained statistical and design deficiencies and that the FDA was unlikely to approve the sNDA in its current form. The amended complaint seeks unspecified monetary damages and other relief. On March 11, 2024, the Court granted plaintiffs' motion for class certification and appointment of class representatives and class counsel. The parties are currently engaged in expert discovery, which is scheduled to close on June 13, 2025.

Opt-Out Litigation

On March 7, 2024, a purported stockholder of the Company filed a complaint (captioned *Alger Dynamic Opportunities Fund v. Acadia Pharmaceuticals, Inc.*, Case No. 24-cv-00451) in the U.S. District Court for the Southern District of California against the Company and one executive officer. The complaint is based on the same underlying allegations as the Securities Class Action described above, and alleged claims under federal and state securities laws, and for common law fraud and negligent misrepresentations. On May 24, 2024, Defendants moved to dismiss the complaint. On October 31, 2024, the Court granted in part and denied in part Defendants' motion to dismiss. The Court dismissed with leave to amend the purported stockholder's state and common law claims, as well as the claim brought under Section 18(a) of the Securities Exchange Act of 1934, as amended. Defendants filed their answer to the Sections 10(b) and 20(a) claims on December 16, 2024. On January 13, 2025, the Court stayed this suit pending the outcome of the Securities Class Action.

Derivative Suit

On December 15, 2023, a purported stockholder of the Company filed a derivative action (captioned *Kanner et al v. Biggar et al.*, Case No. 23-cv-2293) in the U.S. District Court for the Southern District of California against certain of the Company's current directors. The Company is named as a nominal defendant. The complaint is based on the same alleged misconduct as the Securities Class Action, and asserts state law claims, on behalf of the Company, against the individual defendants for breach of fiduciary duty, unjust enrichment, abuse of control, waste of corporate assets, and insider trading. The complaint also asserts federal claims under sections 10(b), 21D, and 14(a) of the Securities Exchange Act of 1934, as amended. On December 27, 2023, the action was reassigned to District Judge William Q. Hayes and Magistrate Judge Michael S. Berg due to its relation to the Securities Class Action. On January 30, 2024, the parties jointly requested a stay of the action. The Court granted that request and the action was stayed on February 20, 2024, pending the outcome of our Demand Review Committee's investigation into the underlying claims.

Given the unpredictability inherent in litigation, the Company cannot predict the outcome of these matters. The Company is unable to estimate possible losses or ranges of losses that may result from these matters, and therefore it has not accrued any amounts in connection with these matters other than attorneys' fees incurred to date.

10. Leases

The Company leases facilities, vehicles and certain equipment under noncancelable operating leases with remaining lease terms of 0.3 year to 6.4 years, some of which include options to extend the lease for up to two five-year terms. These optional periods were not considered in the determination of the right-of-use asset or the lease liability as the Company did not consider it reasonably certain that it would exercise such options.

The operating lease costs were as follows (in thousands):

	Years Ended December 31,		
	2024	2023	2022
Operating lease cost	$ 11,836	$ 10,343	$ 8,095
Operating sublease income	(1,824)	(93)	—
Net operating lease costs	$ 10,012	$ 10,250	$ 8,095

Supplemental cash flow information related to the Company's leases were as follows (in thousands):

	Years Ended December 31,	
	2024	2023
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	$ 10,327	$ 9,456
Right-of-use assets obtained in exchange for operating lease obligations:	2,218	2,051

The balance sheet classification of the Company's lease liabilities was as follows (in thousands):

	December 31, 2024	December 31, 2023
Operating lease liabilities		
Current portion included in accrued liabilities	$ 9,958	$ 9,405
Operating lease liabilities	42,037	47,800
Total operating lease liabilities	$ 51,995	$ 57,205

Maturities of lease liabilities were as follows (in thousands):

	Operating Leases
Years ending December 31,	
2025	$ 10,224
2026	9,170
2027	9,248
2028	9,414
2029	9,119
Thereafter	12,245
Total lease payments	59,420
Less:	
Imputed interest	(7,425)
Total operating lease liabilities	$ 51,995

Operating lease liabilities are based on the net present value of the remaining lease payments over the remaining lease term. In determining the present value of lease payments, the Company uses its incremental borrowing rate based on the information available at the lease commencement date. As of December 31, 2024 and 2023, the weighted average remaining lease term was 6.1 years and 7.0 years, respectively, and the weighted average discount rate used to determine the operating lease liability was 4.5% and 4.5%, respectively.

In the fourth quarter of 2018, the Company entered into an agreement to lease the 4th and 5th floors of corporate office space in San Diego, California with total minimum lease payments of $50.4 million over an initial term of 10 years and 9 months. In February 2020, the Company entered into the first amendment to the lease agreement to lease the 2nd floor of corporate office space in San Diego, California with total minimum lease payments of $25.3 million over an initial term of approximately 10 years and 7 months. In March 2020, the Company entered into the second amendment to the lease agreement which increased the total minimum lease payments of the original corporate office space to $51.4 million. In the third quarter of 2020, the lease for the 4th and 5th floors of corporate office space commenced and the Company capitalized a right of use asset and related lease liability of $40.3 million. In the first quarter of 2021, the lease for the 2nd floor of corporate office space commenced and the Company capitalized a right of use asset and related lease liability of $19.2 million. In connection with this lease and the amendment, the Company established a letter of credit for $3.1 million, which has automatic annual extensions and is fully secured by restricted cash.

In May 2023, the Company entered into an agreement to sublease its 2nd floor of corporate office space in San Diego to a sublessee with a total minimum sublease income of $18.4 million over a term of approximately 7 years and 6 months. The Company delivered the full possession of its 2nd floor of corporate office space to the sublessee in August 2023. Pursuant to the sublease agreement, the Company received the first sublease payment in December 2023.

11. Segment Reporting

In accordance with FASB ASC Topic 280, *Segment Reporting*, management has determined that the Company operates in one business segment which is the development and commercialization of innovative medicines. All revenues for the years ended December 31, 2024, 2023 and 2022 were generated from customers in the United States.

The Company's CODM is the CEO who uses the consolidated statement of operations to make decisions about allocating resources and assessing performance for the entire Company. Managing and allocating resources on a consolidated basis enables the CODM to assess the overall level of resources available and how to best deploy these resources across functions and research and development programs that are in line with the Company's long-term company-wide strategic goals.

The key areas of focus by CODM for allocation of resources are revenues from each product, as well as operating expenses (cost of goods sold, license fees and royalties, research and development expense, selling, general and administrative expense, and other income or loss). While the CODM analyzes these categories, the area of focus is period over period fluxes and budget-to-actual variances to determine the right allocation of resources is attributed to the segment in order to ensure profitability is maximized.

The following table illustrates reported segment revenue, segment profit and significant segment expenses (in thousands):

	Year Ended December 31,		
	2024	2023	2022
NUPLAZID net revenue	$ 609,385	$ 549,248	$ 517,235
DAYBUE net revenue	348,412	177,189	—
Total revenues	957,797	726,437	517,235
Less:			
Cost of goods sold	30,068	19,826	10,166
License fees and royalties	51,773	21,812	—
Research and development expense:			
External research and development	194,539	170,036	189,832
Internal costs[1]	74,210	79,083	83,002
Upfront and milestone payments	34,500	102,500	88,741
Total research and development expense	303,249	351,619	361,575
Selling, general and administrative	488,428	406,559	369,090
Gain on sale of non-financial asset	(146,515)	—	—
Interest income, net	(25,458)	(17,234)	(6,610)
Other income	(1,823)	(5,109)	(3,542)
Income tax expense	31,624	10,250	2,531
Consolidated net income	$ 226,451	$ (61,286)	$ (215,975)

(1) Includes personnel expenses and costs allocated to multiple research and development programs, including benefits, information technology, facilities and inventory.

SCHEDULE II – Valuation and Qualifying Accounts
(in thousands)

	Balance at Beginning of Period	Additions: Provision Related to Current Period Sales	Deductions: Actual Distribution Fees, Discounts and Chargebacks Related to Current Period Sales	Deductions: Actual Distribution Fees, Discounts and Chargebacks Related to Prior Period Sales	Balance at End of Period
Allowance for distribution fees, discounts and chargebacks:					
For the year ended December 31, 2022	$ 8,467	$ 80,836	$ (69,913)	$ (8,467)	$ 10,923
For the year ended December 31, 2023	$ 10,923	$ 97,797	$ (85,641)	$ (10,923)	$ 12,156
For the year ended December 31, 2024	$ 12,156	$ 122,083	$ (110,200)	$ (12,156)	$ 11,883

Exhibit 10.16

CERTAIN CONFIDENTIAL INFORMATION CONTAINED IN THIS DOCUMENT, MARKED BY […*…], HAS BEEN OMITTED BECAUSE IT IS BOTH (I) NOT MATERIAL AND (II) IS THE TYPE THAT THE REGISTRANT TREATS AS PRIVATE OR CONFIDENTIAL.**

November 15, 2024

Thomas Garner
[…***…]

Dear Tom:

We are delighted to offer you the position of EVP, Chief Commercial Officer, which is based in our Princeton, NJ office, with Acadia Pharmaceuticals Inc. (the "Company" or "Acadia"). As discussed with you, this offer is contingent subject to your satisfactory completion of a background investigation, including contact with your professional references and review of any applicable agreements with your former employers, as outlined below ("Contingencies"). The start date for your employment with Acadia will be mutually agreed to by you and your supervisor, Catherine Owen Adams. The following summarizes the terms of our offer effective upon removal of the Contingencies:

Base Salary: Your semi-monthly salary will be $21,875.00 ($525,000.00 annualized). Your position is full time and is exempt/salaried.

Performance Bonus: Beginning in the 2025 performance year, you will be eligible to receive an annual performance bonus currently targeted at 50% of your annual base salary but which will be granted in the sole discretion of the Board based upon its evaluation of the Company's and your achievement of such specific performance goals as established by the Board. Performance Bonuses will be prorated based on time spent on a Performance Improvement Plan or any other disciplinary related suspension or probationary period. As allowed by law, including if you are terminated or resign, you must be an employee of the Company on the date upon which bonuses are paid to receive a Performance Bonus. If eligible, your bonus for the period in which you are hired will be prorated based on your date of hire with the Company.

Signing Bonus: The Company will provide you a signing bonus of $200,000.00, subject to applicable income tax withholdings. This bonus will be paid on the first pay period following your date of hire. If, within 24 months of your date of hire, your employment is terminated by the Company for Cause or by you other than for Good Reason, you agree to pay back the signing bonus in full and that you are liable for such repayment amount. You agree that such repayment will be due and payable within 30 days of your termination date.

Equity Award:
a) Initial Grant. You will be granted a new hire equity award consisting of nonqualified stock options ("Options") and restricted stock units ("RSUs") having a target value of $3,000,000.00. 75% of the equity award target value will be granted in the form of Options and 25% in the form of RSUs. The option exercise price will equal the closing price of the Company's common stock on the grant date.

Following and subject to the approval of the Board, the number of Options awarded is determined by taking the target value (75% of the total target value) divided by Acadia's 30 trading-day volume-weighted average price ending on (and including) the grant date, and then applying an accounting fair value factor. The resulting number of Options is rounded up to the nearest whole number. The number of RSUs awarded is determined by taking the target value (25% of the total target value) divided by Acadia's 30 trading-day volume-weighted average price ending on (and including) the grant date. The resulting number of RSUs is rounded up to the nearest whole number.

b) Vesting. Both the Options and the RSUs will vest over four years, as follows: one-quarter (25%) of the Options will vest on the first anniversary of the grant, and 1/48th of the Options will vest each month thereafter for the following three years; and one-half (50%) of the RSUs will vest on the second anniversary of the grant, and one-fourth of the RSUs will vest on each of the third and fourth anniversaries of the grant; provided that you remain employed by the Company at each such vesting date.

c) Other Terms. The Options and RSUs will be subject to the terms of the Company's 2024 Equity Incentive Plan and the related award notices and agreements.

Severance Benefits: You will be entitled to participate in our Management Severance Benefit Plan ("Severance Plan") and Change in Control Severance Benefit Plan ("CIC Severance Plan"). A copy of each of these plans is available to you on request and each is also on file with the SEC.

Benefits: You will be eligible to participate in the Company's standard benefit plans. Note that these plans for new employees are effective on the employment start date and enrollment. Your eligibility and participation in these plans, is, of course, subject to the terms of the plans themselves.

Vacation and Holidays: You will receive 20 vacation days each year, accrued monthly and paid holidays in accordance with the Company's annual holiday schedule, with a vacation accrual cap of 1.75 times your annual vacation accrual.

401(k): You will have the opportunity to participate in the Company's 401(k) plan. The plan provides for enrollment on a monthly basis.

Employee Stock Purchase Plan: You will have the opportunity to enroll in the Company's Employee Stock Purchase Plan (ESPP), which provides for the purchase of shares of Acadia common stock through payroll deductions. The ESPP currently provides for twice-annual purchases in May and November.

Inventions and Non-Disclosure: You will be required to sign the Inventions and Non-Disclosure Agreement, attached to this letter, as a condition of your employment.

Restrictive Covenants, Trade Secrets and Confidential Information from Current or Prior Employers: You agree that you will not bring or use any confidential information or trade secrets from current or former employers during your employment with the Company. You agree and acknowledge that you have notified the Company of any and all non-compete, non-solicitation, confidentiality or other restrictive agreements with your current or former employers that could impact your employment with the Company. Prior to your start date, you will provide the Company with copies of such agreements. You

agree that you have reviewed the duties and responsibilities of your new position and that no contractual or other restrictions will prevent you from performing those duties.

Loyal and Conscientious Performance: During the Employment Period, you shall devote full time business energies, interest, abilities, and productive time to the Company. You are not precluded from engaging in civic, charitable or religious activities and are allowed to serve on boards of directors of for profit companies or organizations that do not present any conflict with the interests of the Company or otherwise adversely affect your performance of your duties.

You will not, during the employment with the Company, compete with the Company, either directly or indirectly, in any manner or capacity, as adviser, consultant, principal, agent, partner, officer, director, employee, member of any association or otherwise, in any phase of developing, manufacturing or marketing any product or service that is in the same field of use or that otherwise competes with a product or service that is offered, is actively under development, or is actively being considered for development by the Company.

You agree not to acquire, assume or participate in, directly or indirectly, any position, investment or interest that Employee knows or should know is adverse or antagonistic to the Company, its business, clients, strategic partners, investors or prospects.

No Solicitation: You agree that for a period of twelve (12) months immediately following the termination of your employment with the Company, whether you resign voluntarily or are terminated by the Company involuntarily, you will not directly or indirectly hire, solicit, or recruit, or attempt to hire, solicit, or recruit, any employee of the Company to leave their employment with the Company, nor will you contact any employee of the Company, or cause an employee of the Company to be contacted, for the purpose of leaving employment with the Company.

Authorization to Work: Federal law requires that you provide the Company with the legally required proof of your identity and authorization to work in the United States. We will furnish you with a list of acceptable documents. This documentation must be provided within three (3) business days of the date your employment begins, or our employment relationship with you may be terminated.

At-Will; Entire Agreement: Your employment is at-will and for no specified period, and either you or Acadia may terminate this employment relationship at any time and for any reason. At all times during your employment, you will be subject to the direction and policies from time to time established by Senior Management and the Company's Board of Directors. The agreement in this letter sets forth our entire understanding regarding your employment and supersedes any other negotiations, written or oral.

Severability: The unenforceability, invalidity, or illegality of any provision of this Agreement shall not render any other provision of this Agreement unenforceable, invalid, or illegal.

By signing this offer, you hereby certify that you have not knowingly withheld any information that might adversely affect your chances for employment and that the answers given by you are true and correct to the best of your knowledge. You understand that any omission or misstatement of material fact used to secure employment shall be grounds for rejection of this offer or for immediate discharge if you are employed, regardless of the time elapsed before discovery.

We look forward to your joining Acadia Pharmaceuticals Inc. and believe that it will be a mutually beneficial experience.

Please indicate your agreement with the above terms by signing below.

Sincerely,

/s/ Rob Ackles
Rob Ackles
Senior Vice President, Chief People Officer

Accepted and agreed:

INVENTIONS AND NON-DISCLOSURE AGREEMENT

In consideration of the employment or the continued employment, or the training or continued training of Jennifer Rhodes (hereinafter referred to as the “Employee”), a student trainee, postdoctoral fellow, guest worker or employee of Acadia Pharmaceuticals Inc., a Delaware corporation (hereinafter referred to collectively with its subsidiaries as the “Company”), the Employee hereby agrees as follows:

1. Proprietary Information.

(a) The Employee agrees that all information, whether or not in writing, of a private, secret or confidential nature concerning the Company's business, business relationships or financial affairs (collectively, "Proprietary Information") is and shall be the exclusive property of the Company. By way of illustration, but not limitation, Proprietary Information may include inventions, products, processes, methods, techniques, formulas, compositions, compounds, projects, developments, plans, research data, clinical data, financial data, personnel data, computer programs, customer and supplier lists, and contacts at or knowledge of customers or prospective customers of the Company. The Employee will not disclose any Proprietary Information to any person or entity other than employees of the Company or use the same for any purposes (other than in the performance of his/her duties as an employee of the Company) without written approval by an officer of the Company, either during or after his/her employment with the Company, unless and until such Proprietary Information has become public knowledge without fault by the Employee.

(b) The Employee agrees that all files, letters, memoranda, reports, records, data, sketches, drawings, laboratory notebooks, program listings, or other written, photographic, or other tangible material containing Proprietary Information, whether created by the Employee or others, which shall come into his/her custody or possession, shall be and are the exclusive property of the Company to be used by the Employee only in the performance of his/her duties for the Company. All such materials or copies thereof and all tangible property of the Company in the custody or possession of the Employee shall be delivered to the Company, upon the earlier of (i) a request by the Company or (ii) termination of his/her employment. After such delivery, the Employee shall not retain any such materials or copies thereof or any such tangible property.

(c) The Employee agrees that his/her obligation not to disclose or to use information and materials of the types set forth in paragraphs (a) and (b) above, and his/her obligation to return materials and tangible property, set forth in paragraph (b) above, also extends to such types of information, materials and tangible property of customers of the Company or suppliers to the Company or other third parties who may have disclosed or entrusted the same to the Company or to the Employee.

(d) Notwithstanding the foregoing nondisclosure obligations, pursuant to 18 USC Section 1833(b), Employee shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that is made: (1) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney, and solely for the purpose of reporting or investigating a suspected violation of law; or (2) in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal.

2. Developments.

(a) The Employee will make full and prompt disclosure to the Company of all inventions, improvements, discoveries, methods, developments, software, and works of authorship, whether patentable or not, which are created, made, conceived or reduced to practice by him/her or under his/her direction or jointly with others during his/her employment by the Company, whether or not during normal working hours or on the premises of the Company (all of which are collectively referred to in this Agreement as "Developments").

(b) The Employee agrees to assign and does hereby assign to the Company (or any person or entity designated by the Company) all his/her right, title and interest in and to all Developments and all related patents, patent applications, copyrights and copyright applications, trade secrets and other intellectual property. However, this paragraph 2(b) shall not apply to Developments which do not relate to the present or planned business or research and development of the Company and which are made and conceived by the Employee not during normal working hours, not on the Company's premises and not using the Company's tools, devices, equipment or Proprietary Information. The Employee understands that, to the extent this Agreement shall be construed in accordance with the laws of any state which precludes a requirement in an employee agreement to assign certain classes of inventions made by an employee, this paragraph 2(b) shall be interpreted not to apply to any invention which a court rules and/or the Company agrees falls within such classes. The Employee also hereby waives all claims to moral rights in any Developments.

(c) The Employee agrees to cooperate fully with the Company, both during and after his/her employment with the Company, with respect to the procurement, maintenance and enforcement of copyrights, patents and other intellectual property rights (both in the United States and foreign countries) relating to Developments. The Employee shall sign all papers at no cost, including, without limitation, copyright applications, patent applications, declarations, oaths, formal assignments, assignments of priority rights, and powers of attorney, which the Company may deem necessary or desirable in order to protect its rights and interests in any Development. The Employee further agrees that if the Company is unable, after reasonable effort, to secure the signature of the Employee on any such papers, any executive officer of the Company shall be entitled to execute any such papers as the agent and the attorney-in-fact of the Employee, and the Employee hereby irrevocably designates and appoints each executive officer of the Company as his/her agent and attorney-in-fact to execute any such papers on his/her behalf, and to take any and all actions as the Company may deem necessary or desirable in order to protect its rights and interests in any Development, under the conditions described in this sentence.

3. Other Agreements.

The Employee hereby represents that, except as the Employee has disclosed in writing to the Company, the Employee is not bound by the terms of any agreement with any previous employer or other party to refrain from using or disclosing any trade secret or confidential or proprietary information in the course of his/her employment with the Company or to refrain from competing, directly or indirectly, with the business of such previous employer or any other party. The Employee further represents that his/her performance of all the terms of this Agreement and as an employee of the Company does not and will not breach any agreement to keep in confidence proprietary information, knowledge or data acquired by the Employee in confidence or in trust prior to his/her employment with the Company, and the

Employee will not disclose to the Company or induce the Company to use any confidential or proprietary information or material belonging to any previous employer or others.

4. United States Government Obligations.

The Employee acknowledges that the Company from time to time may have agreements with the other persons or with the United States Government, or agencies thereof, which impose obligations or restrictions on the Company regarding inventions made during the course of work under such agreements or regarding the confidential nature of such work. The Employee agrees to be bound by all such obligations and restrictions which are made known to the Employee and to take all action necessary to discharge the obligations of the Company under such agreements.

5. No Employment Contract.

The Employee understands that this Agreement does not constitute a contract of employment and does not imply that his/her employment will continue for any period of time.

6. Miscellaneous.

(a) The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

(b) This Agreement supersedes all prior agreements, written or oral, between the Employee and the Company relating to the subject matter of this Agreement. This Agreement may not be modified, changed or discharged in whole or in part, except by an agreement in writing signed by the Employee and the Company. The Employee agrees that any change or changes in his/her duties, salary or compensation after the signing of this Agreement shall not affect the validity or scope of this Agreement.

(c) This Agreement will be binding upon the Employee's heirs, executors and administrators and will inure to the benefit of the Company and its successors and assigns.

(d) No delay or omission by the Company in exercising any right under this Agreement will operate as a waiver of that or any other right. A waiver or consent given by the Company on any one occasion is effective only in that instance and will not be construed as a bar to or waiver of any right on any other occasion.

(e) The Employee expressly consents to be bound by the provisions of this Agreement for the benefit of the Company or any subsidiary or affiliate thereof to whose employ the Employee may be transferred without the necessity that this Agreement be re-signed at the time of such transfer.

(f) The restrictions contained in this Agreement are necessary for the protection of the business and goodwill of the Company and are considered by the Employee to be reasonable for such purpose. The Employee agrees that any breach of this Agreement is likely to cause the Company substantial and irrevocable damage and therefore, in the event of any such breach, the Employee agrees that the Company, in addition to such other remedies which may be available, shall be entitled to specific performance and other injunctive relief.

(g) This Agreement is governed by and will be construed as a sealed instrument under and in accordance with the laws of the State of California. Any action, suit, or other legal proceeding which is commenced to resolve any matter arising under or relating to any provision of this Agreement shall be commenced only in a court of the State of California (or, if appropriate, a federal court located within California), and the Company and the Employee each consents to the jurisdiction of such a court.

THE EMPLOYEE ACKNOWLEDGES THAT THEY HAVE CAREFULLY READ THIS AGREEMENT AND UNDERSTANDS AND AGREES TO ALL OF THE PROVISIONS IN THIS AGREEMENT.

Receipt acknowledged by Acadia Pharmaceuticals Inc.:

Exhibit 10.30

CERTAIN CONFIDENTIAL INFORMATION CONTAINED IN THIS DOCUMENT, MARKED BY […*…], HAS BEEN OMITTED BECAUSE IT IS BOTH (I) NOT MATERIAL AND (II) IS THE TYPE THAT THE REGISTRANT TREATS AS PRIVATE OR CONFIDENTIAL.**

Neuren Pharmaceuticals Limited
and
ACADIA Pharmaceuticals Inc.

Licence Agreement

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THIS LICENCE AGREEMENT is made on August 6, 2018

PARTIES

NEUREN PHARMACEUTICALS LIMITED

of Suite 201, 697 Burke Road, Camberwell, Victoria, 3124, Australia

("**Neuren**")

and

ACADIA PHARMACEUTICALS INC.

of 3611 Valley Centre Drive, Suite 300, San Diego, California, USA

("**ACADIA**")

BACKGROUND

A Neuren is the owner of the Neuren IP and is entitled to grant ACADIA a licence to use the Neuren IP.

B Subject to the terms and conditions of this Agreement, Neuren has agreed to grant ACADIA an exclusive licence to use the Neuren IP to make, use, sell, offer for sale, import, manufacture, market, promote, and distribute the Compound and any Product within the Field within the Territory.

C The parties have agreed to conduct a co-development program in respect of the Compound as set out in this Agreement.

AGREED TERMS

1. Definitions and Interpretation

1.1 Definitions

In this Agreement, unless the context requires otherwise:

"**Affiliate**" means, with respect to a party to this Agreement, any person, corporation, partnership, or other entity that controls, is controlled by, or is under common control with that party. For the purposes of this definition, the word "control" (including, with correlative meaning, the terms "controlled by" or "under the common control with") means the actual power, either directly or indirectly through one or more intermediaries, to direct or cause the direction of the management and policies of such entity, whether by the ownership of 50% or more of the voting stock of such entity, or by contract or otherwise.

"**Agreement**" means this agreement including the recitals, any schedules and any annexures.

"**Alliance Manager**" has the meaning given to that term in clause 4.5(a).

"**Business Day**" means a day other than a Saturday, Sunday or public holiday in Melbourne, Victoria, or San Diego, California (as appropriate).

"**Change of Control**" of any Party means any of the following:

(a) either

(i) a Third Party acquires directly or indirectly the beneficial ownership of voting securities of such Party; or

(ii) the beneficial ownership by a Third Party of voting securities of such Party is increased through stock redemption, cancellation or other recapitalization,

in either case of paragraph (a)(i) or (ii), where

(A) such Third Party is, directly or indirectly, the beneficial owner of voting securities representing less than 50% of the total voting power of all of the then-outstanding voting securities of such Party immediately prior to such acquisition or increase; and

(B) immediately after such acquisition or increase such Third Party is, directly or indirectly, the beneficial owner of voting securities representing more than 50% of the total voting power of all of the then-outstanding voting securities of such Party;

(b) the consummation of a merger, consolidation, recapitalization, or reorganization of such Party, in which transaction the beneficial owners of outstanding voting securities of such Party immediately prior to such transaction do not beneficially own, directly or indirectly, at least 50% of the total voting power of all of the then-outstanding voting securities of the surviving entity (or its parent entity) immediately following such transaction;

(c) the stockholders or equity holders of such Party approve a plan of complete liquidation of such Party, or an agreement for the sale or disposition by such Party of all or a substantial portion of such Party's assets, other than pursuant to the transaction as described above or to an Affiliate; or

(d) the sale or other transfer to a Third Party of all or substantially all of such Party's assets, including those relating to the Compound and Product.

"**CMC**" means chemistry manufacturing and controls.

"**Commencement Date**" means the date of execution of this Agreement by the last party to execute it.

"**Commercialize**" and "**Commercialization**" means all activities undertaken with respect to or in support of the marketing, promotion, selling, offering for sale, and distribution (including importing, exporting, transporting, customs clearance, warehousing, invoicing, handling and delivering the applicable Product to customers) of any Product, including manufacturing Product for commercial sale, planning, market research, Pre-Marketing, sales force efforts, detailing, advertising, educating, marketing, the creation and approval of Promotional Materials, promoting, importing, exporting, sales, distributing, pricing, customer and government contracting, and medical affairs, including post-marketing safety surveillance and reporting, medical education, medical information, clinical science liaison activities, health economics and outcomes research, publications and investigator initiated research studies.

"**Commercialization Plan**" has the meaning given to that term in clause 7.4.

"**Commercially Reasonable Efforts**" means, in respect of a party, those efforts and resources consistent with the usual practices of that party in pursuing the Development or Commercialization of its own pharmaceutical products that are of similar market potential as the Compound or the relevant Product, taking into account all relevant

factors including product labelling or anticipated labelling, present and future market potential, past performance of the Compound or the relevant Product and such party's other pharmaceutical products that are of similar market potential, financial return, medical and clinical considerations, present and future regulatory environment and competitive market conditions, all as measured by the facts and circumstances at the time such efforts are due, and considering, without limitation, the following factors in assessing the efforts and resources used by such party:

(a) prompt assignment of responsibility for the relevant obligation to appropriate personnel who are responsible for monitoring progress on an on-going basis;

(b) establishment and measurement of achievement of objectives for carrying out such obligations; and

(c) allocation of resources designed to allow progress with respect to such objectives.

"**Competing Product**" means any product, other than the Compound and Product, being developed or commercialized for any indication for which development or commercialization of any Compound or Product is being undertaken by the parties under this Agreement or is otherwise subject to a Development Plan under discussion by the JSC or approved by the JSC and being executed, including Rett Syndrome, Fragile X Syndrome, and any additional indication the parties elect to pursue pursuant to clause 5.5 herein.

"**Compound**" means:

(a) Trofinetide, also known as NNZ-2566, having the structure set forth in Exhibit A, including all salts, esters, mixtures, hydrates, isomers, solvates, complexes, isotopalogs, polymorphs, resinates, metabolites, impurities, or degradation products of trofinetide; and

(b) Each of the other compounds that fall within the scope of the formulae set forth in the specifications of the Patents, excluding compounds within the scope of the claims of US patent numbers […***…].

"**Confidential Information**" means confidential documents, technology, Know-how or other information (whether or not patentable) actually disclosed or made available by one party or its Affiliates to the other party or its Affiliates pursuant to this Agreement or the Prior Confidentiality Agreement, including without limitation all confidential information regardless of form that relates to the disclosing party, its Affiliates, and their businesses or affairs, any Methodology and any Know-how transferred from one party to the other party pursuant to clause 3.6.

"**Control**" means, with respect to any Patent, Know-how, trademark or other intellectual property rights, ownership or possession by a party or any of its Affiliates of the ability (without taking into account any rights granted by one party to the other party under the terms of this Agreement) to grant access, a license or a sublicense to such Patent, Know-how, trademark or other intellectual property right without violating the terms of any agreement or other arrangement with, or necessitating the consent of, any Third Party, at such time that the party would be first required under this Agreement to grant the other party such access, license or sublicense.

"**Development**" means all activities described in clause 5, and otherwise conducted in pursuit of new and revised Marketing Authorisations.

"**Development Milestone Fees**" means the development milestone fees specified in Part 2 of the Fee Schedule.

"**Development Plan**" means a plan for Development of the Compound and Product as referred to in clause 5.

"**Encumbrance**" means any mortgage, lien, hypothecation, charge (whether fixed or floating), bill of sale, caveat, pledge, claim, trust arrangement, preferential right, right of set-off, title retention or other form of encumbrance.

"**Exclusivity Period**" means, on a country by country basis in the Territory, and Product by Product basis, the period commencing on the Commencement Date and ending on the later to occur of:

(a) the date of expiry of the last Valid Claim that would be infringed by an authorised sale of the relevant Product in the relevant country;

(b) the date of expiry of the term of any data exclusivity right in such country; and

(c) 10 years after the date of the First Commercial Sale of the Product in such country.

"**FDA**" means the United States of America Food and Drug Administration or its successor.

"**FDA Approval**" means the approval by the FDA for a New Drug Application made in respect of any Product.

"**Fees**" means the Phase II Reimbursement Fee, the Development Milestone Fees and the Sales Milestone Fees.

"**Field**" means any and all uses of the Compound or any Product, including in Rett Syndrome and Fragile X Syndrome.

"**First Commercial Sale"** means, the first sale or transfer of a Product in a given country or other regulatory jurisdiction in the Territory by or on behalf of ACADIA or its Sub-Distributor to a third party, other than for evaluation, research or clinical trial purposes or any not-for-profit or compassionate uses, in exchange for cash or some equivalent to which value can be assigned, and following receipt in that part of the Territory of all Marketing Authorisations and other approvals necessary to sell or transfer that Product in that part of the Territory.

"**Generic Product**" means, on a Product-by-Product and country-by-country basis, any pharmaceutical product sold by a third party, other than as a Sub-Licensee to this Agreement that:

(a) contains the same active ingredients as the applicable Product, in the same dosage form (e.g., oral) as the applicable Product;

(b) is approved by the regulatory authority in such country as a substitutable generic for such Product; or

(c) is approved in the applicable field by a regulatory authority pursuant to an NDA (or an equivalent application for regulatory approval filed outside the U.S.), contains the active ingredients in the Product, and relies on the finding of safety and/or effectiveness in the regulatory approval of the Product.

"**Government Agency**" means:

(a) a government or government department;

(b) a governmental, semi-governmental, regulatory or judicial entity or authority; or

(c) a person (whether autonomous or not) who is charged with the administration of a law.

"**Improvements**" means any improvement, modification, adaption, innovation or invention specifically relating to any Compound, any Product, Methodology or the Neuren IP, whether patentable or not, discovered, made, conceived or generated in the course of activities conducted by or on behalf of a party or its Affiliates (or jointly by both parties or their Affiliates) pursuant to this Agreement, including all Know-how in respect of same, and any test results and other data generated by or on behalf of any party or its Affiliates in respect of any Compound or Product or any Marketing Authorisation of any Product.

"**IND**" means an Investigational New Drug Application filed with the FDA in the United States of America or a corresponding application filed with a Government Agency in any other country in the Territory, in each case together with all amendments and supplements thereto.

"**Infringement**" means:

(a) any actual or alleged infringement by a Third Party of any part of the Neuren IP, including pursuant to a Paragraph IV Patent Certification by a Third Party filing an Abbreviated New Drug Application (i.e., an action under the Hatch-Waxman Act); or

(b) any person alleging that use or exploitation of any part of the Neuren IP infringes any rights of that person.

"**Intellectual Property Rights**" means all intellectual and industrial property rights of whatever nature (whether or not registered or registrable) including, but not limited to:

(a) patents, copyrights, designs, trademarks, trade secrets, Know-how and the right to have Confidential Information kept confidential; and

(b) any application or right to apply for registration of any of the rights in paragraph (a) and all renewals and extensions of those rights.

"**JSC**" means the Joint Steering Committee established and operated in accordance with clause 4.

"**Joint Improvement**" means an Improvement made or acquired jointly by Neuren and ACADIA in accordance with clause 16.4.

"**Know-how**" means any information, ideas, data, inventions, methods, processes, techniques, discoveries, works of authorship, data, results, trade secrets, technology, or materials, including formulations, molecules, assays, reagents, compounds, compositions, human or animal tissue, samples or specimens, and combinations or components thereof, whether or not proprietary or patentable, or public or confidential, and whether stored or transmitted in oral, documentary, electronic or other form, including all regulatory documentation, but excluding any such information or materials publicly disclosed in Patents.

"**Marketing Authorisations**" means the approval of a marketing authorisation application, or any equivalent authorisation, in respect of a Product that is made by a Government Agency located in the Territory and which, once granted, entitles a party to market and sell that Product in that part of the Territory and in respect of the United States of America, includes the FDA Approval. Marketing Authorisations do not include INDs.

"**Methodology**" means the methodology developed by a party or its Affiliates, and any information related to such methodology provided to the other party by a party or its Affiliates from time to time (in whatever form), in each case relating to the design, Development, manufacture, production or distribution of a Product, including any Improvements to such methodology.

"**NDA**" means a New Drug Application filed with the FDA in the United States of America or a corresponding application filed with a Government Agency in any other country in the Territory, in each case together with all amendments and supplements thereto.

"**Net Revenue**" means, with respect to a Product in a country or territory, the gross amount invoiced by ACADIA, ACADIA Affiliates and any Sub-Licensee to unrelated third parties, excluding any Sub-Licensee, for any sale or disposition of that Product in that country or territory (as applicable), less the following deductions to the extent that they are directly related and applicable to sales of the Product:

(a) trade, quantity and cash discounts allowed;

(b) commissions, discounts, refunds, rebates (including, but not limited to, wholesaler inventory management fees), chargebacks, retroactive price adjustments, and any other allowances which effectively reduce the net selling price;

(c) actual Product returns and allowances; and

(d) any tax imposed on the production, sale, delivery or use of that Product, including, without limitation, sales, use, excise or value added taxes provided that such tax is included in the gross invoiced amount and a bona fide deduction from gross invoiced sales in ACADIA's external reporting of sales of that Product under U.S. Generally Accepted Accounting Principles ("**US GAAP**").

Such amounts shall be determined from the books and records of ACADIA, ACADIA Affiliates and Sub-Licensees, maintained in accordance with US GAAP or, in the case of ACADIA Affiliates and Sub-Licensees, such similar accounting principles, consistently applied. ACADIA further agrees in determining such amounts, it will use ACADIA's then current standard procedures and methodology, including ACADIA's then current standard exchange rate methodology for the translation of foreign currency sales into U.S. Dollars or, in the case of ACADIA Affiliates and Sub-Licensees, such similar methodology, consistently applied.

For the purposes of calculating Net Revenues, sales or dispositions of Products among ACADIA, ACADIA Affiliates and Sub-Licensees intended for resale shall be excluded from the calculation of Net Revenues, but rather the sale of such Products by ACADIA, ACADIA Affiliates and Sub-Licensees to Third Parties that are not Sub-Licensees shall be included in the calculation of Net Revenues. Net Revenues shall exclude sale or distribution of Products, at or below the manufacturing cost, for use for marketing, regulatory, development or charitable purposes, such as clinical trials, compassionate use, named patient use, or indigent patient programs.

For Products which comprise a Compound and at least one other active ingredient, whether packaged together or in the same therapeutic formulation and in any dosage ("**Combination Products**"), the Net Revenues for such Combination Products shall be adjusted by multiplying the actual Net Revenues by the fraction A/(A+B) where A is the actual average of the invoice price (on a per unit basis) of the Product that is part of the Combination Product in the relevant country, if sold separately, and B is the sum of the actual average of the invoice price (on a per unit basis) of the other active component that is part of the Combination Product in the relevant country, if such other active component is sold separately. If the other component is not sold separately, then the actual Net Revenues shall be adjusted by multiplying the actual Net Revenues by the fraction A/C where A is the actual average of the invoice price (on a per unit basis) of the Product that is part of the Combination Product in the relevant country, if sold separately, and C is the actual average of the invoice prices (on a per unit basis) of the Combination Product in the relevant country. If neither of the foregoing applies, then ACADIA shall determine the Net Revenues of the Combination Product in good faith based on the respective values of the components of such Combination Product.

"**Neuren IP**" means all of the Intellectual Property Rights in or relating to the Compound or any Product owned or Controlled by Neuren or its Affiliates, including the Patents, the Methodology, the Know-how in or relating to the Compound, any Product and any Improvements solely made or acquired by Neuren or its Affiliates during the Term.

"**Patents**" means:

(a) all patents, certificates of invention, applications for certificates of invention, priority patent filings and patent applications that are:

(i) set out in the Schedule of Patents and Patent Applications; or

(ii) that are filed in accordance with clause 17.2 (which shall be added to such schedule) or otherwise added to such schedule by agreement in writing between the parties; and

(b) any renewals, divisions, continuations (in whole or in part), or requests for continued examination of any of such patents, certificates of invention and patent applications, and any all patents or certificates of invention issuing thereon, and any and all reissues, reexaminations, extensions, divisions, renewals, substitutions, confirmations, registrations, revalidations, revisions, and additions of or to any of the foregoing.

"**Phase II Clinical Study**" means a clinical study for a Product in humans conducted to evaluate the efficacy of the drug for a particular indication or indications in patients with the disease or condition under study and to determine the common short-term side effects and risks associated with the drug, as described in 21 C.F.R. §312.21(b) or the equivalent regulation outside the United States (and any amended or successor regulations).

"**Phase II Reimbursement Fee**" means the fee specified in part 1 of the Fee Schedule to reimburse development costs incurred by Neuren.

"**Phase III Clinical Study**" means a human clinical trial for a Product, the principal purpose of which is to gather safety and efficacy data of one or more particular doses in patients being studied that is needed to evaluate the overall benefit and risk relationship of the Product, as more fully defined in 21 C.F.R. §312.21(c) or the equivalent regulation outside the United States (and any amended or successor regulations), and is intended to support approval of an NDA and labeling (or marketing authorisation application).

"**Pre-Marketing**" means all sales and marketing activities undertaken prior to and in preparation for the launch of a Product in the Territory. Pre-Marketing shall include market research, key opinion leader development, advisory boards, medical education, disease-related public relations, health care economic studies, sales force training and other pre-launch activities prior to the First Commercial Sale of that Product in a given country or other regulatory jurisdiction in the Territory.

"**Prior Confidentiality Agreement**" means the Confidentiality Deed between Neuren and ACADIA dated […***…].

"**Product**" means any product developed by or on behalf of Neuren or ACADIA containing a Compound as an active ingredient, alone or in combination with one or more other active pharmaceutical ingredient(s), in any dosage form or formulation.

"**Promotional Materials**" means all written, printed, video or graphic advertising, promotional, educational and communication materials (other than any Product labels and package inserts) for marketing, advertising and promoting of the Compound or any Product.

"**PVA**" means the pharmacovigilance agreement to be established in accordance with clause 6(e).

"**Quarter**" means each period of three consecutive months ending on 31 March, 30 June, 30 September or 31 December in any year.

"**Regulatory**" means all activities regarding filing for, obtaining and maintaining any IND, NDA or Marketing Authorisation, including those described in clause 6, in support of Development and Commercialization activities.

"**Royalty**" means the royalty payable by ACADIA to Neuren in respect of Products sold by ACADIA, ACADIA's Affiliates and all Sub-Licensees as set forth in clause 12.3 and specified in part 4 of the Fee Schedule.

"Sales Milestone Fees" means the sales milestone fees specified in part 3 of the Fee Schedule.

"**Sub-Licensee**" means:

(a) any Third Party that has received a sublicense from ACADIA or its Affiliates under the Neuren IP to use, sell, offer for sale or import any Product in the Field in the Territory pursuant to clause 11.1, beyond the mere right to purchase Products from or to provide services on behalf of ACADIA and its Affiliates; and

(b) any Third Party appointed by ACADIA or its Affiliates to manufacture any Compound or Product for ACADIA or its Affiliates.

"**Tax**" means any tax, levy, impost, duty, charge, deduction, or withholding of whatever kind (together with any related interest, penalty, fine or expense) that is imposed by law or any Government Agency.

"**Term**" has the meaning given to that term in clause 2.

"**Territory**" means the United States, Canada and Mexico.

"**Third Party**" means any person or entity other than ACADIA, Neuren or their respective Affiliates.

"**U.S.**" or "**United States**" means the United States of America and its territories and possessions.

"**Valid Claim**" means a claim of an issued and unexpired Patent, to the extent such claim has not been revoked, held invalid or unenforceable by a patent office, court or other governmental agency of competent jurisdiction in a final order, from which no further appeal can be taken, and which claim has not been disclaimed, denied or admitted to be invalid or unenforceable through reissue, re-examination or disclaimer.

1.2 Interpretation

In this Agreement, unless the context requires otherwise:

(a) the singular includes the plural and vice versa;

(b) words denoting any gender include all genders;

(c) where a word or phrase is defined, its other grammatical forms have a corresponding meaning;

(d) a reference to a party, clause, paragraph, schedule or annexure is a reference to a party, clause, paragraph, schedule or annexure to or of this Agreement;

(e) a reference to this Agreement includes any schedules or annexures;

(f) headings are for convenience and do not affect interpretation;

(g) the background or recitals to this Agreement are adopted as and form part of this Agreement;

(h) a reference to any document or agreement includes a reference to that document or agreement as amended, novated, supplemented, varied or replaced from time to time;

(i) a reference to "$", "US$", USD or "dollar" is a reference to the currency of the United States;

(j) a reference to a party includes its executors, administrators, successors, substitutes (including persons taking by novation) and permitted assigns;

(k) a reference to writing includes any method of representing words, figures or symbols in a permanent and visible form;

(l) words and expressions denoting natural persons include bodies corporate, partnerships, associations, firms, governments and governmental authorities and agencies and vice versa;

(m) a reference to any legislation or to any provision of any legislation includes:

(i) any modification or re-enactment of the legislation;

(ii) any legislative provision substituted for, and all legislation, statutory instruments and regulations issued under, the legislation or provision; and

(iii) where relevant, corresponding legislation in any Australian State or Territory;

(n) no rule of construction applies to the disadvantage of a party because that party was responsible for the preparation of this Agreement or any part of it

(o) the word "or" means "and/or" unless the context dictates otherwise because the subject of the conjunction are mutually exclusive; and

(p) the words "including", "for example", "such as" or other similar expressions (in any form) are not words of limitation.

2. Term

This Agreement will commence on the Commencement Date and will continue until terminated under clause 19 (or any other clause of this Agreement that gives a party a right to terminate) ("**Term**").

3. Licence

3.1 Grant of licence

Neuren and its Affiliates hereby grant to ACADIA, for the Term:

(a) an exclusive licence under the Neuren IP and Neuren's rights (including any Intellectual Property Rights) in any Joint Improvements solely to make, have made (subject to Neuren's reserved rights in clause 3.5(b)), use, develop, sell, offer for sale, import, export and otherwise Commercialize, and including the right to manufacture, have manufactured, market, promote, advertise, and distribute, any Compound and any Product within the Field and within the Territory; and

(b) the right to grant sub-licences under the Neuren IP to Affiliates and Sub-Licensees in accordance with clause 11,

in accordance with the terms and conditions of this Agreement

3.2 Right of First Negotiation outside the Territory

(a) Neuren hereby grants to ACADIA a right of first negotiation to obtain a licence under the Neuren IP to make, have made, use, develop, sell, offer for sale, import, export, or otherwise Commercialize any Compound and any Product outside the Territory ("**Potential Transaction**"), within the same scope of rights as those offered by a Third Party or offered or proposed to be offered by Neuren ("**ROFN**"), in accordance with the terms and conditions of this clause 3.2.

(b) Specifically, prior to soliciting from, making to or discussing with any Third Party any offer for any Potential Transaction, Neuren shall provide ACADIA notice in writing of Neuren's interest in a Potential Transaction. Following receipt of such notification, ACADIA must notify Neuren within […***…] Business Days whether it wishes to negotiate with Neuren in respect of such Potential Transaction.

(c) If ACADIA notifies Neuren in writing within the […***…] Business Days that it wishes to negotiate, ACADIA and Neuren shall exclusively negotiate in good faith with respect to such Potential Transaction for a period of […***…] days (or such longer period as agreed in writing by the parties). If, despite good faith negotiation by Neuren, the parties fail to reach an agreement with respect to the Compound and Product outside the Territory within such […***…]-day period (or such extension as the parties may mutually agree), then Neuren shall be free to enter into a license agreement with a Third Party with respect to the relevant Compound or Product with the same scope of rights as those offered to ACADIA; provided that, for a period […***…] after the end of negotiations between the parties, any such license agreement with a Third Party shall be on terms and conditions that are no more favourable to the Third Party than the terms and conditions last offered by ACADIA.

(d) If ACADIA does not notify Neuren in writing within the […***…] Business Days that it wishes to negotiate in respect of such Potential Transaction, Neuren shall be entitled to enter into a license agreement with a Third Party for such Potential Transaction on terms and conditions it considers appropriate.

(e) In the event Neuren receives an unsolicited offer from a Third Party with respect to a Proposed Transaction, Neuren shall promptly notify ACADIA of the existence and terms of such offer and allow ACADIA to exercise the ROFN in accordance with the procedures in clause 3.2(c) for a Potential Transaction of the same scope (i.e., territories and indications) as offered by such Third Party.

(f) For clarity, this clause 3.2 shall apply on a country-by-country and indication-by-indication basis to the extent that Neuren determines to offer or enter into negotiations for the rights outside of the Territory by country or indication and not in their entirety.

3.3 Rights personal to ACADIA

Subject to clauses 11 and 26.5, the rights given by this Agreement are personal to ACADIA and are not saleable or transferable in any manner whatsoever except in accordance with this Agreement and ACADIA must not in any way encumber, mortgage or grant rights under this Agreement to any other person except in accordance with this Agreement, and any attempt to do so that is not in accordance with this Agreement will be void.

3.4 Section 365(n) of the Bankruptcy Code

All rights and licenses granted under or pursuant to any clause of this Agreement, including the licenses granted under this clause 3 are and will otherwise be deemed to be for purposes of Section 365(n) of the United States Bankruptcy Code (Title 11, U.S. Code), as amended (the "**Bankruptcy Code**"), licenses of rights to "intellectual property" as defined in Section 101(35A) of the Bankruptcy Code. ACADIA will retain and may fully exercise all of its respective rights and elections under the Bankruptcy Code.

Neuren agrees that ACADIA, as licensee of such rights under this Agreement, will retain and may fully exercise all of its rights and elections under the Bankruptcy Code or any other provisions of applicable law outside the United States that provide similar protection for "intellectual property." Any agreements supplemental hereto will be deemed to be "agreements supplementary to" this Agreement for purposes of Section 365(n) of the Bankruptcy Code. Notwithstanding clause 23.14, intellectual property rights as set out in this clause 3.4 shall be dealt with in bankruptcy in accordance with US bankruptcy law.

3.5 Manufacturing rights

(a) Neuren and its Affiliates hereby grant to ACADIA and its Affiliates a non-exclusive licence under the Neuren IP to develop, make and have made the Compound and any Product outside the Territory (and to the extent applicable import, export, transport, obtain customs clearance, warehouse, invoice, handle and deliver); provided that the Compound or Product is not sold, transferred, otherwise disposed of, used or supplied for use outside the Territory and is used solely for the purpose of making, having made, using, developing, selling, offering for sale, importing, exporting and otherwise Commercializing such Compound or Product within the Field and within the Territory.

(b) Neuren reserves the non-exclusive right under the Neuren IP to manufacture Compound or Product or have Compound or Product manufactured on its behalf inside the Territory (and to the extent applicable import, export, transport, obtain customs clearance, warehouse, invoice, handle and deliver), provided that the Compound or Product is not sold, transferred, otherwise disposed of, used or supplied for use inside the Territory and is used solely for the purpose of making, having made, using, developing, selling, offering for sale, importing, exporting and otherwise Commercializing such Compound or Product outside the Territory.

3.6 Technology Transfer and Cooperation

(a) Within […***…] days from the Commencement Date, Neuren will complete transfer of all Know-how, Methodology, materials and other Intellectual Property Rights to ACADIA necessary or reasonably useful to enable ACADIA to commence the formulation and manufacture of the Compounds in the Territory and otherwise to practice the licences and rights granted to it under this Agreement. From time to time thereafter, or upon the other party's reasonable request during the Term, each party shall provide reasonable cooperation to the other party with respect to the conduct of the activities pursuant to this Agreement, including:

(i) the transfer of any additional Know-How, Methodology, materials and other Intellectual Property Rights that are Controlled by such party to the other party to the extent necessary or reasonably useful to enable such other party to practice the licenses and rights granted to such other party under this Agreement: and

(ii) providing the other party with technical assistance through personnel familiar with the Compound(s) to enable the Development and Commercialization of the Compound and Product, including any CMC and Methodology expertise in connection therewith, at the requesting party's cost.

(b) Without limiting clause 3.6(a), Neuren will maintain relationships with suppliers and vendors who conducted or were involved in Development of any Compound or Product to enable Neuren and ACADIA to have access to all documentation, data and other Know-How with respect to such activities as are necessary or reasonably useful for preparation and submission of an NDA for any Compound or Product. Alternatively, Neuren may secure all such documentation, data and other Know-How and transfer it to ACADIA pursuant to clause 3.6(a) to support preparation and submission of the NDA.

(c) Without limiting clause 3.6(a), Neuren shall:

(i) identify on a schedule delivered by separate letter agreement all of the vendor or supplier agreements at the Commencement Date that relate to ongoing Development or CMC activities with any Compound or Product for the Territory (the "Contracts"); and

(ii) use Commercially Reasonable Efforts to maintain good relationships with vendors, suppliers, contractors, and others providing services under the Contracts, and shall perform all of its obligations under the Contracts.

The parties will agree in good faith and undertake the actions reasonably required to ensure that those ongoing Development or CMC activities may continue after the Commencement Date without interruption.

For any Contracts that, following the Commencement Date, the parties agree should be assigned to ACADIA, (the "Assigned Contracts"), Neuren shall use Commercially Reasonable Efforts to promptly assign, transfer, convey and deliver to ACADIA, and ACADIA shall accept from Neuren, all right, title and interest in such Assigned Contracts free and clear of any and all Encumbrances. Upon such assignment, ACADIA shall assume all obligations of Neuren under the Assigned Contracts arising on or after the date of assignment, but excluding any liabilities or obligations resulting or arising from any breach of or non-compliance with any such Assigned Contract by Neuren or any of its Affiliates (the "Assumed Liabilities"). ACADIA shall not assume any liabilities or obligations of Neuren or its Affiliates other than the Assumed Liabilities, and any such liabilities or obligations of Neuren or its Affiliates shall remain the sole obligation and responsibility of Neuren and its Affiliates. To the extent that there are any Contracts that the parties agree should be assigned, but which apply outside the Territory as well as in the Territory or that apply to other compounds or products of Neuren as well as any Compound or Product, if requested by ACADIA, Neuren will use Commercially Reasonable Efforts to modify such agreements as appropriate so that a modified version of the agreement that applies only to any Compound or Product for the Territory may be assigned to ACADIA and added to the list of Assigned Contracts.

Neuren represents and warrants to ACADIA that: the Contracts are the only contracts or agreements to which Neuren or any of its Affiliates is a party that pertain to ongoing Development or CMC activities with respect to any Compound or Product for the Territory; Neuren has provided ACADIA a true and complete copy of each Contract requested by ACADIA, and the Contracts are (and will be at the time of assignment if assigned) in full force and effect in accordance with their respective terms; and Neuren is (and will be at the time of assignment if assigned) in compliance in all material respects with its obligations under the Contracts and, to Neuren's knowledge, (1) no other party to the Contracts has breached any of the Contracts in any material respect, and (2) there is no basis for termination of any of the Contracts.

3.7 No Implied License

No right or license under any intellectual property rights of a party is granted or shall be granted by implication to the other party. All such rights or licenses are or shall be granted only as expressly provided in the terms of this Agreement.

3.8 Failure to Develop or Commercialize

(a) If, for a period of at least […***…], ACADIA ceases all development activities required by clause 5 (other than as a result of the failure of the Phase III Clinical Study for Rett Syndrome) or, following Marketing Authorisation and applicable regulatory approvals, all commercialization activities required by clause 7, in each case in relation to Rett Syndrome, and provided that such cessation was not directly attributable to circumstances outside the reasonable control of ACADIA (including delays due to regulatory or legal reasons), Neuren may give notice in writing to ACADIA requiring ACADIA to provide a written report within […***…] days of

receipt of such notice detailing the steps and activities currently being undertaken and which will be undertaken by ACADIA within the following […***…] days to resume those activities required by clause 5 or clause 7, as applicable; provided, however, that this clause 3.8(a) shall only become effective upon the occurrence of one of the following events: (i) a Change of Control of ACADIA, (ii) ACADIA publicly discloses that it has abandoned Development of trofinetide, or (iii) ACADIA reports holding "cash and cash equivalents" and "investment securities available-for-sale" of less than US$[…***…] in the aggregate in its most recent consolidated balance sheet filed with the U.S. Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended.

(c) If ACADIA:

(i) fails to provide the required report in the applicable timeframe; or

(ii) does not use Commercially Reasonable Efforts to undertake the steps or activities set forth in the report during the subsequent […***…] day period,

Neuren may terminate this Agreement in accordance with clause 19.1.

4. Joint Steering Committee ("JSC")

4.1 Establishment and function

(a) Within […***…] days after the Commencement Date, the parties shall establish the Joint Steering Committee ("**JSC**").

(b) Each party will retain the rights, powers and discretion granted to it under this Agreement and no such rights, powers or discretion will be delegated or vested in the JSC unless such delegation or vesting of rights is expressly provided for in this Agreement or the parties expressly agree to such delegation or vesting of rights in writing.

(c) The JSC will only have the powers expressly assigned to the JSC by this Agreement, and will not have any power to amend, modify or waive compliance with this Agreement.

(d) The JSC will perform the following functions:

(i) responsibility for monitoring and reviewing the progress of the New Drug Application made in respect of any Compound or Product to the FDA, including reviewing and approving label modifications/changes resulting from dialogue with the FDA for any Compound or Product;

(ii) remaining informed of the development and contents of all material regulatory submissions to Government Agencies in the Territory for Marketing Authorisations and all necessary filing and registration activities related to Marketing Authorisations for any Compound or Product;

(iii) serve as a forum for consideration of and exchanging data and results generated by each Party relating to additional indications for any Compound or Product;

(iv) review, approve any proposed amendments to, and monitoring execution of the Development Plan;

(v) assess any proposals relating to the further Development of Compound or Product for Fragile X syndrome pursuant to clause 5.4(b) and for additional indications pursuant to clause 5.5;

(vi) subject to clause 7, provide development, review and oversight of CMC for Compound or Product in the Territory;

(vii) inform and raise for discussion and consideration all material activities or decisions with respect to any Compound or Product outside of the Territory (e.g., initiation or termination of any study and material filings with regulatory authorities);

(viii) review, comment on and approve any proposed scientific or academic publication by either party pursuant to the procedures in clause 15.11(a); and

(ix) such other responsibilities as may be assigned to the JSC pursuant to this Agreement or as may be mutually agreed upon in writing by the parties from time to time.

4.2 Membership

(a) Neuren and ACADIA will each designate […***…] representatives (or any other number agreed in writing between the parties) of appropriate seniority, expertise and experience to serve on the JSC by written notice to the other party, such representatives to include individuals who have clinical trial and regulatory experience and expertise in pharmaceutical drug Development.

(b) Either party may designate in writing substitutes for its representatives if one or more of such party's designated representatives are unable to be present at a meeting, provided such substitutes have the appropriate seniority and experience. From time to time each party may replace its representatives by written notice to the other party specifying the prior representative(s) and their replacement(s), provided such replacements have the appropriate seniority and experience.

4.3 Meetings

(a) Meetings of the JSC will commence at a time to be mutually agreed upon by the parties but in any event the JSC will meet at least […***…] every Quarter during such time as Development under the Development Plan is ongoing, and in any case more or less frequently as ACADIA and Neuren deem appropriate or as reasonably requested by either such party, by means of teleconference, video conference, or in person as deemed necessary or appropriate. Upon completion or termination of all Development activities set forth in the Development Plan, as mutually agreed upon by the parties, the JSC shall meet on an ad hoc or as reasonably requested by a party basis, but in any event […***…] every calendar year.

(b) ACADIA and Neuren may each, on advance notice to the other party, invite non-member employees of such party or third party contractors of either of the parties to attend meetings of the JSC, provided that such non-member employees and third party contractors cannot take part in the decision making process and shall be subject to confidentiality obligations consistent with those set forth in clause 15.

4.4 Decision making process

(a) The JSC may make decisions with respect to any subject matter that is subject to the JSC's decision-making authority and functions as set out in this clause 4.4.

(b) All decisions of the JSC will be made by unanimous vote or written consent, with ACADIA and Neuren each having collectively, among its respective members, one vote in all decisions.

(c) The JSC will use Commercially Reasonable Efforts to resolve the matters within its roles and functions or otherwise referred to it.

(d) If the JSC cannot reach consensus on a matter within […***…] Business Days after such matter has been brought to the JSC's attention, then such matter shall be first referred to the chief executive officers of the parties ("CEOs").

(e) The CEOs will use Commercially Reasonable Efforts to reach mutually acceptable resolutions on all such disputed matters.

(f) If the CEOs are unable to resolve such dispute within […***…] Business Days after the dispute is first referred to them, the matter will be resolved as follows:

(i) if the dispute relates to any Regulatory, manufacturing, CMC, Development, or Commercialisation activities for any Compound or Product in the Territory, including any amendment to the Development Plan regarding any Development activities for any Compound or Product in the Territory, ACADIA will have the final decision-making authority;

(ii) If the dispute relates to any Regulatory, manufacturing, CMC, Development or Commercialisation activities for any Compound or Product outside the Territory in the same dosage form and amount for the same indication in which ACADIA is developing such Compound or Product in the Territory, Neuren will have the final decision-making authority but will use Commercially Reasonable Efforts to conduct any such activities in a manner that minimizes any adverse impact on any Compound or Product in the Territory.

(iii) if the dispute relates to any other Regulatory, manufacturing, CMC, Development, or Commercialisation activities for the Product outside the Territory, except as to:

(A) matters subject to clause 5.5(b); and

(B) manufacturing or Development outside of the Territory by or on behalf of ACADIA in support of activities in the Territory as described in clause 3.5(a),

Neuren will have the final decision-making authority;

(iv) if the dispute relates to any matters subject to clause 5.5(b), the dispute resolution procedure set out in clause 5.5(b) will apply; and

(v) if the dispute relates to:

(A) approval of a publication or presentation pursuant to clause 15.11; or

(B) any other decision assigned to the JSC pursuant to this Agreement or as agreed upon in writing by the parties that specifically provides for dispute resolution pursuant to this clause 4(f)(iv), the dispute resolution procedure set out in clause 25.4 will apply.

(g) Notwithstanding clause 4.4(f), neither party will exercise its right to finally resolve a dispute under this Agreement in a manner that excuses such party from any of its obligations specifically enumerated under this Agreement or in a manner that negates any consent rights or other rights specifically allocated to the other party under this Agreement. In addition, in resolving a dispute under this Agreement, each party agrees to act in good faith.

4.5 Alliance Managers

(a) Promptly following the Commencement Date, each party must designate an individual to serve as the main point of contact for each party to exchange information, facilitate communication and coordinate the parties' Development, Regulatory, manufacturing and CMC activities relating to any Compound and

Product and to provide day-to-day support to the JSC (each, an "**Alliance Manager**").

(b) Each Alliance Manager must be experienced in project management and have appropriate experience in the pharmaceutical industry.

(c) The Alliance Managers may attend all meetings between the parties, including all JSC meetings, and, if applicable, must work together to resolve any deadlock between the parties in accordance with the procedures set out in this Agreement.

(d) Each party may change its designated Alliance Manager from time to time upon written notice to the other party, provided that such replacement has the appropriate expertise and experience.

4.6 Exchange of information

Each party shall keep the other party informed as to its material progress and activities relating to the Development of any Compound and Product inside and outside the Territory, including with respect to Regulatory matters and meetings with Government Agencies, by way of updates to the JSC at its meetings or to the other party if the JSC is disbanded and as otherwise specified in this Agreement, or as reasonably requested from time to time by the other party.

4.7 CMC

Neuren and ACADIA acknowledge and agree that:

(a) Neuren and ACADIA shall coordinate with respect to the conduct of all manufacturing and CMC activities for any Compound and Product, whether for use inside or outside the Territory, provided that ACADIA shall conduct and be responsible for the day-to-day operations and decision-making for such manufacturing and CMC activities;

(b) As requested by the JSC, each party shall from time to time update the JSC with its progress in such manufacturing and CMC activities for its respective territory; and

(c) In the event that a supply arrangement is entered into between the parties, such supply arrangement shall include reasonable allocation of available supply of the Compound or Product that prioritizes Commercialization and the Development Plan and the price of such supply to Neuren shall fairly recover the fully-burdened cost to ACADIA of providing such supply.

5. Development

5.1 Development Activities

Following the Commencement Date, Neuren and ACADIA shall discuss the Development Plan and coordinate and conduct all Development activities with respect to any Compound and any Product as set out in this clause 5, provided that ACADIA shall be responsible for the day-to-day operations and decision-making for all Development activities under the Development Plan or otherwise with respect to any Compound or any Product in the Territory.

5.2 Development Plan

(a) Neuren and ACADIA have agreed to an initial Development Plan with respect to the Development of the Compound for Rett syndrome in the Territory, including development tasks, timelines and a budget, an overview of which is set out in a schedule delivered by separate letter agreement of the parties.

(b) The Development Plan will be reviewed and amended from time to time by the JSC.

(c) All Development activities with respect to the Compound for Rett syndrome will be performed in accordance with the Development Plan.

(d) Unless otherwise agreed in writing by the parties and subject to clause 3.6(c), Neuren shall execute and pay for the Development Plan activities to be performed by Neuren as set out in a schedule delivered by separate letter agreement of the parties. If subsequent to the Commencement Date the JSC expands the scope of any of the Development Plan activities to be performed by Neuren as set out on the schedule delivered by separate letter agreement of the parties, the additional cost that results from such expansion of scope will be paid by ACADIA. In the event that Neuren fails to execute and pay for any of the Development Plan activities set out in such schedule, and fails to cure such failure within […***…] days of written notice from ACADIA, then ACADIA shall have the right to undertake and pay for such activities, in which case ACADIA will then have the right to credit an amount equal to twice the amount ACADIA paid to undertake any of such activities against any remaining Fees and Royalties payable to Neuren.

5.3 Rett Syndrome

(a) Neuren and ACADIA acknowledge that Neuren has undertaken clinical and non-clinical development with respect to the use of a Compound in relation to Rett Syndrome, including filing an IND in the United States.

(b) Within […***…] days after the initial meeting of the JSC, the JSC shall confirm the specific activities of the parties with respect to the Development of a Compound for use in Rett Syndrome in the initial Development Plan set out in a schedule delivered by separate letter agreement of the parties, including development tasks, timelines and a budget, and propose amendments to the Development Plan as appropriate.

(c) Effective upon receipt of payment of the Phase II Reimbursement Fee by Neuren, Neuren shall, and hereby does effective upon receipt of such payment, assign its IND filing in relation to Rett Syndrome and any other Regulatory filings for any Compound or Product in Rett Syndrome in the Territory to ACADIA. To the extent not previously provided, upon assignment of the IND, Neuren shall provide ACADIA with copies of the applicable records and correspondence between Neuren and the FDA relating to the IND in accordance with the provisions of clause 3.6.

(d) ACADIA will conduct further clinical and non-clinical development with respect to a Compound in accordance with the Development Plan and to support an initial NDA filing for Rett Syndrome in the United States, including a Phase III Clinical Study in Rett Syndrome (“Rett PIII Study”).

(e) Except for the activities that shall be funded by Neuren in accordance with clause 5.2(d), ACADIA will fund such further clinical and non-clinical development and manufacturing of any Compound to support an NDA filing for Rett Syndrome in the United States pursuant to the Development Plan, including the Rett PIII Study.

(f) ACADIA will be the sponsor and owner of the NDA for Rett Syndrome in the United States and any future Regulatory filings with respect to any Compound or Product in the Territory.

(g) ACADIA will conduct, at its expense, further pre and post commercial development with respect to any Compound or Product in Rett Syndrome for the Territory required after submission of the initial NDA, including any post-marketing studies and medical education activities.

(h) Neuren will use Commercially Reasonable Efforts to support ACADIA with respect to all activities described in this clause 5.3.

5.4 Fragile X Syndrome

(a) Neuren and ACADIA acknowledge that Neuren has undertaken preliminary clinical and non-clinical development with respect to the use of a Compound in relation to Fragile X Syndrome.

(b) Within […***…] of the Commencement Date, the parties will procure that the JSC:

(i) develop and consider a proposal for the further development of a Compound in relation to Fragile X Syndrome pursuant to a Development Plan and budget, including the design of a Phase II Clinical Study to assess proof of concept in Fragile X Syndrome ("**Fragile X Phase II Study**"), taking into account any potential impact on the Development activities being undertaken in relation to Rett Syndrome, including in particular with respect to the supply of clinical trial material; and

(ii) decide the appropriate roles and responsibilities for Neuren and ACADIA to develop such Compound for Fragile X Syndrome, including both clinical and non-clinical studies.

If the parties undertake the Fragile X Phase II Study, the JSC will, within a reasonable period following its conclusion, determine progression beyond the Fragile X Phase II Study and amend the Development Plan.

(c) If the JSC determines that development of a Compound in relation to Fragile X Syndrome should occur through the conduct of the Fragile X Phase II Study, ACADIA will fund the conduct of the Fragile X Phase II Study in the United States pursuant to the Development Plan, up to US$[…***…] for all activities conducted pursuant to the Development Plan.

(d) Subject to clause 5.4(e), if the costs of the Fragile X Phase II Study in the United States pursuant to the Development Plan exceed US$[…***…], the costs in excess of US$[…***…] will be shared equally by Neuren and ACADIA.

(e) Neuren may defer its obligation to pay its share of excess costs in accordance with clause 5.4(d), by notice in writing to ACADIA. If Neuren defers its obligation:

(i) ACADIA will fund Neuren's share of the excess costs; and

(ii) ACADIA will have the right to credit against any Development Milestone Fee owed to Neuren, other than the First Development Milestone Fee, an amount equal to twice the amount ACADIA paid to fund Neuren's share of the excess costs.

(f) For the purposes of clauses 5.4(c), (d) and (e), the funding and costs will only relate to external or Third Party costs and will not include the internal costs of either party. Each party will be responsible for and bear its own internal costs of development.

(g) If the JSC determines to proceed with further development of the Compound in relation to Fragile X Syndrome following completion of the Fragile X Phase II Study, ACADIA will fund all such further development.

(h) Neuren will use Commercially Reasonable Efforts to support ACADIA with respect to all activities described in this clause 5.4.

5.5 Other Activities

(a) From time to time, either party may submit a proposal for further development of any Compound in an indication other than Rett Syndrome or Fragile X Syndrome in the Territory or on a coordinated worldwide basis to the JSC.

(b) Neuren will inform the JSC and ACADIA of any additional activities it is proposing to undertake outside the Territory with respect to any Compound, including any further clinical development of the Compound in additional indications. If:

(i) such activities are in respect to a Compound or Product, not being a Compound or Product in the same dosage form and amount for the same indication in which ACADIA is developing such Compound or Product in the Territory; and

(ii) ACADIA believes any such additional activities would have a material negative effect (e.g., safety or pricing) on any Compound or Product in the Territory,

then within […***…] Business Days of notification, ACADIA shall have the right to have the JSC review such proposed activities prior to Neuren undertaking any such activities outside the Territory. The JSC will review in detail the potential studies and development activities to identify whether the studies or activities would be reasonably likely to materially adversely impact the Development and Commercialization of any Compound or Product in the Territory. In the event that the JSC determines that such studies or activities would be reasonably likely to materially adversely impact the Development or Commercialization of any Compound or Product in the Territory, then Neuren shall not undertake such activities; provided that if Neuren disputes the JSC determination, then such dispute shall be referred to the CEOs who will use Commercially Reasonable Efforts to reach mutually acceptable resolutions on all such disputed matters within […***…] Business Days. If the CEOs are unable resolve such dispute within […***…] Business Days after the dispute is first referred to them, then the dispute shall be resolved by an expedited arbitration process with one mutually agreed independent expert arbitrator with at least 15 years of experience and expertise with respect to clinical development and commercialization with respect to the matter in dispute. The arbitration shall be conducted in accordance with ICC Rules of Arbitration and conducted in San Francisco, California, with the decision of such expert arbitrator with respect to the additional development activities as final and binding on the parties. In no event may the arbitrator make a decision that the JSC would not have the authority to make. For clarity, this clause 5.5(b) will not apply to any studies or activities referred to in clause 4.4(f)(ii).

(c) ACADIA will inform and seek the approval of the JSC for any additional development activities it is proposing to undertake in the Territory with respect to any Compound or Product in additional indications. The JSC will review in detail the potential studies and development activities to identify a basis for proceeding, taking into consideration the commercial, scientific and clinical potential for such proposed additional development activities.

(d) The JSC will assess any proposals for further development activities with any Compound or Product in additional indications and decide whether to continue and fund any such further development. For clarity, the JSC shall not be obligated to approve any further development of any Compound or Product in an additional indication that would adversely impact the development or commercialization of any Compound or Product in the Territory.

5.6 FDA and other Approvals

(a) ACADIA will be responsible for all costs associated with any clinical and non-clinical development of any Compound or Product in the Territory following submission of any initial NDA in the United States, including any Phase III Clinical Studies and post-marketing studies that are required by the FDA as a condition of granting the FDA Approval or that are otherwise required by ACADIA. ACADIA will be responsible for conducting, at its own cost, any additional studies required

to gain approval outside of the United States but in the Territory as determined solely at ACADIA's discretion.

(b) Neuren and ACADIA will each use all Commercially Reasonable Efforts to obtain all necessary approvals to Commercialize any Product from the FDA. Each party will procure that, unless the urgency of the matter reasonably precludes it from providing the other party with an opportunity to review and/or comment on responses and submissions made or to be made to the FDA, that party will not respond to the FDA or otherwise make any submissions to the FDA without giving the other party a reasonable opportunity (not exceeding […***…] Business Days) to review and comment on the response and/or submission. For the avoidance of doubt, ACADIA will have final decision-making authority with respect to such submissions.

(c) Neuren representatives shall be entitled to attend all meetings with the FDA with respect to obtaining necessary approvals from the FDA to Commercialize any Product. The JSC will endorse attendee number and type based on meeting objective needs.

(d) All Third Party charges for obtaining any necessary FDA Approval or Marketing Authorisation will be paid by ACADIA.

(e) For countries in the Territory but outside the United States, ACADIA will use Commercially Reasonable Efforts to prepare and file, and be responsible for the preparation and filing of, all required applications for Marketing Authorisations.

(f) ACADIA will be the holder and own all right, title and interest in and to all the Marketing Authorisations, subject to clause 20.3(a)(i).

5.7 Rights to Data

Each party grants to the other party a royalty free, fully paid-up, irrevocable and non-exclusive licence to the data generated from the Development of any Compound and any Product for Rett Syndrome, Fragile X Syndrome or any other application to the extent required by the other party for the development or commercial exploitation of any Compound or Product in its territory. In the case of the licence granted by Neuren to ACADIA, the licence will continue for the Term and in the case of the licence granted by ACADIA to Neuren, the licence will be perpetual with respect to the Compound and Product outside of the Territory.

6. Regulatory Compliance

(a) ACADIA must not market, distribute or sell any Product in any part of the Territory unless ACADIA has a Marketing Authorisation (if required by a Government Agency) for that Product in that part of the Territory.

(b) ACADIA will be responsible for keeping itself informed about and complying with any relevant regulations and laws or agreements applying to the manufacturing, labelling, storage, distribution, marketing, promotion and sale of any Compound or any Product in all parts of the Field and Territory.

(c) ACADIA agrees, at its sole cost and expense, to use Commercially Reasonable Efforts to maintain all Marketing Authorisations throughout the Term, including all supplemental applications, annual reports, variations or renewals thereof.

(d) ACADIA shall, at its sole cost and expense, be responsible for all post-Marketing Authorisation approval reporting of Adverse Drug Events (ADEs) and post-marketing Product surveillance in the Territory, if and as required by Government Agencies in the Territory. Neuren will provide ACADIA with a listing of all safety reports from clinical development and serious adverse event (SAE) reports including narrative (e.g. CIOMS II with narrative) from clinical development as

well as source documentation and proof of where each case was submitted within […***…] days of after the Commencement Date.

(e) As soon as reasonably practicable but in no case later than […***…] days of the Commencement Date, the parties shall enter into a global pharmacovigilance agreement ("PVA") setting forth details with respect to the management of safety information including adverse events reports related to the Development and the Commercialization of the Products as well as a Safety Governance Structure and provisions ensuring Neuren has full rights of access to all such information and data.

(f) ACADIA shall maintain a global safety database for the Products. Neuren reporting and right to information with respect to any Product shall be addressed in the PVA.

(g) Neuren hereby grants to ACADIA, solely for the purposes set out in this Agreement, a right of reference or use to any and all Regulatory documentation Controlled by Neuren or any of its Affiliates relating to any Compound or Product that is existing as of the Commencement Date or generated from any clinical trial commenced by Neuren or any of its Affiliates after the Commencement Date, and Neuren agrees to sign, and cause its Affiliates to sign, any instruments reasonably requested by ACADIA in order to effect such grant.

(h) ACADIA hereby grants to Neuren, solely for the purposes set out in this Agreement, a right of reference or use to any and all Regulatory documentation Controlled by ACADIA or any of its Affiliates relating to any Compound or Product that is existing as of the Commencement Date or generated from any clinical trial commenced by ACADIA or any of its Affiliates after the Commencement Date, and ACADIA agrees to sign, and cause its Affiliates to sign, any instruments reasonably requested by Neuren in order to effect such grant.

7. Commercialization

7.1 Commercial launch

ACADIA will be responsible for planning, forecasting and manufacturing or having manufactured all quantities of any Product required for launch of that Product in the Territory.

7.2 Commercialization in the Field in the Territory

During the Term, ACADIA shall be solely responsible for Commercializing any Product in the Territory for use in the Field, which Commercialization shall be in accordance with the Commercialization Plan and this Agreement. ACADIA shall be responsible for 100% of the expenses (including Pre-Marketing and other Commercialization expenses) incurred by or on behalf of ACADIA (including any expenses incurred by Neuren at the written request of ACADIA) in connection with the Commercialization of any Product in the Territory for use in the Field. Without limiting the foregoing, ACADIA shall use its Commercially Reasonable Efforts to launch and Commercialize any Product for use in the Field in each country in the Territory after the Marketing Authorisation (if applicable) and all other applicable regulatory approvals for that Product have been obtained in that country.

7.3 Actions

In developing strategies, making decisions and exercising its rights under this Agreement (including acting through its representatives on the JSC and its Alliance Managers), each party shall act in good faith and use its Commercially Reasonable Efforts to achieve the goal of the then-current Commercialization Plan. For clarity, ACADIA shall be

responsible for the day-to-day operations and decision-making for all Commercialization activities with respect to any Compound or any Product in the Territory.

7.4 Commercialization Plan

(a) On an annual basis, ACADIA shall prepare a Commercialization plan with respect to the Commercialization of each Product in the Field in the Territory pursuant to this Agreement (as may be amended by ACADIA, the "**Commercialization Plan**"). The Commercialization Plan for the first full year following commercial launch of the first Product for which an NDA is filed with the FDA will be provided to Neuren by ACADIA as soon as it is available but, in any event, no later than […***…] days after the filing of the NDA for such Product with the FDA. Such initial Commercialization Plan shall provide a reasonably detailed plan for ACADIA's (or its Affiliate's or Sub-Licensee's) Commercialization activities with respect to such Product, including pre-launch plans and launch plans, pricing, label expansion and market positioning (which information may be preliminary). ACADIA may amend the Commercialization Plan from time to time in its discretion.

(b) Throughout the Term, at each JSC meeting pursuant to clause 4.4, ACADIA shall update the JSC of progress in the Marketing Authorisations of the Product in the Territory, and Neuren shall provide the JSC updates of progress in the Marketing Authorisations of the Product outside the Territory.

(c) During the first […***…] years after launch, appropriate executives of Neuren and ACADIA shall meet at least […***…] per calendar year to discuss and review the Commercialization Plan, if provided, and ACADIA's progress towards achievement of the Commercialization Plan and to discuss and review the marketing and sales of each Product in the Territory. Unless the parties otherwise agree, the meetings will take place in San Diego.

7.5 Commercialization Obligations

(a) Without limiting any other provision of this Agreement ACADIA (or its Affiliate or Sub-Licensee, as applicable) shall be solely responsible for:

(i) receiving, accepting and filling orders for any Product in the Field in the Territory;

(ii) handling all returns of any Product in the Field in the Territory;

(iii) controlling invoicing, order processing and collection of accounts receivable for the sales of any Product in the Field in the Territory; and

(iv) distributing and managing inventory of any Product in the Field in the Territory.

(b) ACADIA shall use Commercially Reasonable Efforts to carry out the Commercialization activities for the Products in the Territory following approval of the Marketing Authorisation and receipt of any other approvals of Governmental Agencies required to conduct such Commercialization activities in the applicable country of the Territory.

7.6 Marketing and sale

ACADIA will, and will cause its officers, agents and contractors to, conduct all details with respect to each Product and the performance of ACADIA's Commercialization activities under this Agreement in the Territory in adherence with the applicable Marketing Authorisation, the Product package inserts, labelling and packaging, and any professional requirements, including those relating to promotion of pharmaceutical products, consumer protection, fraud and abuse and false claims.

7.7 Promotional Materials

(a) ACADIA will create and develop Promotional Materials for the Territory in accordance with the Marketing Authorisations and applicable laws. ACADIA shall own all right, title and interest in and to any Promotional Materials created by ACADIA under this Agreement relating to any Product in the Field in the Territory and any website (_____.com) relating to the Product.

(b) ACADIA and Neuren will disclose to each other any and all Promotional Materials created by the respective parties, and co-operate with each other in relation to Promotional Materials to promote a reasonable level of consistency inside and outside of the Territory with respect to the Products; provided that ACADIA retains the right to modify any Promotional Materials in the Territory, at its sole discretion.

(c) Neither party shall use any of the other party's Promotional Materials without the prior written consent of the other party, not to be unreasonably withheld.

8. Restrictions

8.1 Neuren not to sell or export Product in Territory

(a) Neuren and its Affiliates will not, and must procure that its licensees and sub-licensees do not, develop, Commercialize, or export any Compound or Product in the Territory at any time during the Term of this Agreement, except as expressly permitted by clause 3.5.

(b) Without limiting the foregoing, Neuren undertakes, and must procure that its Affiliates, licensees and sub-licensees (other than ACADIA and its Affiliates and Sub-Licensees) undertake:

(i) not to export any Compound or Product for use in the Territory; and

(ii) not to:

(A) engage in promotional activities for any Compound or Product directed to the Territory; or

(B) sell or fill any orders for any Compound or Product to customers in the Territory or to any Third Party outside the Territory that it has reasonable grounds to believe are intended for use or sale in the Territory.

(c) Neuren and its Affiliates will not, and will cause licensees, sublicensees and acquirers not to, develop or commercialize a Competing Product in the Territory during the Exclusivity Period; provided, however, that in the event Neuren (or its Affiliate, licensee, sublicensee or acquirer) acquires such Competing Product during the Exclusivity Period, it must, unless ACADIA agrees to the contrary, within […***…] of such acquisition, either divest such Competing Product to a Third Party, or discontinue the development or commercialization of such Competing Product.

(d) Furthermore, Neuren and its Affiliates will not, directly or indirectly, and by incorporating the prohibition contained in this clause 8.1(d) in any license or sublicence agreement pertaining to any IGF-1 Derivative-based Compound, will cause licensees, sublicensees and acquirers not to, administer any IGF-1 Derivative Compound to any patient diagnosed with Rett syndrome or Fragile X syndrome during the Exclusivity Period (an "**IGF-1 Derivative-based Competing Product**"). For the avoidance of doubt, the foregoing sentence precludes administering indirectly through a third party (e.g., a clinical research organization) or making such compound, or any product containing such compound, available to a third party (e.g., a physician or institution) for

administration to any patient diagnosed with Rett syndrome or Fragile X syndrome. For purposes of this clause 8.1(d), "**IGF-1 Derivative Compound**" shall mean any compound (including, without limitation, NNZ-2591) that is a derivative of insulin-like growth factor one, including all salts, esters, mixtures, hydrates, isomers, solvates, complexes, isotopalogs, polymorphs, resinates, metabolites, impurities, or degradation products of such compound, that in each case is not (a) the Compound or (b) an Improvement of the Compound.

8.2 ACADIA not to sell or export Product outside the Field

(a) ACADIA and its Affiliates will not, and must procure that Sub-Licensees do not, develop, Commercialize, or export any Compound or Product for use outside the Field or the Territory, except as expressly permitted by clause 3.5.

(b) Without limiting the foregoing, ACADIA undertakes, and must procure that its Sub-Licensees undertake, except as expressly permitted by this Agreement:

(i) not to export any Compound or Product for use outside the Field or Territory; and

(ii) not to:

(A) engage in promotional activities for any Compound or Product directed outside the Field or outside the Territory; or

(B) sell or fill any orders for any Compound or Product to customers outside the Field or the Territory or to any Third Party in the Territory that it has reasonable grounds to believe are intended for use or sale outside the Field or the Territory.

8.3 Non-exclusive remedy for breach of clause 8.1(d)

(a) In addition to any other rights and remedies available to ACADIA, effective as of the date of any breach of clause 8.1(d) (the "**IGF-1 Derivative-based Competing Product License Date**"), Neuren and its Affiliates hereby grant to ACADIA an exclusive worldwide license under all of their Intellectual Property Rights to the IGF-1 Derivative-based Competing Product that is the subject of such breach, to make, have made, use, offer for sale, sell, and import with the right to grant sublicenses, any product containing such IGF-1 Derivative-based Competing Product as an active ingredient, alone or in combination with one or more other active pharmaceutical ingredient(s), in any dosage form or formulation ("**IGF-1 Derivative-based Competing Product License**"). Neuren shall provide ACADIA with prompt notice of the event giving rise to the IGF-1 Derivative-based Competing Product License Date, and as promptly as practicable thereafter, the parties shall document the IGF-1 Derivative-based Competing Product License by entering into an amendment to this Agreement setting forth in detail the terms of the IGF-1 Derivative-based Competing Product License, which amendment shall provide for, in respect of the IGF-1 Derivative Compound, similar, but separate and distinct, development and sales milestones fees, royalty payment terms and termination provisions as those set forth in this Agreement with respect to the Compound. Notwithstanding the foregoing, at any time after entering into such Amendment, ACADIA may, in its sole discretion, terminate the IGF-1 Derivative-based Competing Product License. Neuren, and Affiliates, sublicensees and successors shall be bound by the terms of this clause 8, including any Competing Product License, unless ACADIA has terminated the IGF-1 Derivative-based Competing Product License. Notwithstanding the foregoing, provided that Neuren has, in any licence or sublicence agreement relating to an IGF-1 Derivative-based Compound, affirmatively obligated the licensee or sublicensee to comply with clause 8.1(d) above, and such licensee or sublicensee has breached such obligation, Neuren shall have […***…] calendar days following the date of such breach to cause such licensee or sublicensee to cease

such breach. For the avoidance of doubt, any failure to do so within such period shall mean that the consequences of this clause 8.3 shall have come into effect as of the date of the initial breach.

(b) Prior to commencing, or upon becoming aware of the commencement by a sublicensee of, any preparatory clinical and regulatory development activities that could reasonably be expected to lead to the breach of clause 8.1(d) by it or its Affiliates, licensees or sublicensees or any third party, Neuren shall provide ACADIA with a reasonably detailed written report describing the then-current status of all such activities. If ACADIA objects to such activities, it may request, and Neuren, its Affiliates, licensees or sublicensees shall comply with, such actions as ACADIA deems necessary or advisable to preclude the breach of clause 8.1(d).

9. Warranties by ACADIA

9.1 ACADIA representations

ACADIA represents, warrants and covenants to Neuren that:

(a) it is duly organized and validly existing under the laws of its jurisdiction of incorporation or formation, and has full corporate or other power and authority to enter into this Agreement and to carry out the provisions hereof,

(b) it is duly authorized to execute and deliver this Agreement and to perform its obligations hereunder, and the person or persons executing this Agreement on its behalf has been duly authorized to do so by all requisite corporate action,

(c) this Agreement is legally binding upon it, enforceable in accordance with its terms, and the execution, delivery and performance of this Agreement by ACADIA does not conflict with, or breach any agreement to which ACADIA is a party, or any of ACADIA's articles of incorporation or bylaws;

(d) it has:

(i) or will have, access to suitably qualified technical staff to carry out the manufacture of each Product in the Territory to be performed by or on behalf of ACADIA, subject to Neuren's compliance with the terms of this Agreement or any other written agreement between the parties; and

(ii) access to the necessary staff and facilities to carry out the marketing, promotion, distribution and sale of each Product in the Territory to be performed by or on behalf of ACADIA;

(e) it will exercise Commercially Reasonable Efforts in connection with the manufacture, distribution, marketing, promotion and sale of each Product in the Field in the Territory;

(f) in the manufacture, distribution, marketing, promotion and sale of each Product, it will comply in all material respects with the provisions of all acts, regulations, by-laws, orders, directions, notices and instructions made or given by any Governmental Agency or other Regulatory authority acting under any act, regulation or by-law in the Territory and with the applicable Marketing Authorisation

(g) it will comply fully with all relevant safety standards in connection with the storage, transportation and distribution of each Product in the Territory; and

(h) it is not debarred or disqualified under the U.S. Federal Food, Drug and Cosmetic Act, as may be amended, or comparable laws in any country or jurisdiction other than the U.S., and it does not, and will not during the Term, employ or use the services of any person who is debarred or disqualified, in connection with activities relating to any Compound or Product, and in the event that either party

becomes aware of the debarment or disqualification or threatened debarment or disqualification of any person providing services to such party, including the party itself or its Affiliates or licensees or sublicensees, which directly or indirectly relate to activities contemplated by this Agreement, such party shall immediately notify the other party in writing and such party shall cease employing, contracting with, or retaining any such person to perform any such services.

9.2 Exclusion

Except as expressly set forth in this Agreement, ACADIA expressly disclaims any and all warranties of any kind, express or implied, including the warranties of design, merchantability, fitness for a particular purpose, noninfringement of the intellectual property rights of third parties, or arising from a course of dealing, usage or trade practices, in all cases with respect thereto. Without limiting the generality of the foregoing, ACADIA does not represent or warrant:

(a) that the activities contemplated in any Development Plan or Commercialization Plan shall achieve any of the objectives contemplated therein; or

(b) the success of any study or test conducted by pursuant to this Agreement.

10. Warranties by Neuren

10.1 Neuren representations

Neuren represents, warrants and covenants to ACADIA that:

(a) it is duly organized and validly existing under the laws of its jurisdiction of incorporation or formation, and has full corporate or other power and authority to enter into this Agreement and to carry out the provisions hereof,

(b) it is duly authorized to execute and deliver this Agreement and to perform its obligations hereunder, and the person or persons executing this Agreement on its behalf has been duly authorized to do so by all requisite corporate action,

(c) this Agreement is legally binding upon it, enforceable in accordance with its terms, and the execution, delivery and performance of this Agreement by Neuren does not conflict with, or breach any agreement to which Neuren is a party, or any of Neuren's articles of incorporation or bylaws;

(d) Neuren has the right to grant to ACADIA the licences and rights granted to ACADIA by Neuren under this Agreement;

(e) it has not as of the Commencement Date, and will not during the Term, grant any right to any Third Party under the Neuren IP or Methodology that would conflict with the rights granted to ACADIA hereunder;

(f) it has or will have, access to suitably qualified technical staff to carry out the activities to be performed by or on behalf of Neuren as contemplated by this Agreement, subject to ACADIA's compliance with the terms of this Agreement or any other written agreement between the parties;

(g) it will exercise Commercially Reasonable Efforts in connection with the activities to be conducted by or on behalf of Neuren with respect to Products pursuant to this Agreement;

(h) in connection with the activities to be conducted by or on behalf of Neuren with respect to Products pursuant to this Agreement, it will comply in all material respects with the provisions of all acts, regulations, by-laws, orders, directions, notices and instructions made or given by any Governmental Agency or other Regulatory authority acting under any act, regulation or by-law in the Territory and with the applicable Marketing Authorisation;

(i) Neuren has not received notice from any Third Party alleging, and is not aware of any facts or circumstances that would result in, any infringement of the rights of any Third Party in the Development, manufacture, use or Commercialization of any Compound or Product or practice of the Methodology as contemplated by this Agreement, and, to the best of Neuren's knowledge, use of the Neuren IP in accordance with the terms of this Agreement will not infringe on the rights of any Third Party (including any Third Party's Intellectual Property Rights);

(j) as of the Commencement Date, it has received no notice and is not aware of any claim or demand or of any threatened or pending litigation regarding the Neuren IP or the Methodology, including any action or litigation alleging that the practice or use of any Neuren IP or the Methodology would infringe any patent rights or other Intellectual Property Right of any Third Party;

(k) no person or entity, other than Neuren and its Affiliates has any rights to or interest in the Neuren IP in the Territory in respect of the Field;

(l) Neuren has not given any notice to any Third Party asserting infringement by such Third Party of any of the Neuren IP and, to Neuren's knowledge, there is no unauthorized use, infringement or misappropriation of any of the Neuren IP;

(m) the Neuren IP is valid, subsisting and in full force and effect and, to Neuren's knowledge, is enforceable and Neuren has not misappropriated any rights of Third Parties with respect to the Neuren IP;

(n) Neuren or its Affiliates own all right, title and interest in and to the Neuren IP in the Field free and clear of all encumbrances, security interests, options and licenses; and

(o) it is not debarred or disqualified under the U.S. Federal Food, Drug and Cosmetic Act, as may be amended, or comparable laws in any country or jurisdiction other than the U.S., and it does not, and will not during the Term, employ or use the services of any person who is debarred or disqualified, in connection with activities relating to any Compound or Product, and in the event that either party becomes aware of the debarment or disqualification or threatened debarment or disqualification of any person providing services to such party, including the party itself or its Affiliates or licensees or sublicensees, which directly or indirectly relate to activities contemplated by this Agreement, such party shall immediately notify the other party in writing and such party shall cease employing, contracting with, or retaining any such person to perform any such services.

10.2 Exclusion

Except as expressly set forth in this Agreement, Neuren expressly disclaims any and all warranties of any kind, express or implied, including the warranties of design, merchantability, fitness for a particular purpose, noninfringement of the intellectual property rights of third parties or arising from a course of dealing, usage or trade practices, in all cases with respect thereto. Without limiting the generality of the foregoing, Neuren does not represent or warrant:

(a) (that the activities contemplated in any Development Plan or Commercialization Plan shall achieve any of the objectives contemplated therein; or

(b) the success of any study or test conducted by pursuant to this Agreement.

11. Sub-Licenses

11.1 Appointment

(a) Subject to this clause 11, ACADIA may appoint Sub-Licensees.

(b) ACADIA must notify Neuren of the appointment and identity of each Sub-Licensee and must enter into a binding agreement with each Sub-Licensee (as may be amended, a "**Sub-Licence Agreement**").

(c) The Sub-Licence Agreement and the terms and conditions of appointment of any Sub-Licensee must be consistent with the terms of this Agreement.

(d) Without the prior written consent of Neuren, which consent shall not be unreasonably withheld, ACADIA must not appoint a Sub-Licensee to acquire, assume or otherwise take on all or substantially all of ACADIA's rights or obligations under this Agreement or in circumstances which would, in effect, constitute an assignment, transfer or other disposal by ACADIA of, all or substantially all of ACADIA's rights or obligations under this Agreement if that assignment, transfer or other disposal would not be permitted under clause 26.5.

11.2 Compliance with sub-licence

ACADIA will cause any Sub-Licensee to comply with the terms and conditions of its Sub-Licence Agreement, including compliance with any of the terms and conditions required for ACADIA to comply with this Agreement.

11.3 Responsibility of ACADIA

The performance of any obligation by a Sub-Licensee of ACADIA does not relieve ACADIA of responsibility for any obligation of ACADIA under this Agreement.

11.4 Sublicense to Affiliates

ACADIA may also grant sublicenses under the Neuren IP to any of its Affiliates, will cause any Affiliate to comply with any of the terms and conditions required for ACADIA to comply with this Agreement, and will remain responsible for performance by any Affiliate of ACADIA of any obligation of ACADIA under this Agreement. Any such sublicense will terminate immediately upon the relevant party ceasing to be an Affiliate of ACADIA.

11.5 Sub-Licensee royalties

ACADIA will cause all Sub-Licensees to have the same obligations to keep accounts and records as ACADIA has under clause 12.3(b).

11.6 Sublicenses by Neuren

The provisions of clauses 11.1 through 11.4 shall apply with respect to Neuren and any sublicense granted by it under any Intellectual Property Rights of ACADIA licensed to Neuren pursuant to this Agreement.

12. Fees and Royalties

12.1 Payment of the Fees

(a) ACADIA shall pay or procure its nominated Affiliate to pay (as applicable) Neuren:

(i) the Phase II Reimbursement Fee in accordance with the payment terms set out in part 1 of the Fee Schedule;

(ii) each Development Milestone Fee in accordance with the payment terms set out in part 2 of the Fee Schedule; and

(iii) each Sales Milestone Fee in accordance with the payment terms set out in part 3 of the Fee Schedule.

(b) For the avoidance of doubt, none of the Fees are refundable under any circumstances; provided, however, that ACADIA retains the right to claim any excess payments as damages in any court or arbitration proceeding.

(c) Each Development Milestone Fee and each Sales Milestone Fee will be payable only once.

(d) Upon the achievement of the Phase II Reimbursement Fee and each Development Milestone Fee, Neuren shall invoice ACADIA, and ACADIA shall pay such Fee within […***…] days of delivery of the invoice.

12.2 Priority review voucher

If ACADIA receives a Rare Paediatric Disease Priority Review Voucher from the FDA on approval of a NDA for any Product for any indication, ACADIA will pay to Neuren one third of the proceeds after applicable taxes from the sale of such voucher or the value if not sold but used by ACADIA in connection with filing an NDA with the FDA for a product other than a Product within […***…] days of delivery of the invoice with respect to such payment.

If:

(a) the voucher is sold to an independent Third Party, the sale value will be the amount paid or to be paid by that Third Party or, if any part of the consideration for the sale is not in cash, the market value of such non-cash consideration less applicable taxes on such sale or transfer (but in any event, excluding tax on the income of ACADIA resulting from such sale); and

(b) the voucher is not sold at all or is not sold to an independent Third Party and ACADIA submits it to the FDA with the corresponding NDA for any product other than a Product, the sale value will be the average price paid by purchasers of Rare Paediatric Disease Priority Review Vouchers in the last 3 publicly announced sales of such vouchers by any holders to independent third parties immediately preceding the issuance of the priority review voucher to ACADIA.

12.3 Royalties

(a) Royalties are payable by ACADIA to Neuren within […***…] days after the last day of each Quarter for all Net Revenues during such Quarter, in accordance with the royalty calculations set forth in part 4 of the Fee Schedule.

(b) ACADIA (including its Affiliates) and Sub-Licensees shall keep complete and accurate books and records which may be necessary to ascertain properly and to verify the payments owed hereunder and retain those books and records for at least […***…]. ACADIA shall furnish Neuren with quarterly reports on sales of the Product within […***…] days after the end of each Quarter, together with the payment of Royalties for such Quarter. Each quarterly report must include:

(i) the gross amounts invoiced for each Product in each country in the Territory;

(ii) each category of the allowable deductions (as set forth in the definition of Net Revenue) that result in the Net Revenue for those countries;

(iii) a calculation of the Royalties due on such sales;

(iv) the number of units and price of Products sold; and

(v) the application of any reductions, in accordance with part 4.2 of the Fee Schedule.

12.4 Translation of Foreign Currency Sales

ACADIA's then current standard exchange rate methodology will be employed for the translation of foreign currency sales into United States dollars. This methodology is used

by ACADIA in the translation of its foreign currency operating results, is consistent with generally accepted accounting principles, is audited by ACADIA's independent certified public accountants in connection with the audit of the consolidated financial statements of ACADIA, and is used for external reporting of foreign currency operating results.

12.5 Payment

All payments to Neuren under this Agreement must be made:

(a) to the account that Neuren nominates in writing from time to time during the Term;

(b) electronically; and

(c) in US$.

If an amount specified in this Agreement is expressed in currency other than US$, that amount will be converted into US$ using the exchange rate methodology set out in clause 12.4.

12.6 Tax

If any withholding taxes are levied by any taxing authority in connection with the payment to Neuren of Fees, Royalties or other amounts under this Agreement and are required to be paid or deducted by ACADIA, ACADIA will withhold and pay such taxes from the applicable payment to Neuren to such taxing authority on behalf of Neuren and will promptly provide written evidence of such payment and such other related documentation as Neuren may reasonably require.

12.7 Fully Paid Licenses

Unless the Agreement has been terminated under clause 19, upon expiration of the Exclusivity Period in a given country in the Territory, the license granted to ACADIA in such country shall survive any termination of this Agreement on a fully-paid, royalty-free, irrevocable, perpetual and non-exclusive basis.

13. Default interest

13.1 ACADIA to pay interest

If ACADIA fails to pay any undisputed amount payable under this Agreement on the due date for payment, ACADIA must pay interest on the amount unpaid at the rate of […***…]% per annum above the current Citibank N.A. published prime rate. This interest must be paid on demand.

13.2 Calculation of interest

The interest payable under clause 13.1 accrues daily from and including the due date for payment up to but excluding the actual date of payment.

13.3 Other remedies unaffected

Neuren's right to require payment of interest under this clause 13.3 does not affect any other rights and remedies it may have in relation to any failure to pay an amount due under this Agreement.

14. ACADIA to keep accounts and records

(a) Within the Term of this Agreement, Neuren may not more than […***…] each calendar year have an independent Third Party certified public accountant, proposed by Neuren and agreed to by ACADIA (such agreement not to be unreasonably withheld or delayed) (an "**Independent Auditor**"), inspect

ACADIA's records for […***…] years preceding the period to which the applicable Royalties pertain for the purpose of determining the accuracy of royalty payments in accordance with the procedure set out in this clause 14. Upon Neuren's reasonable request, ACADIA shall exercise its right to appoint an Independent Auditor to audit each Sub-Licensee's records in accordance with this clause 14 and shall share the results of such audit with respect to amounts payable to Neuren under this Agreement.

(b) Neuren must submit an audit plan, including audit scope, to ACADIA for ACADIA's approval, which shall not be unreasonably withheld, prior to audit implementation. Such audits may be exercised during normal business hours upon reasonable prior written notice to ACADIA.

(c) Each Independent Auditor must be instructed to keep confidential any information obtained during such inspection and to report to Neuren and ACADIA only the amounts of Net Revenues and Royalties that have been or are due and payable.

(d) If determined that additional Royalties are owed, or that Royalties were overpaid, during such period, ACADIA will pay Neuren the additional Royalties, or Neuren will pay ACADIA the overpaid Royalties within […***…] days of the date the Independent Auditor's written report is received by the parties.

(e) The fees charged by an Independent Auditor will be paid by Neuren unless any additional Royalties owed to Neuren exceed […***…]% of the Royalties paid for the period subject to the audit, in which case ACADIA will pay the fees of the accounting firm.

15. Confidential Information

15.1 Confidential Information to be kept confidential

Subject to this clause 15, the receiving party must keep all Confidential Information (which shall include the Methodology) received either prior to the Commencement Date or during the Term, strictly confidential.

15.2 Prior consent

Subject to clause 15.3 and 15.8, neither party will directly or indirectly disclose, disseminate, distribute, divulge, sell or communicate to or use for any purpose except as expressly permitted by this Agreement or any other written agreement between the parties, any of the Confidential Information of the other party, unless and until the receiving party has first obtained the written consent of the other party.

15.3 Disclosure to employees and contractors

Subject to clause 15.8, the receiving party will not directly or indirectly disclose Confidential Information of the other party to its employees, contractors or any other persons unless such persons necessarily require access to such Confidential Information in order to assist the receiving party to exercise its rights or perform its obligations under this Agreement.

15.4 Compliance by employees and contractors

(a) Each party will direct any of its employees, contractors or other persons to whom Confidential Information of the other party is disclosed to comply with the terms of this Agreement relating to confidentiality.

(b) Each party will be responsible for compliance by its officers, employees, agents, contractors, advisers or any other persons to whom Confidential Information of the disclosing party has been disclosed by or on behalf of the receiving party (including as permitted under clause 15.9(b)) with the receiving party's obligations under this clause 15.

15.5 Reasonable steps and precautions

Each party will take all reasonable steps to eliminate the risk of unauthorised disclosure of any Confidential Information that it has received from the other party or its Affiliates and the burden will be on the receiving party to show that all such precautions and care were used.

15.6 Uncertainty as to confidentiality

In the event of any uncertainty as to whether or not any part of the Confidential Information is confidential, the receiving party will treat that part of the Confidential Information, as the case may be, as confidential and will not disclose that part of the Confidential Information until the receiving party is advised by disclosing party in writing that that part of the Confidential Information is not part of the disclosing party's Confidential Information.

15.7 Unauthorised disclosure

If the receiving party becomes aware of any unauthorised disclosure or misuse of any Confidential Information of the disclosing party, it will immediately notify the disclosing party in writing of the full particulars of the unauthorised disclosure or misuse.

15.8 Exceptions to obligations

The restrictions contained in clause 15 shall not apply to information that the receiving party can prove by competent written evidence:

(a) is already in the public domain or becomes available to the public other than through breach of this Agreement by the receiving party;

(b) was lawfully in the receiving party's possession prior to the Commencement Date, other than as provided to the receiving party by the disclosing party or any of its Affiliates under the terms of the Prior Confidentiality Agreement;

(c) was received by the receiving party independently from a Third Party free to disclose such information to receiving party without obligation of confidentiality; or

(d) was developed by the receiving party independent of any Confidential Information of the disclosing party.

15.9 Authorized disclosures

The receiving party may disclose Confidential Information of the disclosing party as expressly permitted by this Agreement or if and to the extent such disclosure is reasonably necessary in the following instances:

(a) submission by a receiving party to a Government Agency including, for the avoidance of doubt, any regulatory authorities, to facilitate the issuance of registrations for the Product, provided that reasonable measures shall be taken by the receiving party to assure confidential treatment of such Confidential Information (if possible)

(b) disclosure by the receiving party to Affiliates and Third Parties, including Sub-Licensees and potential Sub-Licensees, under confidentiality agreements having provisions at least as stringent as those in this Agreement, to facilitate the receiving party's exercise of its rights or performance of its obligations pursuant to this Agreement or in connection with due diligence investigations or financing transactions of the receiving party or its Affiliates; or

(c) is otherwise required to be disclosed in compliance with applicable laws or regulations (including, without limitation and for the avoidance of doubt, the requirements of the U.S. Securities and Exchange Commission (the "**SEC**") or any stock exchange on which securities issued by a party are traded) or order by a court or other regulatory body having competent jurisdiction, including

prosecuting or defending litigation, provided that, if a party is required to make any such disclosure of the other party's Confidential Information, such party will give reasonable advance written notice to the disclosing party of such disclosure requirement and, except to the extent inappropriate in the case of patent applications, will use reasonable measures to secure confidential treatment of such Confidential Information required to be disclosed; or

15.10 Survival of obligations

The parties' confidentiality obligations under this Agreement will survive during the Term of this Agreement and for […***…] thereafter.

15.11 Publications

(a) Each party and its Affiliates may propose for disclosure through academic or scientific publication or presentation any results of and other information regarding such party's Development activities with respect to any Compound or Product, whether by oral presentation, manuscript or abstract, with the prior review and approval of the JSC in accordance with the procedures set forth in this clause 15.11. The other party may consent in writing to such publication or presentation if the JSC is not scheduled to meet at a time that would allow for review on the timelines contemplated in this clause 15.11, in which case, references to the JSC review, comment and approval shall be deemed to refer to the party other than the party proposing to make such publication or presentation. Before any such information is submitted for publication or presentation of any such information is made, the party proposing to make such publication or presentation shall deliver a complete copy to the JSC at least […***…] days prior to submitting the material to a publisher or initiating any other disclosure. The JSC shall review any such material and give its comments to the publishing Party within […***…] days of receipt of such information. With respect to oral presentation materials and abstracts, the parties, through the JSC, will use reasonable efforts to expedite review of such materials and abstracts, and shall return such items as soon as practicable to the publishing party with comments, if any, but in no event later than […***…] days from receipt. The publishing party shall comply with the JSC's request to delete references to Confidential Information in any such publication or presentation and agrees to delay any submission for publication or other public disclosure for a period of up to an additional […***…] days for the purpose of preparing and filing appropriate patent applications. Notwithstanding the foregoing:

(i) after First Commercial Sale in the Territory, ACADIA may publish, present or disclose any information relating to any Compound or Product in the Field, without JSC review or approval; and

(ii) after first commercial sale outside the Territory, Neuren may publish, present or disclose any information relating to any Compound or Product in the Field, without JSC review or approval.

(b) Each party will be permitted to disclose information with respect to Development of any Compound or Product in the Field on clinicaltrials.gov (or comparable website for any jurisdiction outside the United States) in accordance with normal business practices, without the need to obtain the consent of the other party or the JSC.

15.12 Prior Confidentiality Agreement

As of the Effective Date, the terms of this clause 15 shall supersede any prior non-disclosure, secrecy or confidentiality agreement between the parties (or their Affiliates) dealing with the subject of this Agreement, including the Prior Confidentiality Agreement. Any information disclosed pursuant to any such prior agreement shall be deemed Confidential Information for purposes of this Agreement.

15.13 Equitable Relief

Given the nature of the Confidential Information and the competitive damage that a party would suffer upon unauthorized disclosure, use or transfer of its Confidential Information to any Third Party, the parties agree that monetary damages would not be a sufficient remedy for any breach of this clause 15. In addition to all other remedies, a party shall be entitled to seek specific performance and injunctive and other equitable relief as a remedy for any breach or threatened breach of this clause 15.

16. Improvements

16.1 Improvements

If Neuren or ACADIA makes any Improvement, Neuren or ACADIA (as applicable) will forthwith disclose the same to the other party.

16.2 Improvements solely made by Neuren

If the Improvement is solely made by or on behalf of Neuren or any of its Affiliates (a "Neuren Improvement"), it will automatically form part of the Neuren IP upon the creation or acquisition of such Neuren Improvement by or on behalf of Neuren or its Affiliate (and test results and data within any such Neuren Improvement shall be subject to clause 5.7).

16.3 Improvements solely made by ACADIA

(a) If the Improvement is made by or on behalf of ACADIA or any of its Affiliates ("**ACADIA Improvement**"), such ACADIA Improvement shall be solely owned by ACADIA.

(b) ACADIA shall grant and hereby grants to Neuren during the Term an exclusive (other than with respect to ACADIA), royalty-free, fully-paid license, with rights to grant sublicenses (subject to clause 11.6), under any ACADIA Improvement that is necessary or reasonably useful to make, have made, use, sell, and import a Product in the Field in a country outside the Territory.

16.4 Improvements made jointly by Neuren and ACADIA

If the Improvement is made jointly by or on behalf of Neuren and ACADIA or their respective Affiliates ("**Joint Improvement**"), each party shall own an equal undivided interest in such Joint Improvement. Each party shall have the unrestricted right to practice and use any Joint Improvement to make, have made, use, sell, offer for sale and import products; provided that with respect to Products, in the case of ACADIA, such rights shall be exclusive in the Territory, and in the case of Neuren, exclusive outside of the Territory, and rights to Joint Improvements shall be subject to any rights and licenses granted by one party to the other party hereunder. Neither party shall have an obligation to obtain the other party's consent or account to the other with respect to the exploitation of such Joint Improvement or the grant of any right or license to any other person to use or practice any Joint Improvement.

16.5 Execution of further documents

Each party agrees to do all things, take all reasonable actions and execute all documents necessary or desirable, at the requesting party's cost as and when reasonably required by a party, to give effect to this clause 16.

17. Prosecution and maintenance of Patents

17.1 Patents applied for as of the Commencement Date

Neuren will take, or will procure that an Affiliate of Neuren takes, all actions necessary to achieve registration in a timely manner of those Patents that Neuren or an Affiliate of

Neuren has applied to have registered anywhere in the Territory as of the Commencement Date, and to maintain any Patents when issued, at Neuren's expense.

17.2 Patents applied for after the Commencement Date

(a) If ACADIA requires any Neuren Improvement or Joint Improvement patent to be applied for in any country in the Territory, ACADIA will notify Neuren of this, and Neuren must notify ACADIA within […***…] days of such a request whether or not Neuren will file the patent application in some or all of the requested countries. If Neuren elects to file the patent application, Neuren will promptly file the patent application in those countries that ACADIA requests, and take all actions necessary to achieve registration of those patents in a timely manner, provided however that:

(i) all costs in applying for, prosecuting and registering such patent applications and maintaining any patents that issue thereon must be borne by Neuren; and

(ii) ACADIA acknowledges that all such patent applications will be made in the name of Neuren or an Affiliate of Neuren.

(b) Once such patent applications have been filed, they will automatically form part of the Patents licensed to ACADIA by Neuren under this Agreement.

(c) If Neuren elects not to file for such patent application in any country in the Territory, Neuren shall promptly assign its interest in the Neuren Improvement or Joint Improvement and any rights to file for such patent applications to ACADIA and ACADIA may itself apply for, prosecute and register those patent applications and maintain any patents that issue thereon in such country in the Territory at its own cost and in its own name and ACADIA will own any and all rights therein (and the foregoing shall no longer be included in Neuren Improvements or Joint Improvements, as applicable).

17.3 Obligations in respect of Patents

Subject to clause 17.4(b), unless otherwise agreed between the parties, Neuren will procure that none of the Neuren or Joint Improvement patents are abandoned or allowed to lapse during the Term.

17.4 Cooperation; ACADIA Step In Rights

(a) Neuren shall keep ACADIA informed of progress with regard to the preparation, filing, prosecution and maintenance of Patents in the Territory, including content, timing and jurisdiction of the filing of such Patents, and shall consult with, and follow the good faith requests and suggestions of, ACADIA with respect to filing and prosecuting Patents in the Territory.

(b) In the event that Neuren desires to abandon or cease prosecution or maintenance of any Patent in the Territory, Neuren shall provide reasonable prior written notice to ACADIA of such intention to abandon (which notice shall, to the extent possible, be given no fewer than […***…] days prior to the next deadline for any action that must be taken with respect to any such Patent in the relevant patent office). In such case, at ACADIA's sole discretion, upon written notice from ACADIA to Neuren, ACADIA may elect to continue prosecution or maintenance of any such Patent at its own expense, and Neuren shall execute such documents and perform such acts, at Neuren's expense, as may be reasonably necessary to effect an assignment of Neuren's entire right, title, and interest in and to such Patent in the Territory to ACADIA. Any such assignment shall be completed in a timely manner to allow ACADIA to continue prosecution and maintenance of any such Patent in the Territory and any such Patent so assigned shall cease to be either a Patent and shall no longer be subject to any rights granted by ACADIA to Neuren under this Agreement.

(c) Each party agrees to cooperate fully in the preparation, filing, prosecution and maintenance of patent applications and patents as contemplated in this clause 17 and in the obtaining and maintenance of any patent term extensions, supplementary protection certificates and their equivalent with respect thereto. Such cooperation includes:

(i) executing all papers and instruments, or requiring its employees or contractors, to execute such papers and instruments, so as enable the other party to prepare, file for, prosecute and maintain patent applications and patents as contemplated in this clause 17; and

(ii) promptly informing the other party of any matters coming to such party's attention that may affect the preparation, filing, prosecution or maintenance of any such patent applications or patents.

Without limiting the foregoing, ACADIA shall have the sole authority and discretion to maintain with the applicable Governmental Agencies in the Territory during the Term listings of applicable Patents for any Product then being commercialized by ACADIA in the Territory, including all Orange Book listings required under the Hatch-Waxman Act.

(d) Neuren shall update ACADIA through the JSC of material events with regard to the preparation, filing, prosecution and maintenance of patent applications and patents relating to any Compound or Product outside the Territory.

18. Infringement of IP and Proceedings

18.1 Reporting infringement of Neuren IP

Upon either party becoming aware of any use by any other person of a method of manufacture of any Product, a product, mode of advertising or design which might reasonably amount to infringement of any of the Neuren IP or to unfair competition or passing off or any other equivalent or similar breach of any applicable law within the Territory, that party will promptly report to the other party particulars.

18.2 Allegations of invalidity of Neuren IP

If it comes to the notice of either party that any person alleges that any part of the Neuren IP is invalid, infringes any rights of that person, or is open to any other form of attack, that party will not make any admission but will promptly report the matter in full detail to the other party.

18.3 Conduct of proceedings with respect to Neuren IP

(a) Subject to clause 18.3(c), if within […***…] days after reporting under clause 18.1 the parties fail to agree on a joint course of action with respect to an Infringement claim that specifically relates to any Product in the Field in the Territory ("**Infringement Claim**"), ACADIA will have the first right to undertake the defence or prosecution of the Infringement Claim ("**Infringement Defence**").

(b) Should ACADIA undertake any Infringement Defence, Neuren will fully co-operate with ACADIA in relation to such Infringement Defence, including, if required to bring such action, the furnishing of a power of attorney or being named as a party, and the costs and expenses of any such Infringement Defence will be borne by ACADIA, unless Neuren chooses to participate in such Infringement Defence in which case all parties will bear their own costs of the action. For the avoidance of doubt and subject to clause 18.3(c), the conduct of any Infringement Defence that ACADIA undertakes in accordance with this clause 18.3 shall be controlled by ACADIA. Unless otherwise agreed in writing as part of any cost-sharing arrangement, any recoveries resulting from such Infringement Defence shall be applied as follows:

(i) first, to reimburse each party for all out-of-pocket costs incurred by such party in connection with such Infringement Defence (on a pro rata basis, based on each party's respective litigation costs, to the extent the recovery was less than all such litigation costs); and

(ii) second, any remainder shall be retained by ACADIA, except that such amounts shall be regarded as Net Revenues and any applicable Royalty thereon paid to Neuren.

(c) Should the defence or prosecution of any Infringement Defence undertaken by ACADIA also involve an Invalidity Claim ("**Infringement and Invalidity Defence**"):

(i) Neuren and/or its Affiliates and any of Neuren's or its Affiliates' third party licensees of any of the Neuren IP at issue outside the Territory ("**Third Party Licensees**") shall have the right, at their own expense, to be involved in such Infringement and Invalidity Defence as it relates to invalidity issues and ACADIA will make no admissions which would materially prejudice Neuren's or its Affiliates' or any Third Party Licensees' rights in such Neuren IP without the written consent of Neuren, not to be unreasonably withheld;

(ii) any amounts recovered under an Infringement and Invalidity Defence that Neuren and/or its Affiliates or Third Party Licensees participate in, will be shared in the same manner as set out in clause 18.3(b); and

(iii) other than for matters involving admissions which would materially prejudice Neuren's or its Affiliates' or any Third Party Licensee's rights in such Neuren IP, the conduct of any Infringement and Invalidity Defence that ACADIA undertakes in accordance with this clause 18.3 shall be controlled by ACADIA in the same manner as an Infringement Defence.

(d) If within […***…] days after reporting under clause 18.2, the parties fail to agree on a joint course of action with respect to a claim or allegation challenging the validity, scope or enforceability of any Patent in the Territory or opposition proceeding against any Patent in the Territory, including *inter partes review* proceedings before PTAB or a similar tribunal in the Territory ("**Invalidity Claim**"), other than an Invalidity Claim that is part of any Infringement and Invalidity Defence pursuant to clause 18.3(c), ACADIA will have the first right to undertake the defence or prosecution of the Invalidity Claim ("**Invalidity Defence**"), provided that Neuren and its Affiliates and any Third Party Licensees shall have the right to participate in such action on the same conditions as an Infringement and Invalidity Defence as specified in clause 18.3(c), and the Invalidity Defence shall be conducted on the same conditions as an Infringement and Invalidity Defence as specified in clause 18.3(c). Any amounts recovered under an Invalidity Defence that Neuren, or its Affiliates or Third Party Licensees participate in will be shared in the same manner as set out in clause 18.3(b).

(e) In the event of ACADIA choosing not to undertake any Infringement Defence or Invalidity Defence, Neuren and/or any of its Affiliates may do so on its own behalf and in that event, ACADIA will fully co-operate with Neuren or any of its Affiliates in relation to such action, and the costs and expenses of any such action, including any costs or expenses normally incurred by or on behalf of ACADIA will be borne by Neuren, except as otherwise stated in this Agreement, and the proceeds of any such action will belong to Neuren or any of its Affiliates. To establish whether ACADIA has chosen to undertake any Infringement Defence or Invalidity Defence, Neuren may at any time after becoming aware of such claim serve a notice on ACADIA requesting ACADIA to specify whether it will undertake the Infringement Defence or Invalidity Defence. ACADIA will have […***…] Business Days from the date of receipt of such notice, or if later until the date that is:

(i) […***…] days following the notice in clause 18.1 or 18.2; or

(ii) […***…] days before the time limit, if any, set forth in the appropriate laws and regulations for the filing or defence of such actions, whichever of clause 18.3(e) (i) or (ii) that comes first, to respond to Neuren in writing. If ACADIA does not respond to Neuren in writing within the specified time period, ACADIA will be deemed to have undertaken not to undertake the Infringement Defence or Invalidity Defence. Neither Neuren nor its Affiliate shall settle or compromise any such action or proceeding in any manner that would negatively affect ACADIA's rights under the Patents in the Territory under this Agreement without the prior written consent of ACADIA, which shall not be unreasonably withheld.

18.4 Infringement of Third Party rights

(a) Each party shall promptly notify the other party in writing of any allegation by a Third Party that the activity of ACADIA, Neuren, or any of their respective Affiliates or Third Party licensees or sub-licensees (or Sub-Licensees), as applicable, pursuant to this Agreement infringes or may infringe the Intellectual Property Rights of a Third Party. Subject to Neuren's indemnification obligations, ACADIA shall have the sole right to control any defense of any such claim involving alleged infringement of Third Party rights by activities of ACADIA or its Affiliates or Sub-Licensees at its own expense and by counsel of its own choice, and Neuren shall have the right, at its own expense, to be represented in any such action by counsel of its own choice. Subject to ACADIA's indemnification obligations, Neuren shall have the sole right to control any defense of any such claim involving alleged infringement of Third Party rights by activities of Neuren or its Affiliates or Third Party licensees or sub-licensees at its own expense and by counsel of its own choice, and ACADIA shall have the right, at its own expense, to be represented in any such action by counsel of its own choice.

(b) Neither Party shall enter into any settlement of any claim described in this clause 18.4 that negatively affects the other party's rights or interests without such other party's written consent, which consent shall not be unreasonably withheld, conditioned or delayed. Each party shall have the right to decline to defend or to tender defense of any such claim to the other party upon reasonable notice, including if the other party fails to agree to a settlement that such party proposes.

19. Termination

19.1 Termination by Neuren

Neuren may immediately terminate this Agreement with immediate effect by giving 10 Business Days' notice in writing to ACADIA if:

(a) ACADIA challenges the validity of any of the Neuren IP that is registered or opposes the grant to Neuren of registration of any of the Neuren IP that is not registered; or

(b) it is permitted to do so under clause 3.8 .

19.2 Termination by ACADIA

ACADIA may elect to terminate this Agreement at any time by providing 90 Business Days' prior written notice to Neuren; provided, that at any time after such notice by ACADIA, Neuren may accelerate the commencement date of such termination by providing 30 Business Days' prior written notice to ACADIA of such accelerated commencement date.

19.3 Termination by either party for breach

Either party may terminate this Agreement with immediate effect by giving notice to the other party ("**Defaulting Party**") if:

(a) the Defaulting Party breaches any provision of this Agreement requiring the payment of a monetary amount and fails to remedy the breach within 30 Business Days after receiving notice requiring it to do so with respect to any undisputed payment amounts; or

(b) the Defaulting Party breaches any material provision of this Agreement (other than any provision requiring the payment of a monetary amount) and fails to remedy the breach within 60 Business Days after receiving notice requiring it to do so.

20. Rights on Termination

20.1 Termination without prejudice to rights or obligations of parties

Any termination of this Agreement will be without prejudice to the rights, and without relief of obligations, of either party accruing prior to such termination or in respect of any sums or other claims outstanding at the time of termination.

20.2 Effect of any termination

Upon any termination of this Agreement under clause 19.1 or 19.2 or 19.3:

(a) ACADIA will immediately pay any sums payable to Neuren including without limitation all Royalties which are then due and payable;

(b) except to the extent of any surviving licenses as provided under clause 12.7, ACADIA will immediately cease to use the Neuren IP in any connection whatsoever; and

(c) except to the extent of any surviving licenses as provided under clause 12.7 or to the extent that Neuren is entitled to information from ACADIA pursuant to clause 20.3, each party shall promptly return to the other party, or delete or destroy, all relevant records and materials in such party's possession or control containing Confidential Information of the other party; provided that such party may keep one copy of such information for archival purposes only subject to continuing confidentiality obligations.

20.3 Additional effect of termination under Clause 19.2 or by Neuren under Clause 19.1 or 19.3

Upon any termination of this Agreement by Neuren under clause 19.1 or 19.3 or by ACADIA under clause 19.2:

(a) subject to clause 20.3(a)(v), ACADIA will do the following, except in any country in which there is a surviving license as provided under clause 12.7:

(i) at Neuren's expense, arrange for the transfer of all of the Marketing Authorisations and any IND with respect to any Product in the Territory held by ACADIA or its Affiliate to Neuren or its nominated representative and to take all actions reasonably necessary to ensure the transfer of those Marketing Authorisations and any IND to Neuren or its nominated representative occurs in a timely manner;

(ii) at Neuren's expense, arrange for the transfer of sponsorship of any clinical or non-clinical studies of any Product of which ACADIA or its Affiliate is the sponsor that are in progress to enable Neuren to continue such studies if it elects to do so by written notice to ACADIA provided on or before the effective date of termination;

(iii) at ACADIA's expense:

(A) transfer to Neuren electronic copies of all data, reports, Methodology and Know-how solely relating to any Compound or Product that are Controlled by ACADIA or its Affiliates;

(B) deliver up all physical copies of the Methodology and Neuren and its Affiliates' Confidential Information and Know-how; and

(C) permanently delete all electronic copies of the Methodology, Neuren and its Affiliates' Confidential Information and Know-how,

including any notes, reports and documents which contain or refer to the Methodology, Neuren and its Affiliates' Confidential Information and Know-how in ACADIA's possession, power or control; provided, however, that ACADIA retain one copy of such Confidential Information and Know-how for legal archival purposes only; provided, however, if there is a surviving license in any country as provided under clause 12.7, ACADIA will share copies of the foregoing with Neuren for use in all countries excluding any country in which ACADIA retains a license, and ACADIA shall retain all of the foregoing for use pursuant to any country in which ACADIA retains a license;

(iv) ACADIA must not, at any time, use any trademarks previously used by it that solely relate to any Compound or any Product or use any trademarks, names, labels or logos deceptively or confusingly similar to those trademarks; for clarity, in no event shall the foregoing apply to any trademark, name, label or logo with respect to the name ACADIA or ACADIA Pharmaceuticals Inc.; and

(v) ACADIA will be entitled to sell off and distribute (but not manufacture or produce except for completion of any work-in-progress, at the election of ACADIA) Products existing at the date of termination for a period of […***…] from such date on the same terms and conditions amended as necessary as are contained in this Agreement.

(b) ACADIA shall, and hereby does effective upon such termination, grant to Neuren an exclusive, royalty-free, fully-paid license, with rights to grant sublicenses, under any ACADIA Improvement or Joint Improvement that is necessary or reasonably useful to make, have made, use, sell, or import Products in the Field in the Territory (excluding any country in which there is a surviving license as provided under clause 12.7) and outside the Territory, to make, have made, use, sell, and import Products in the Field in the Territory (excluding any country in which there is a surviving license as provided under clause 12.7) and outside the Territory..

(c) At the expiry of the […***…] period referred to in clause 20.3(a)(v), in any country in the Territory (excluding any country in which there is a surviving license as provided under clause 12.7):

(i) ACADIA will cease to sell the Product and will supply to Neuren an inventory of ACADIA's stocks of the Product at that date verified by an independent accountant ("**Inventory**");

(ii) Neuren will be entitled to purchase from ACADIA all or part of the Inventory at prices agreed between Neuren and ACADIA;

(iii) ACADIA will comply with all of the provisions of clause 20.3(a) and (b) that it has not already complied with; and

(iv) Neuren will be required to relabel and repackage materials to remove any ACADIA trademarks, trade dress or other indications of ACADIA origin

from the Product, but will be entitled to continue to use the content of the Promotional Materials.

(d) In any country in the Territory (excluding any country in which there is a surviving license as provided under clause 12.7) and if Neuren so requests, any sublicense granted by ACADIA to any Sub-Licensee shall remain in effect and become a direct license from Neuren, so long as actions or omissions by the applicable Sub-Licensee did not cause or contribute to such termination and is not then in material breach of its Sub-License Agreement and such Sub-Licensee provides to Neuren within […***…] days after such termination of this Agreement a written agreement to be bound as licensee under the terms and conditions of this Agreement as to the field and territory in which such Sub-Licensee has been granted rights under its Sub-License Agreement.

20.4 Survival

Clauses 1, 5.7, 7.7(c), 9.2, 10.2, 12.7, 14, 15 (for the period specified therein), 16.2, 16.3(a) , 16.4,16.5, 20, 21, 22, 24, 25, 26 and any other right, obligation, or required performance of the parties in this Agreement which, by its express terms or nature and context is intended to survive termination or expiration of this Agreement, shall survive any such termination or expiration.

21. Liability, Indemnity and Insurance

21.1 ACADIA and Neuren liability

Subject to the terms and conditions of this Agreement, including clauses 21.2 and 21.3, each party shall be solely responsible for any acts or omissions with respect to the activities or failures to act of such party or its Affiliates, including as follows:

(a) ACADIA will be responsible for the development, manufacture, advertising, marketing, distribution or sale of the Compound and each Product in the Territory and will bear all risk and liability, loss and damage arising from such development, manufacture, advertising, marketing, distribution and sale in the Territory.

(b) Neuren will be responsible for the development, manufacture, advertising, marketing, distribution or sale of the Compound and each Product outside the Territory and will bear all risk and liability, loss and damage arising from such development, manufacture, advertising, marketing, distribution and sale outside the Territory.

21.2 Indemnity by ACADIA

ACADIA agrees to indemnify and hold harmless Neuren, each of Neuren's Affiliates, and each of Neuren's and Neuren's Affiliates' directors, officers, employees, contractors and agents ("**Neuren Indemnified Parties**") against all liability, expenses, losses, damages and costs (including reasonable attorneys' fees and expenses) ("**Losses**") incurred by or awarded against any Neuren Indemnified Party as a result of any claim, demand, action, or other proceeding by any Third Party ("**Claim**"), to the extent arising out of or in connection with:

(a) Claims made in connection with the Compound or any Product manufactured by ACADIA or any contract manufacturer appointed by ACADIA or in connection with the development, advertising, marketing, distribution or sale of the Compound or any Product in the Territory by ACADIA or any Sub-Licensee;

(b) Claims made in connection with any clinical trials conducted by ACADIA in relation to any Product;

(c) a breach by ACADIA, its officers, employees, contractors or agents of this Agreement;

(d) a breach by ACADIA of any of its warranties or representations contained within this Agreement; and

(e) the negligence or wilful misconduct of ACADIA or its officers, employees, contractors or agents in connection with this Agreement;

in each case except to the extent caused or contributed to by Neuren's fraud, negligence or wilful misconduct, and excluding Claims that the possession or use of any Compound, Product or Neuren IP in the Field infringes any Third Party's Intellectual Property Rights.

21.3 Indemnity by Neuren

Neuren agrees to indemnify and hold harmless ACADIA, each of ACADIA's Affiliates, and each of ACADIA's and ACADIA's Affiliates directors, officers, employees, contractors and agents ("**ACADIA Indemnified Parties**") against all Losses incurred by or awarded against any ACADIA Indemnified Party as a result of any Claim, to the extent arising out of or in connection with:

(a) Claims made in connection with the Compound or any Product manufactured by Neuren or any contract manufacturer appointed by Neuren or in connection with the development, advertising, marketing, distribution or sale of the Compound or any Product by Neuren or its Affiliates, licensees or sub-licensees outside the Territory or pursuant to any rights granted under clause 20.3;

(b) a breach by Neuren, its officers, employees, contractors or agents of this Agreement;

(c) a breach by Neuren of any of its warranties or representations contained within this Agreement;

(d) the negligence or wilful misconduct of Neuren or its officers, employees, contractors or agents in connection with this Agreement; and

(e) any Claims made in connection with the Product to the extent that such claim arises solely from conduct of Neuren which occurred prior to the Commencement Date,

exept to the extent caused or contributed to by ACADIA's fraud, negligence or wilful misconduct.

21.4 Indemnification Procedures

Any entity entitled to indemnification under clause 21.2 or 21.3 shall give notice to the indemnifying party of any Losses or Claims that may be subject to indemnification, promptly after learning of such Losses or Claims, and the indemnifying party shall assume the defense of such Claims with counsel reasonably satisfactory to the indemnified party. If such defense is assumed by the indemnifying party with counsel so selected, the indemnifying party will not be subject to any liability for any settlement of such Losses or Claims made by the indemnified party without its consent (but such consent will not be unreasonably withheld or delayed), and will not be obligated to pay the fees and expenses of any separate counsel retained by the indemnified party with respect to such Losses or Claims.

21.5 No liability for consequential loss

Notwithstanding anything else in this Agreement, both parties expressly exclude liability for:

(a) indirect, special, incidental, or consequential loss or damage which may arise in respect of this Agreement; and

(b) loss of profit, business, revenue, goodwill or anticipated savings;

provided, however, that this clause 21.5 shall not be construed to limit either party's liability for breach of clause 15. For the avoidance of doubt, if a party is required to pay or compensate a Third Party for a loss or damage referred to in clause 21.5(a) or (b) as part of a Claim and that party is entitled to an indemnity from the other party in respect of that claim under clause 21.2 or 21.3, the indemnity shall extend to such loss or damage paid to the Third Party and this clause 21.5 shall not be construed to limit either party's indemnification obligations in respect of the amounts paid to that Third Party.

21.6 Product recall

(a) In the event of a recall of any Product in the Territory (which shall be done by ACADIA at its sole discretion but in compliance with all applicable laws, rules and regulations), ACADIA must pay all costs in association with such recall in the Territory, including reimbursement for the cost of any faulty Product supplied by ACADIA or any Sub-Licensee, subject to Neuren's indemnification obligation under clause 21.3.

(b) In any case where a change in the risk-benefit-ratio of any Product becomes evident or safety actions due to adverse drug reactions seem to be necessary (for example, change of label, product information, special information/warnings to the medical profession, patients or authorities or a Product recall), ACADIA will inform Neuren of material details in a timely fashion.

22. Publicity

(a) The parties agree to jointly develop the first public announcement of the parties' Development and Commercialization of the Product in the Territory on the Commencement Date.

(b) ACADIA may issue subsequent public announcements with respect to its Development and Commercialization of Product in the Territory for any purpose.

(c) In subsequent public announcements, Neuren shall not include information regarding the development and commercialization of Product in the Territory that is not already in the public domain without the prior written approval of ACADIA, not to be unreasonably withheld.

(d) The parties agree to consult with each other reasonably and in good faith with respect to the text and timing of public announcements or press releases regarding activities with respect to any Product contemplated by this Agreement prior to the issuance of any such announcement or press releases to the extent not previously disclosed in accordance with this clause 22, provided that a party may not unreasonably withhold, condition or delay consent to such announcements or releases, and that either party may issue such press releases or make such disclosures to the SEC pursuant to Form 8-K or pursuant to local fiscal reporting laws, filing regulations and stock exchange disclosure rules or otherwise as it determines, based on advice of counsel, are reasonably necessary to comply with applicable laws, rules or regulations or for appropriate market disclosure.

(e) The parties will consult with each other on the provisions of this Agreement to be redacted in any filings made by a party with the SEC or as otherwise required by applicable laws, rules or regulations. In addition, following the initial joint press release announcing this Agreement, either party shall be free to disclose, without the other party's prior written consent, the existence of this Agreement, the identity of the other party and those terms of the Agreement which have already been publicly disclosed in accordance herewith.

23. Force majeure

(a) Any delay in the performance of any of the duties or obligations of either party hereto shall not be considered a breach of this Agreement, and the time required for performance shall be extended for a period equal to the period of such delay, if such delay has been caused by or is the result of acts of God; acts of public enemy; insurrections; riots; injunctions; embargoes; labour disputes, including strikes, lockouts, job actions, or boycotts; fires; explosions; earthquakes; floods; shortages of energy; governmental prohibition or restriction; or other unforeseeable causes beyond the reasonable control and without the fault or negligence of the party so affected. The party so affected shall give prompt notice to the other party of such cause, and shall take whatever reasonable steps are necessary to relieve the effect of such cause as rapidly as reasonably possible.

(b) This clause 23 does not apply to any obligations to pay money.

24. Notices

24.1 Method

All notices, requests, demands, consents, approvals, offers, agreements or other communications given by a party under or in connection with this Agreement must be:

(a) in writing;

(b) signed by a person duly authorised by the sender or, where transmitted by e-mail, sent by a person duly authorised by the sender;

(c) directed to the intended recipient's address (as specified in clause 24.3 or as varied by any notice); and

(d) hand delivered, sent by prepaid post or transmitted by e-mail to that address.

24.2 Receipt

A Notice given in accordance with this clause is taken as having been given and received:

(a) if hand delivered, on delivery;

(b) if sent by prepaid post:

(i) within Australia or within the United States, on the third Business Day after the date of posting;

(ii) except as provided in clause 24.2(b)(i), on the seventh Business Day after the date of posting; or

(c) if transmitted by e-mail, on transmission, subject to confirmation of receipt;

but if the delivery or transmission is not on a Business Day or is after 5.00pm (recipient's time) on a Business Day, the notice is taken to be received at 9.00am (recipient's time) on the next Business Day.

24.3 Address of parties

Unless varied by notice in accordance with this clause 24, the parties' addresses and other details are:

Party:	Neuren
Attention:	#[insert]#
Address:	Suite 201, 697 Burke Road, Camberwell, Victoria, 3124, Australia
Email:	#[insert]#

Party:	ACADIA
Attention:	#[insert]#
Address:	3611 Valley Centre Drive, Suite 300, San Diego, California, USA 92130
Email:	#[insert]#

25. Disputes

25.1 No arbitration or court proceedings

If a dispute arises out of or in relation to this Agreement ("**Dispute**") no party to the Dispute ("**Disputant**") will start arbitration or court proceedings (except proceedings seeking interlocutory relief) unless it has complied with this clause 25. Notwithstanding the foregoing, Disputes within the authority of the JSC as described in clause 4.4(f)(i), 4.4(f)(ii) or 5.5(b) shall be resolved in the manner provided in clause 4.4(f)(i), 4.4(f)(ii) or 5.5(b), respectively.

25.2 Notice

A party claiming that a Dispute has arisen must notify each other Disputant in writing giving details of the Dispute and its proposal for a resolution.

25.3 Initial Period

For a […***…] day period after a notice is given, each Disputant must use all reasonable endeavours to resolve the Dispute and the CEO of each Disputant, or their designee, will meet within the first […***…] days of that period with that aim. Such resolution, if any, of a Dispute shall be final and binding on the parties. All negotiations pursuant to this clause 25 are confidential and shall be treated as compromise and settlement negotiations for purposes of applicable rules of evidence.

25.4 Final Resolution

(a) If the CEOs are unable to settle the dispute within the period described in clause 25.3, the matter will be referred to arbitration for final resolution.

(b) The arbitration will be conducted under the ICC Rules of Arbitration of the International Chamber of Commerce as modified by any other instructions that the parties may agree upon at the time.

(c) There shall be three arbitrators, unless the parties are able to agree on a single arbitrator. In the absence of such agreement within […***…] days after the initiation of an arbitration proceeding, Neuren shall select one arbitrator and ACADIA shall select one arbitrator, and those two arbitrators shall then select, within […***…] days, a third arbitrator. If those two arbitrators are unable to select a third arbitrator within such […***…] day period, a third arbitrator shall be appointed by the ICC International Court of Arbitration. Within […***…] days of the appointment of such third arbitrator, the arbitrators shall issue a decision. The decision in writing of at least two of the three arbitrators shall be final and binding upon the parties.

(d) The governing law for the arbitration will be the law of the State of New York and, unless the parties otherwise agree, the forum for the arbitration will be New York City, New York.

(e) The arbitrators' decision shall be in writing and shall provide a reasoned basis for the resolution of each dispute and for any award.

(f) Each party shall bear its own fees and expenses with respect to the arbitration and any proceeding related thereto and the parties shall share equally the fees and expenses of the ICC International Court of Arbitration and the arbitrators.

(g) The arbitrators shall have power and authority to award any remedy or judgment that could be awarded by a court of law in the State of New York. The award

rendered by arbitration shall be final and binding upon the parties, and judgment upon the award may be entered in any court of competent jurisdiction in the United States or in Australia to the extent required for enforcement purposes.

25.5 Costs

Each Disputant must bear its own costs of complying with this clause 25.

26. General

26.1 Entire agreement

Other than the Prior Confidentiality Agreement, this Agreement constitutes the entire agreement between the parties in relation to its subject matter. All prior discussions, undertakings, agreements, representations, warranties and indemnities in relation to that subject matter other than the Prior Confidentiality Agreement are replaced by this Agreement and have no further effect.

26.2 Paramountcy of Agreement

If this Agreement conflicts with any other document, agreement or arrangement between the parties, this Agreement prevails to the extent of the inconsistency.

26.3 No merger

The provisions of this Agreement will not merge on completion of any transaction contemplated in this Agreement and, to the extent any provision has not been fulfilled, will remain in force.

26.4 Amendment

This Agreement may not be amended or varied unless the amendment or variation is in writing signed by all parties.

26.5 Assignment; Change of Control

Neither party may assign its rights and obligations under this Agreement without the prior written consent of the other party, except that:

(a) either party may make such assignment without the prior written consent of the other party to an Affiliate (so long as such party shall remain jointly and severally liable with such Affiliate with respect to all obligations so assigned); and

(b) either party may, without the prior written consent of the other party, assign its rights and transfer its duties hereunder to any acquirer of all or substantially all of its business or in the event of such party's merger, consolidation or involvement in a similar transaction; provided that, in the event Neuren assign its rights and obligations under this Agreement to any company that has a generics business or is developing a competing program or Competing Product, any CMC and Methodology data and information shared by ACADIA pursuant to clause 4.8 shall be deemed the Confidential Information of ACADIA and subject to the confidentiality protections set forth in clause 15, provided that any such CMC and Methodology data and information shared by ACADIA under a separate supply arrangement as set forth in clause 4.8(c) shall continue to be shared as provided under the terms of such separate supply arrangement.

If Neuren determines to initiate a Change of Control process or transaction, then prior to initiating any discussions or negotiations with a Third Party, but in any event not later than engaging an advisor or investment banker to advise on a Change of Control, Neuren shall notify ACADIA of its initiation of the process or transaction and allow ACADIA to participate in such process or negotiations on the same terms as applicable to all other participants in such process or transaction.

In the event that that an assignment by Neuren is in connection with a Change of Control that occurs prior to completion of the Development Plan, then:

(a) ACADIA shall have the right, upon written notice within […***…] days of the closing of the Change of Control transaction, to assume responsibility for all remaining Development of the Compound in the Field in the Territory; and

(b) at ACADIA's election, the JSC shall be terminated, and any decisions to be made by the JSC shall thereafter be made by ACADIA, except to the extent any decision to be made by the JSC relates only to any Regulatory, manufacturing, CMC, Development or Commercialization activities outside the Territory (excluding manufacturing or Development by or on behalf of ACADIA in support of activities in the Territory), such decision shall be made by Neuren.

No assignment will release either party from responsibility for the performance of any accrued obligation of such party hereunder. Any purported assignment in contravention of this clause 26.5 will, at the option of the non-assigning party, be null and void and of no effect. This Agreement shall be binding upon and enforceable against the successor to or any permitted assignee from either of the parties.

26.6 Severability

Part or all of any provision of this Agreement that is illegal or unenforceable will be severed from this Agreement and will not affect the continued operation of the remaining provisions of this Agreement.

26.7 Waiver

Waiver of any power or right under this Agreement:

(a) must be in writing signed by the party entitled to the benefit of that power or right; and

(b) is effective only to the extent set out in that written waiver.

26.8 Rights, remedies additional

Any rights and remedies that a person may have under this Agreement are in addition to and do not replace or limit any other rights or remedies that the person may have.

26.9 Further assurances

Each party must use Commercially Reasonable Efforts to do or cause to be done all things necessary or reasonably desirable to give full effect to this Agreement and the transactions contemplated by it (including, but not limited to, the execution of documents).

26.10 Costs

Each party must bear its own legal, accounting and other costs for the preparation and execution of this Agreement.

26.11 Electronic delivery of document

If a party delivers an executed counterpart of this document or any other document executed in connection with it ("Relevant **Document**") by facsimile or other electronic means:

(a) the delivery will be deemed to be an effective delivery of an originally executed counterpart; and

(b) the party will still be obliged to deliver an originally executed counterpart, but the failure to do so will not affect the validity or effectiveness of the Relevant Document.

26.12 Counterparts

This Agreement may be executed in any number of counterparts and all counterparts taken together will constitute one **document**.

26.13 Termination of Exclusivity Deed

The parties agree that upon execution of this Agreement, the Exclusivity Deed between the parties dated May 19, 2018 shall terminate.

26.14 Governing law and jurisdiction

This Agreement will be governed by and construed in accordance with the laws in force in the State of New York, without reference to its conflicts of law principles with the exception of sections 5-1401 and 5-1402 of New York General Obligations Law, and each party submits to the exclusive jurisdiction of the courts of the State of New York.

FEE SCHEDULE

1 Phase II Reimbursement Fee

(a) The Phase II Reimbursement Fee is USD$10 million.

(b) The Phase II Reimbursement Fee is payable within […***…] days after the Commencement Date.

2 Development Milestone Fee

(a) The Development Milestone Fees are as follows:

(i) the first Development Milestone Fee is USD$[…***…] (“First Development Milestone Fee”);

(ii) the second Development Milestone Fee is USD$[…***…] (“Second Development Milestone Fee”);

(iii) the third Development Milestone Fee is USD$[…***…] (“Third Development Milestone Fee”);

(iv) the fourth Development Milestone Fee is USD$[…***…] (“Fourth Development Milestone Fee”); and

(v) the fifth Development Milestone Fee is USD$[…***…] (“Fifth Development Milestone Fee”).

(b) The Development Milestone Fees are payable as follows:

(i) the First Development Milestone Fee is payable within […***…];

(ii) the Second Development Milestone Fee is payable within […***…];

(iii) the Third Development Milestone Fee is payable within […***…];

(iv) the Fourth Development Milestone Fee is payable within […***…]; and

(v) the Fifth Development Milestone Fee is payable within […***…].

(c) For the avoidance of doubt, if more than one milestone is reached in any year, the relevant Development Milestone Fee for each of those milestones will be payable in accordance with this Agreement.

(d) Each Development Milestone Fee shall be payable only once, upon first achievement regardless of the number of times such milestone event is achieved.

3 Sales Milestone Fees

(a) The Sales Milestone Fees are as follows:

(i) the first Sales Milestone Fee is USD$[…***…] (“First Fee”);

(ii) the second Sales Milestone Fee is USD$[…***…] (“Second Fee”);

(iii) the third Sales Milestone Fee is USD$[…***…] (“Third Fee”); and

(iv) the fourth Sales Milestone Fee is USD$[…***…] (“Fourth Fee”).

(b) The Sales Milestone Fees are payable as follows:

(i) the First Fee is payable within […***…] after the end of the first year in which the Net Revenue in the Territory for that calendar year equals or exceeds USD$[…***…];

(ii) the Second Fee is payable within […***…] after the end of the first year in which the Net Revenue in the Territory for that calendar year equals or exceeds USD$[…***…];

(iii) the Third Fee is payable within […***…] after the end of the first year in which the Net Revenue in the Territory for that calendar year equals or exceeds USD$[…***…]; and

(iv) the Fourth Fee is payable within […***…] after the end of the first year in which the Net Revenue in the Territory for that calendar year equals or exceeds USD$[…***…].

(c) For the avoidance of doubt, if more than one milestone is reached in any year, the relevant Sales Milestone Fee for each of those milestones will be payable in accordance with this Agreement.

(d) Each Sales Milestone Fee shall be payable only once, upon first achievement regardless of the number of times such milestone event is achieved. If two or more milestone events are achieved in the same calendar year, ACADIA shall pay to Neuren all milestone payments corresponding to the respective milestone events achieved.

4 Royalties

4.1 Royalty Payments

Subject to the royalty reductions set forth in clause 4.2 below, and during the applicable Exclusivity Period, ACADIA shall pay to Neuren, on a Quarterly basis, a running royalty on aggregate net revenues of all countries in the Territory at the following incremental royalty rates calculated on a country-by-country basis on total Net Revenue of Product in the Territory in the applicable Quarter:

Aggregate Annual Net Revenue	Royalty Rate
For the portion of aggregate annual Net Revenue of the Product in the Territory less than or equal to […***…]	[…***…]
For the portion of aggregate annual Net Revenue of the Product in the Territory greater […***…] but less than or equal to […***…]	[…***…]
For the portion of aggregate annual Net Revenue of the Product in the Territory greater than […***…] but less than or equal to […***…]	[…***…]

Aggregate Annual Net Revenue	Royalty Rate
For the portion of aggregate annual Net Revenue of the Product in the Territory greater than […***…]	[…***…]

For example, if the Annual Net Revenue in the Territory is $[…***…], comprised of Annual Net Revenue in the United States of $[…***…] and $[…***…] in Mexico. If a Generic Product is sold in Mexico during such Quarter, then the royalty payable pursuant to this clause 4.1 in Mexico would be subject to the […***…]% royalty reduction set forth in clause 4.2(a). Total royalties payable on total Annual Net Revenues would be $[…***…] calculated as:

(Annual Net Revenue in the United States ($[…***…]) multiplied by the applicable royalty rate ([…***…]%)) plus

(Annual Net Revenue in Mexico ($[…***…]) multiplied by the reduced applicable royalty rate ([…***…]%) for such country).

4.2 Royalty Reduction

(a) Generic Entry. The royalty rates set forth in part 4.1 of this Fee Schedule that are applied to the Net Revenue of a Product in a country shall be reduced by […***…]% if a Generic Product in respect of that Product is sold in such country, beginning in the first Quarter during which such Generic Product is sold in such country.

(b) Third Party Licenses. ACADIA shall be responsible for paying the license fees, royalties, and milestones with respect to Third Party licenses for intellectual property that ACADIA reasonably believes are necessary or reasonably useful for the Development, manufacturing or Commercialization of the Product in the Territory. For such Third Party licenses, ACADIA will be entitled to deduct up to […***…]% of all such amounts due to such Third Party from Royalties payable to Neuren pursuant to part 4.1 of this Fee Schedule.

SCHEDULE OF PATENTS AND PATENT APPLICATIONS

Territory	Patent number	Title	Filing	Issue
[...***...]	[...***...] [...***...]	[...***...] [...***...]	[...***...] [...***...]	[...***...] [...***...]
[...***...]	[...***...] [...***...] [...***...]	[...***...] [...***...] [...***...] [...***...] [...***...]	[...***...] [...***...] [...***...]	[...***...] [...***...] [...***...]
[...***...]	[...***...]	[...***...]	[...***...]	[...***...]
[...***...]	[...***...]	[...***...]	[...***...]	[...***...]
[...***...]	[...***...] [...***...] [...***...]	[...***...] [...***...] [...***...]	[...***...] [...***...] [...***...]	[...***...] [...***...] [...***...]

Territory	Application number	Title	International Filing Date
[...***...]	[...***...]	[...***...]	[...***...]

EXHIBIT A

[…***…]
[…***…]
[…***…]
[…***…]

EXECUTED as an **AGREEMENT**

EXECUTED by **NEUREN PHARMACEUTICALS LIMITED**)
)

/s/ Richard S. Treagus
Signature of director

/s/ Jon Pilcher
Signature of company secretary
(delete as applicable)

Richard S. Treagus
Name of director (print)

Jon Pilcher
Name of company secretary (print)

EXECUTED by **ACADIA PHARMACEUTICALS INC.**)
)

/s/ Steve Davis
Signature of director

/s/ Austin D. Kim
Signature of ~~director /~~ company secretary
(delete as applicable)

Steve Davis
Name of director (print)

Austin D. Kim
Name of ~~director /~~ company secretary (print)

EXHIBIT 10.31

CERTAIN CONFIDENTIAL INFORMATION CONTAINED IN THIS DOCUMENT, MARKED BY […*…], HAS BEEN OMITTED BECAUSE IT IS BOTH (I) NOT MATERIAL AND (II) IS THE TYPE THAT THE REGISTRANT TREATS AS PRIVATE OR CONFIDENTIAL.**

ONE PASEO

OFFICE LEASE

This Office Lease (this "**Lease**"), dated as of the date set forth in Section 1 of the Summary of Basic Lease Information (the "**Summary**"), below, is made by and between KILROY REALTY, L.P., a Delaware limited partnership ("**Landlord**"), and ACADIA PHARMACEUTICALS INC., a Delaware corporation ("**Tenant**").

SUMMARY OF BASIC LEASE INFORMATION

TERMS OF LEASE	DESCRIPTION
1.Date:	October 4, 2018.
2.Premises: (Article 1)	
2.1Project:	That certain mixed-use project known as "**One Paseo**" located in San Diego, California, as further set forth in Section 1.1.2 of this Lease.
2.2Office Center:	That certain office center (the "**Office Center**") located within the Project, which Office Center is more particularly defined in Section 1.1.2 of this Lease and depicted on Exhibit A-1 to this Lease.
2.3Building:	That certain office building (the "**Building**") to be located within the Office Center, with a street address of 12830 El Camino Real, San Diego, California, and depicted on Exhibit A-2 to this Lease. The Building is anticipated to contain approximately 194,445 rentable square feet of space.
2.4Premises:	Approximately 67,020 rentable (59,758 usable) square feet of space, consisting of the entirety of the fourth (4th) and (5th) floors of the Building and commonly known collectively as Suite 500, as further depicted on Exhibit A-3 to this Lease.
3.Lease Term (Article 2):	
3.1Length of Term:	Approximately ten (10) years and nine (9) months.

3.2Lease Commencement Date:	The earlier to occur of (i) the date upon which Tenant first commences to conduct business in the Premises and (ii) the date thirty (30) days following the date upon which the Premises is "**Ready for Occupancy,**" as that term is set forth in Section 5.1 of the Work Letter attached as Exhibit B to the Lease, which Lease Commencement Date is anticipated to be May 1, 2020.

3.3 Lease Expiration Date: The last day of the calendar month in which the one hundred twenty-ninth (129th) monthly anniversary of the Lease Commencement Date occurs; provided, however, to the extent the Lease Commencement Date occurs on the first day of a calendar month, then the Lease Expiration Date shall be the day immediately preceding the one hundred twenty-ninth (129th) monthly anniversary of the Lease Commencement Date.

3.4 Option Term(s): Two (2) five (5)-year option(s) to renew, as more particularly set forth in Section 2.2 of this Lease.

4. Base Rent (Article 3):

Period During Lease Term	Annualized Base Rent*	Monthly Installment of Base Rent*	Monthly Rental Rate per Rentable Square Foot*
Lease Commencement Date - Lease Month 12◊	[…***…]	[…***…]	[…***…]
Lease Month 13 - Lease Month 24	[…***…]	[…***…]	[…***…]
Lease Month 25 - Lease Month 36	[…***…]	[…***…]	[…***…]
Lease Month 37 - Lease Month 48	[…***…]	[…***…]	[…***…]
Lease Month 49 - Lease Month 60	[…***…]	[…***…]	[…***…]
Lease Month 61 - Lease Month 72	[…***…]	[…***…]	[…***…]
Lease Month 73 - Lease Month 84	[…***…]	[…***…]	[…***…]
Lease Month 85 - Lease Month 96	[…***…]	[…***…]	[…***…]
Lease Month 97 - Lease Month 108	[…***…]	[…***…]	[…***…]
Lease Month 109 - Lease Month 120	[…***…]	[…***…]	[…***…]
Lease Month 121 - Lease Expiration Date	[…***…]	[…***…]	[…***…]

*The initial Monthly Installment of Base Rent amount was calculated by multiplying the initial Monthly Rental Rate per Rentable Square Foot amount by the number of rentable square feet of space in the Premises, and the initial Annual Base Rent amount was calculated by multiplying the initial Monthly Installment of Base Rent amount by twelve (12). In all subsequent Base Rent payment periods during the Lease Term commencing on the first (1st) day of the full calendar month that is Lease Month 13, the calculation of each Monthly Installment of Base Rent amount reflects an annual increase of […***…] and each Annual Base Rent amount was calculated by multiplying the corresponding Monthly Installment of Base Rent amount by twelve (12).

◊Subject to the terms set forth in Section 3.2 below, the Base Rent attributable to the […***…] month period commencing on the […***…] day of the […***…] full calendar month of the Lease Term and ending on the last day of the […***…] full calendar month of the Lease Term shall be abated.

**The amounts identified in the column entitled "Monthly Rental Rate per Rentable Square Foot" are rounded amounts and are provided for informational purposes only.

5.Base Year (Article 4):	Calendar year 2020; provided, however, to the extent the Lease Commencement Date occurs on or after October 1, 2020, such Base Year shall be calendar year 2021; provided further, however, electricity to the Premises is separately metered and directly paid by Tenant to the applicable utility provider or, at Landlord's option, to Landlord.
6.Tenant's Share (Article 4):	Approximately 34.47%.
7.Permitted Use (Article 5):	Tenant shall use the Premises solely for general office use and uses incidental thereto (the "**Permitted Use**"); provided, however, that notwithstanding anything to the contrary set forth hereinabove, and as more particularly set forth in the Lease, Tenant shall be responsible for operating and maintaining the Premises pursuant to, and in no event may Tenant's Permitted Use violate, (A) Landlord's reasonable "**Rules and Regulations,**" as that term is set forth in Section 5.2 of this Lease, (B) all "**Applicable Laws,**" as that term is set forth in Article 24 of this Lease, (C) all applicable zoning, building codes and the "**CC&Rs,**" as that term is set forth in Section 5.3 of this Lease, and (D) first-class office standards in the market in which the Project is located.
8.Letter of Credit (Article 21):	Initially, in an amount equal to […***…].
9.Parking Pass Ratio (Article 28):	Two Hundred Thirty-Nine (239) unreserved parking passes (i.e., four (4) unreserved parking passes for every 1,000 usable square feet of the Premises), provided that Tenant may convert up to Sixty-Seven (67) unreserved parking passes (i.e., one (1) unreserved parking pass for every 1,000 rentable square feet of

	the Premises) to reserved parking passes. The locations of all reserved parking passes shall be designated by Landlord, subject to Tenant's reasonable approval.
10.Address of Tenant (Section 29.18):	ACADIA Pharmaceuticals Inc. 3611 Valley Center Drive, Suite 400 San Diego, California 92130 Attention: Lynne Buhl Telephone Number: (858) 320-8643 E-mail: lbuhl@acadia-pharm.com *(Prior to Lease Commencement Date)* *with a copy to:* ACADIA Pharmaceuticals Inc. 3611 Valley Center Drive, Suite 400 San Diego, California 92130 Attention: Austin Kim, Esq. Telephone Number: (858) 202-7599 E-mail: akim@ACADIA-pharm.com *(Prior to Lease Commencement Date)*
and	ACADIA Pharmaceuticals Inc. 12830 El Camino Real, Suite 500 San Diego, California 92130 Attention: Lynne Buhl Telephone Number: (858) 320-8643 E-mail: lbuhl@ACADIA-pharm.com *(After Lease Commencement Date)* *with a copy to:* ACADIA Pharmaceuticals Inc. 12830 El Camino Real, Suite 500 San Diego, California 92130 Attention: Austin Kim, Esq. Telephone Number: (858) 202-7599 E-mail: akim@ACADIA-pharm.com (After Lease Commencement Date)
11.Address of Landlord (Section 29.18):	Kilroy Realty, L.P. c/o Kilroy Realty Corporation 12200 West Olympic Boulevard, Suite 200 Los Angeles, California 90064 Attention: Legal Department *with copies to:* Kilroy Realty Corporation 12200 West Olympic Boulevard, Suite 200 Los Angeles, California 90064 Attention: Mr. John Fucci *and* Kilroy Realty, L.P. 12270 El Camino Real, Suite 250 San Diego, California 92130 Attention: Mr. Nelson Ackerly

	and Allen Matkins Leck Gamble Mallory & Natsis LLP 1901 Avenue of the Stars, Suite 1800 Los Angeles, California 90067 Attention: Anton N. Natsis, Esq. *and, for sustainability-related notices only:* Kilroy Realty Corporation 12200 West Olympic Boulevard, Suite 200 Los Angeles, California 90064 Attention: Sara Neff, Senior Vice President, *Sustainability*
12.Broker(s) (Section 29.24):	
Representing Tenant:	*Representing Landlord:*
Savills Studley, Inc.	Cushman & Wakefield
13.Improvement Allowance (Section 2 of **Exhibit B**):	[…***…] per rentable square foot of the Premises for a total of […***…].

ARTICLE 1

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ARTICLE 1

PREMISES, BUILDING, PROJECT, AND COMMON AREAS

1.1 **Premises, Building, Project and Common Areas**.

1.1.1 **The Premises**. Landlord hereby leases to Tenant and Tenant hereby leases from Landlord the premises set forth in Section 2.4 of the Summary (the "**Premises**"). The outline of the Premises is set forth in **Exhibit A-3** attached hereto and the Premises has approximately the number of rentable square feet as set forth in Section 2.4 of the Summary. The parties hereto agree that the lease of the Premises is upon and subject to the terms, covenants and conditions (the "**TCCs**") herein set forth, and Tenant and Landlord covenant as a material part of the consideration for this Lease to keep and perform each and all of such TCCs by it to be kept and performed and that this Lease is made upon the condition of such performance. The parties hereto hereby acknowledge that the purpose of **Exhibit A-1**, **Exhibit A-2**, and **Exhibit A-3** is to show the approximate location of the Office Center, the Building, and the Premises only, and such Exhibits are not meant to constitute an agreement, representation or warranty as to the construction of the Premises, the precise area thereof or the specific location of the "**Common Areas,**" as that term is defined in Section 1.1.3, below, or the elements thereof or of the accessways to the Premises or the "**Project,**" as that term is defined in Section 1.1.2, below. Except as specifically set forth in this Lease and in the Work Letter attached hereto as **Exhibit B** (the "**Work Letter**"), Tenant shall accept the Premises in its existing "**as-is**" condition and Landlord shall not be obligated to provide or pay for any improvement work or services related to the improvement of the Premises. Tenant also acknowledges that neither Landlord nor any agent of Landlord has made any representation or warranty regarding the condition of the Premises, the Building or the Project or with respect to the suitability of any of the foregoing for the conduct of Tenant's business, except as specifically set forth in this Lease and the Work Letter. Notwithstanding the foregoing, Landlord shall deliver the Premises to Tenant (the date of delivery being referred to herein as the "**Delivery Date**") with the mechanical, electrical and plumbing systems in good working order, condition and repair on the Lease Commencement Date. The taking of possession of the Premises by Tenant shall conclusively establish that the Premises and the Building were at such time in good and sanitary order, condition and repair, subject only to (i) a list of punch list items provided to Landlord in writing within thirty (30) days following the Delivery Date, (ii) latent defects as well as defects in the mechanical, electrical and plumbing systems brought to Landlord's attention in writing within six (6) months following Delivery Date, (iii) Landlord's obligations set forth in Article 7 of this Lease, (iv) Landlord's obligations set forth in Article 24 of this Lease with regard to compliance with Applicable Laws, and (v) Landlord's obligations set forth in Section 29.34 of this Lease with respect to "**Hazardous Materials,**" as that term is defined in such Section 29.34.

1.1.2 **The Building and the Project**. The Premises is a part of the Building set forth in Section 2.3 of the Summary. The Building itself is located within the Office Center consisting of (a) the Building, (b) the other office building of the Office Center commonly referred to by the street address of 12860 El Camino Real, and (c) the Common Areas associated with the Office Center, which Office Center is, in turn, a component of a greater mixed-use project known as "**One Paseo.**" The term "**Project,**" as used in this Lease, shall mean (i) the Office Center, (ii) the retail center and associated common areas, as depicted in **Schedule A-1**, (iii) the residential portion of the Project, as depicted in **Schedule A-1**, and (iv) the land upon which the Office Center, the retail center, the residential portion, the Project parking facilities, and the respective common areas of each portion of the Project are located.

1.1.3 **Common Areas**. Tenant shall have the non-exclusive right to use in common with other tenants in the Project, and subject to the reasonable rules and regulations referred to in Article 5 of this Lease, those portions of the Project which are provided, from time to time, for use in common by Landlord, Tenant and any other tenants of the Project, including the Project's non-residential parking facilities (such areas, together with such other portions of the Project designated by Landlord, in its discretion, including certain areas designated for the exclusive use of certain tenants, or to be shared by Landlord and certain tenants, are collectively referred to herein as the "**Common Areas**"). The Common Areas shall consist of the "**Project Common Areas**", the "**Office Center Common Areas**", and the "**Building Common Areas**" (as those terms are defined below). The term "**Building Common Areas,**" as used in this Lease, shall mean the portions of the Common Areas located within, or solely serving, the Building and designated as such by Landlord. The term "**Office Center Common Areas**", as used in this Lease,

shall mean the portions of the Common Areas located within, or solely serving, the Office Center and designated as such by Landlord. The term "**Project Common Areas,**" as used in this Lease, shall mean the portion of the Project designated as such by Landlord. The manner in which the Common Areas are maintained and operated shall be at the sole discretion of Landlord and the use thereof shall be subject to such reasonable rules, regulations and restrictions as Landlord may make from time to time, provided that such rules, regulations and restrictions do not unreasonably interfere with the rights granted to Tenant under this Lease and the Permitted Use. Landlord reserves the right to close temporarily, make alterations or additions to, or change the location of elements of the Project and the Common Areas; provided that no such changes shall be permitted which materially reduce Tenant's rights or access hereunder. Except when and where Tenant's right of access is specifically excluded in this Lease, Tenant shall have the right of access to the Premises, the Building, and the Project parking facility twenty-four (24) hours per day, seven (7) days per week during the "**Lease Term,**" as that term is defined in Section 2.1, below.

1.2 **Verification of Rentable Square Feet of Premises and Building**. For purposes of this Lease, "**rentable square feet**" and "**usable square feet**" shall be calculated pursuant to the Office Buildings: Standard Methods of Measurement and Calculating Rentable Area - 2017 (Method B), and its accompanying guidelines (collectively, "**BOMA**"). Within thirty (30) days after the "**Lease Commencement Date**" (as that term is defined in Section 2.1 of this Lease), Stevenson Systems, an independent third-party space measurement company, shall measure the rentable and usable square feet of the Premises in accordance with BOMA, and the determination of Stevenson Systems shall be conclusive and binding upon the parties, absent manifest error. In the event that Stevenson Systems determines that the amounts thereof shall be different from those set forth in this Lease, all amounts, percentages and figures appearing or referred to in this Lease based upon such incorrect amount (including, without limitation, the amount of the "**Rent**" and any "**Security Deposit,**" as those terms are defined in Section 4.1 and Article 21 of this Lease, respectively), after thirty (30) days prior notice to Tenant to verify such calculations, shall be modified in accordance with such determination; provided, however, regardless of such actual determination, with regard to the calculation of any such amounts, percentages and figures, in no event shall the rentable square footage of the Premises exceed 68,360 rentable square feet (i.e., 102% of the anticipated rentable square footage of the Premises of 67,020 set forth in in Section 2.4 of the Summary). If such determination is made, it will be confirmed in writing by Landlord to Tenant.

1.3 **Right of First Refusal**. Landlord hereby grants to the originally named Tenant herein ("**Original Tenant**") and its "**Permitted Transferee Assignee**" (as that term is defined in Section 14.8 below) a one-time right of first refusal with respect to the space located, alternatively, on either the third (3rd) or sixth (6th) floor of the Building (or, if the originally identified Premises is relocated pursuant to Article 22, the First Refusal Space shall, correspondingly, be the thereafter existing, immediately adjacent floors to such relocated Premises), whichever first becomes available following the rights of the "**Superior Right Holders**" identified hereinbelow (as applicable, the "**First Refusal Space**"). The parties hereby acknowledge and agree that (i) as of the date of this Lease, the third (3rd) floor alternate component of First Refusal Space is vacant and, accordingly, the applicability of such first refusal right of Tenant to such third (3rd) floor alternate component of First Refusal Space shall commence (a) on the Lease Commencement Date as to First Refusal Space not leased as of the Lease Commencement Date (unless and to the extent Landlord is actively negotiating with a third party tenant to lease such space as of the Lease Commencement Date and consummates such third party lease within ninety (90) days thereafter, in which case such third-party lease and corresponding space will be treated as an "**Initial 3rd Floor Lease,**" as identified hereinbelow), or (b) the expiration of the initial leases (including renewals and extensions, whether pursuant to rights originally existing or subsequently granted) Landlord may enter into with regard to the third (3rd) floor portion of the First Refusal Space (the "**Initial 3rd Floor Leases**"), (ii) as of the date of this Lease, the sixth (6th) floor alternate component of First Refusal Space is subject to a third party lease of the sixth (6th) floor portion of the First Refusal Space (the "**Existing 6th Floor Lease**") and, accordingly, the applicability of such first refusal right of Tenant to such sixty (6th) floor alternate component of First Refusal Space shall be subordinate to all rights of tenants under such Existing 6th Floor Lease and the Initial 3rd Floor Leases (all such tenants under the Existing 6th Floor Lease and Initial 3rd Floor Leases, collectively, the "**Superior Right Holders**"). Tenant's right of first refusal shall be on the terms and conditions set forth in this Section 1.3.

1.3.1 **Procedure for Refusal Offer**. Landlord shall notify Tenant (the "**First Refusal Notice**") from time-to-time when and if Landlord receives a "**bona-fide third-party offer**" for the First Refusal Space. Pursuant to such First Refusal Notice, Landlord shall offer to lease to Tenant the applicable First Refusal Space. The First Refusal Notice shall describe the First Refusal Space, and the lease term, rent and other fundamental economic terms and conditions upon which Landlord proposes to lease such First Refusal Space pursuant to the bona-fide third-party offer. For purposes of this Section 1.3, a "**bona-fide third-party offer**" shall mean an offer or a counter-offer received by Landlord to lease First Refusal Space from an unaffiliated and qualified third party which Landlord would otherwise be willing to accept (but for Tenant's superior rights hereunder). For purposes of example only, the following would each constitute a bona-fide third-party offer:

1.3.1.1Landlord receives a request for proposal from an unaffiliated and qualified third party. Landlord responds to the request for proposal with a lease proposal and subsequently receives a written bona-fide counter proposal from the unaffiliated and qualified third party.

1.3.1.2Landlord receives a written offer to lease from an unaffiliated and qualified third party. Landlord responds to the offer with a written counter offer and subsequently receives a bona-fide counter to Landlord's counter offer from the unaffiliated and qualified third party.

1.3.2 **Procedure for Acceptance**. If Tenant wishes to exercise Tenant's right of first refusal with respect to the First Refusal Space described in the First Refusal Notice, then within ten (10) business days of delivery of the First Refusal Notice to Tenant (the "**Election Period**"), Tenant shall deliver to Landlord written notice (an "**Election Notice**") of Tenant's exercise of its right of first refusal with respect to all of the First Refusal Space described in the First Refusal Notice at the rent, for (i) the term which shall commence as identified in the First Refusal Notice and which shall expire, subject to renewal of the entire Premises pursuant to Section 2.2, below, on the later of (a) the date of expiration of the initial Lease Term, as the same may be extended (i.e., on a coterminous basis), or (b) the last day in the month upon which the fifth (5th) anniversary of the commencement date for the payment of Base Rent with regard to such First Refusal Space occurs (i.e., for a minimum of a five (5)-year term), and (ii) upon the other fundamental economic terms and conditions contained in such First Refusal Notice, including, but not limited to rental concessions and improvement allowances. If Tenant does not so notify Landlord within such Election Period of Tenant's exercise of its first refusal right, or Tenant affirmatively elects not to exercise such first refusal right (either of the foregoing being referred to herein as a "**First Refusal Rejection**"), then Landlord shall be free to negotiate and enter into a lease for the First Refusal Space within one hundred twenty (120) days thereafter to anyone whom it desires on any terms it desires; provided, however, to the extent such third party lease of First Refusal Space would be on "**Economic Terms,**" as that term is defined hereinbelow, which on a per rentable square foot basis are (in the aggregate) less than ninety-two percent (92%) of the Economic Terms (in the aggregate and determined on a net effective basis which is substantially the same as the determination of the Market Rent as provided on **Exhibit H**) on a per rentable square foot basis offered to Tenant in the applicable First Refusal Notice, then Landlord shall deliver another First Refusal Notice (the "**Additional Notice**") to Tenant offering such more favorable terms to Tenant (provided that such terms and conditions shall be adjusted to account for the difference, if any, in the lease term offered to Tenant and the lease term offered to such third party). If Tenant thereafter wishes to exercise its right of first refusal with respect to the Additional Notice, Tenant shall deliver the Election Notice to Landlord within ten (10) business days of delivery of such Additional Notice to Tenant (which procedure shall be repeated until Landlord enters into a lease or lease amendment with respect to such First Refusal Space which does not require Landlord to deliver another Additional Notice to Tenant pursuant to the terms hereof or Tenant timely exercises such right of first refusal, as applicable). The term "**Economic Terms**" for purposes of this Section 1.3.2 shall mean only the annual base rent, tenant improvement allowance, if any, moving allowance, if any, free or discounted parking, if any, and abated base rent, if any.

1.3.3 **Amendment to Lease**. If Tenant timely exercises Tenant's right of first refusal to lease First Refusal Space as set forth herein, Landlord and Tenant shall within thirty (30) days thereafter execute an amendment to this Lease (the "**First Refusal Space Amendment**") for such First Refusal Space upon the terms set forth in the First Refusal Notice, including, but not

limited to rent (the **"First Refusal Space Rent"**) nut otherwise upon the TCCs set forth in this Lease and this Section 1.3. Notwithstanding the foregoing, Landlord may, at its sole option, require that a separate lease be executed by Landlord and Tenant in connection with Tenant's lease of the First Refusal Space, in which event such lease (the "**First Refusal Space Lease**") shall be on the same TCCs as this Lease, except as provided in this Section 1.3 and specifically in this Lease to the contrary. The First Refusal Space Lease, if applicable, shall be executed by Landlord and Tenant within thirty (30) days following Tenant's exercise of its right to lease the First Refusal Space. Notwithstanding the foregoing documentation obligations, Landlord and Tenant hereby acknowledge and agree that Tenant's timely delivery of the Election Notice shall, in and of itself, conclusively establish Tenant's obligation to lease the subject First Refusal Space on the express TCCs set forth in the corresponding First Refusal Notice.

1.3.4 **No Defaults; Required Financial Condition of Tenant**. The rights contained in this Section 1.3 shall be personal to the Original Tenant and its Permitted Transferee Assignees and may only be exercised by the Original Tenant or a Permitted Transferee Assignee (and not any other assignee, sublessee or other transferee of the Original Tenant's interest in this Lease) if the Original Tenant and/or a Permitted Transferee Assignee occupies not less than the entire then existing Premises. The right to lease the First Refusal Space as provided in this Section 1.3 may not be exercised if, as of the date Tenant attempts to exercise its right of first refusal with respect to the First Refusal Space described in the First Refusal Notice, or as of the scheduled date of delivery of such First Refusal Space to Tenant, (A) Tenant is in economic or material non-economic default pursuant to the terms of this Lease (beyond the Notice and cure periods), and (B) Tenant has previously been in default under this Lease (beyond the applicable notice and cure periods) more than once during the previous twenty-four (24) month period.

1.3.5 **First Refusal Space Commencement Date; Construction in First Refusal Space**. The commencement date for the First Refusal Space shall be the applicable date specified in the applicable First Refusal Notice (the "**First Refusal Space Commencement Date**") and the term of Tenant's lease of such First Refusal Space shall expire, as set forth in Section 1.3.2 above, on the applicable date set forth in the First Refusal Notice (the "**First Refusal Space Expiration Date**"). The term of Tenant's occupancy of the First Refusal Space shall be referred to herein as a "**First Refusal Space Lease Term.**" Except as otherwise expressly identified in the First Refusal Notice, Tenant shall take the First Refusal Space in its "**as is**" condition, and the construction of improvements in the First Refusal Space shall comply with the terms of Article 8 of this Lease.

ARTICLE 2

LEASE TERM; OPTION TERM

2.1 **Initial Lease Term**. The TCCs and provisions of this Lease shall be effective as of the date of this Lease. The term of this Lease (the "**Lease Term**") shall be as set forth in Section 3.1 of the Summary, shall commence on the date set forth in Section 3.2 of the Summary (the "**Lease Commencement Date**"), and shall terminate on the date set forth in Section 3.3 of the Summary (the "**Lease Expiration Date**") unless this Lease is sooner terminated as hereinafter provided. For purposes of this Lease, the term "**Lease Year**" shall mean each consecutive twelve (12) calendar month period during the Lease Term; provided, however, that the first Lease Year shall commence on the Lease Commencement Date and end on the last day of the month in which the first anniversary of the Lease Commencement Date occurs (or if the Lease Commencement Date is the first day of a calendar month, then the first Lease Year shall commence on the Lease Commencement Date and end on the day immediately preceding the first anniversary of the Lease Commencement Date), and the second and each succeeding Lease Year shall commence on the first day of the next calendar month; and further provided that the last Lease Year shall end on the Lease Expiration Date. For purposes of this Lease, the term "**Lease Month**" shall mean each succeeding calendar month during the Lease Term; provided that the first Lease Month shall commence on the Lease Commencement Date and shall end on the last day of the first (1st) full calendar month of the Lease Term and that the last Lease Month shall expire on the Lease Expiration Date. At any time during the Lease Term, Landlord may deliver to Tenant a notice in the form as set forth in **Exhibit C**, attached hereto, as a confirmation only of the information set forth therein, which Tenant shall execute and return to Landlord within five (5) days of receipt thereof. Landlord and Tenant hereby acknowledge that Tenant leases certain space commonly known as Suite 400 on the fourth (4th) floor of that certain building located at 3611 Valley Centre

Drive from another tenant (the "**Sublease Premises**"). If the Lease Commencement Date shall occur after the expiration date (i.e., after May 31, 2020) or earlier termination of such sublease of the Sublease Premises, then Landlord and Tenant shall enter into a direct lease for the Sublease Premises in a form materially consistent with **Exhibit I** attached hereto for a term commencing on the expiration of such sublease and expiring on the Lease Commencement Date.

2.2 **Option Term(s)**.

2.2.1 **Option Right**. Landlord hereby grants the Original Tenant and its Permitted Transferee Assignee, two (2) options to extend the Lease Term for the entire then existing Premises (including any First Refusal Space leased by Tenant in accordance with Section 1.3, above), each by a period of five (5) years (each, an "**Option Term**"). Such option shall be exercisable only by "**Notice**" (as that term is defined in Section 29.18 of this Lease) delivered by Tenant to Landlord as provided below, provided that, as of the date of delivery of such Notice, (i) Tenant is not then in economic or material non-economic default under this Lease, and (ii) Tenant has not been in economic or material non-economic default under this Lease (beyond the applicable written notice and cure periods) more than twice during the prior eighteen (18) months. Upon the proper exercise of such option to extend, and provided that, at Landlord's election, as of the end of the then applicable Lease Term, (A) Tenant is not in default under this Lease, (B) Tenant has not been in economic or material non-economic default under this Lease (beyond the applicable notice and cure periods) more than twice during the prior eighteen (18) months, then the Lease Term, as it applies to the entire Premises, shall be extended for a period of five (5) years. The rights contained in this Section 2.2 shall only be exercised by the Original Tenant or its Permitted Transferee Assignee (and not any other assignee, sublessee or other transferee of the Original Tenant's interest in this Lease) if Original Tenant and/or its Permitted Transferee Assignee is in occupancy of at least seventy-five percent (75%) of the then-existing Premises.

2.2.2 **Option Rent**. The Rent payable by Tenant during the Option Term (the "**Option Rent**") shall be equal to the "**Market Rent,**" as that term is defined in, and determined pursuant to, **Exhibit H** attached hereto; provided, however, that the Market Rent for each Lease Year during the Option Term, shall be equal to the amount set forth on a "**Market Rate Schedule,**" as that term is defined below. The "**Market Rate Schedule**" shall be derived from the Market Rent for the Option Term as determined pursuant to **Exhibit H**, attached hereto, as follows: (i) the Market Rent for the first Lease Year of the Option Term shall be equal to the sum of (a) the Market Rent, as determined pursuant to **Exhibit H**, (b) the amount of Direct Expenses applicable to the Premises, as reasonably determined by Landlord, for the calendar year in which the Option Term commences, and (c) an amount equal to the monthly amortization reimbursement payment for the "**Renewal Allowance**" (as defined in Section 3 of **Exhibit H** to this Lease) to be paid by Landlord in connection with Tenant's lease of the Premises for the Option Term, with such Renewal Allowance being amortized at eight percent (8%) per annum, and (ii) the Market Rent for each subsequent Lease Year shall be equal to one hundred three percent (103%) of the prior Lease Year's Market Rent. The calculation of the Market Rent shall be derived from a review of, and comparison to, the "Net Equivalent Lease Rates" of the "Comparable Transactions," as provided for in **Exhibit H**. For clarity, and in connection with the determination of Market Rent, the Base Year shall be reestablished for any Option Term as the first full calendar year of such Option Term.

2.2.3 **Exercise of Option**. The option contained in this Section 2.2 shall be exercised by Tenant, if at all, only in the manner set forth in this Section 2.2. Tenant shall deliver notice (the "**Exercise Notice**") to Landlord not more than eighteen (18) months nor less than twelve (12) months prior to the expiration of the then-existing Lease Term, stating that Tenant is exercising its option. Concurrently with such Exercise Notice, Tenant shall deliver to Landlord Tenant's calculation of the Market Rent (the "**Tenant's Option Rent Calculation**"). Landlord shall deliver notice (the "**Landlord Response Notice**") to Tenant on or before the date which is thirty (30) days after Landlord's receipt of the Exercise Notice and Tenant's Option Rent Calculation, stating that (A) Landlord is accepting Tenant's Option Rent Calculation as the Market Rent, or (B) rejecting Tenant's Option Rent Calculation and setting forth Landlord's calculation of the Market Rent (the "**Landlord's Option Rent Calculation**"). Within ten (10) business days of its receipt of the Landlord Response Notice, Tenant may, at its option, either (x) affirmatively accept the Market Rent contained in the Landlord's Option Rent Calculation, (y) rescind it's Exercise Notice in writing, in which event this Lease shall terminate as to the Premises and any First Offer Space as otherwise scheduled (i.e., as if such Exercise Notice was never delivered), or

(z) reject such Market Rent, which rejection will be deemed to have been made if Tenant fails to timely accept or rescind pursuant to clauses (x) and (y) hereinabove, in which case the parties shall follow the procedure set forth in Section 2.2.4 below, and the Market Rent shall be determined in accordance with the terms of Section 2.2.4 below.

2.2.4 **Determination of Market Rent**. In the event Tenant timely and appropriately exercises its option to extend the Lease but rejects the Option Rent set forth in the Landlord's Option Rent Calculation pursuant to Section 2.2.3, above, then Landlord and Tenant shall attempt to agree upon the Option Rent using their best good-faith efforts. If Landlord and Tenant fail to reach agreement upon the Option Rent applicable to the Option Term on or before the date that is ninety (90) days prior to the expiration of the initial Lease Term (the "**Outside Agreement Date**"), then either or both of Landlord and Tenant may update their respective determination of the Option Rent within five (5) business days following the Outside Agreement Date; provided, however, in no event shall either party so update their determination of the Option Rent in manner more beneficial to themselves than their original determination (i.e., in the case of the Landlord, such updated determination shall not indicate an Option Rent in excess of Landlord's Option Rent Calculation and in the case of Tenant, such updated determination shall not indicate an Option Rent less than Tenant's Option Rent Calculation). If either party timely provides the other with an updated determination of Option Rent in accordance with the preceding sentence, then the parties shall again attempt to reach agreement within fifteen (15) business days following the Outside Agreement Date. If neither party timely provides an updated determination of Option Rent, or if they have failed to reach agreement upon the Option Rent on or before the date which is fifteen (15) business days following the Outside Agreement Date, the Option Rent shall be determined by arbitration pursuant to the terms of this Section 2.2.4. In such event, each party's most recently updated determinations of Option Rent shall be submitted to arbitration in accordance with Section 2.2.4.1 through Section 2.2.4.4, below.

2.2.4.1Landlord and Tenant shall each appoint one arbitrator who shall by profession be a MAI appraiser who shall have been active over the five (5) year period ending on the date of such appointment in the appraising and/or leasing of first class office properties in the vicinity of the Building. The determination of the arbitrators shall be limited solely to the issue area of whether Landlord's or Tenant's most recently submitted Option Rent determination is the closest to the actual Option Rent as determined by the arbitrators, taking into account the requirements of Section 2.2.2 of this Lease. Each such arbitrator shall be appointed within thirty (30) days after the Outside Agreement Date. Landlord and Tenant may consult with their selected arbitrators prior to appointment and may select an arbitrator who is favorable to their respective positions (including an arbitrator who has previously represented Landlord and/or Tenant, as applicable). The arbitrators so selected by Landlord and Tenant shall be deemed "**Advocate Arbitrators.**"

2.2.4.2The two Advocate Arbitrators so appointed shall be specifically required pursuant to an engagement letter within ten (10) days of the date of the appointment of the last appointed Advocate Arbitrator to agree upon and appoint a third arbitrator ("**Neutral Arbitrator**") who shall be qualified under the same criteria set forth hereinabove for qualification of the two Advocate Arbitrators except that (i) neither the Landlord or Tenant or either parties' Advocate Arbitrator may, directly, or indirectly, consult with the Neutral Arbitrator prior or subsequent to his or her appearance, and (ii) the Neutral Arbitrator cannot be someone who has represented Landlord and/or Tenant during the five (5) year period prior to such appointment. The Neutral Arbitrator shall be retained via an engagement letter jointly prepared by Landlord's counsel and Tenant's counsel.

2.2.4.3Within ten (10) days following the appointment of the Neutral Arbitrator, Landlord and Tenant shall enter into an arbitration agreement (the "**Arbitration Agreement**") which shall set forth the following:

2.2.4.3.1Each of Landlord's and Tenant's best and final and binding determination of the Option Rent exchanged by the parties pursuant to Section 2.2.4, above;

2.2.4.3.2An agreement to be signed by the Neutral Arbitrator, the form of which agreement shall be attached as an exhibit to the Arbitration Agreement, whereby the Neutral Arbitrator shall agree to undertake the arbitration and render a decision in accordance with the terms of this Lease, as modified by the Arbitration Agreement, and shall require the

Neutral Arbitrator to demonstrate to the reasonable satisfaction of the parties that the Neutral Arbitrator has no conflicts of interest with either Landlord or Tenant;

2.2.4.3.3Instructions to be followed by the Neutral Arbitrator when conducting such arbitration;

2.2.4.3.4That Landlord and Tenant shall each have the right to submit to the Neutral Arbitrator (with a copy to the other party), on or before the date that occurs fifteen (15) days following the appointment of the Neutral Arbitrator, an advocate statement (and any other information such party deems relevant) prepared by or on behalf of Landlord or Tenant, as the case may be, in support of Landlord's or Tenant's respective determination of Option Rent (the "**Briefs**");

2.2.4.3.5That within five (5) business days following the exchange of Briefs, Landlord and Tenant shall each have the right to provide the Neutral Arbitrator (with a copy to the other party) with a written rebuttal to the other party's Brief (the "**First Rebuttals**"); provided, however, such First Rebuttals shall be limited to the facts and arguments raised in the other party's Brief and shall identify clearly which argument or fact of the other party's Brief is intended to be rebutted;

2.2.4.3.6That within five (5) business days following the parties' receipt of each other's First Rebuttal, Landlord and Tenant, as applicable, shall each have the right to provide the Neutral Arbitrator (with a copy to the other party) with a written rebuttal to the other party's First Rebuttal (the "**Second Rebuttals**"); provided, however, such Second Rebuttals shall be limited to the facts and arguments raised in the other party's First Rebuttal and shall identify clearly which argument or fact of the other party's First Rebuttal is intended to be rebutted;

2.2.4.3.7The date, time and location of the arbitration, which shall be mutually and reasonably agreed upon by Landlord and Tenant, taking into consideration the schedules of the Neutral Arbitrator, the Advocate Arbitrators, Landlord and Tenant, and each party's applicable consultants, which date shall in any event be within forty-five (45) days following the appointment of the Neutral Arbitrator;

2.2.4.3.8That no discovery shall take place in connection with the arbitration, other than to verify the factual information that is presented by Landlord or Tenant;

2.2.4.3.9That the Neutral Arbitrator shall not be allowed to undertake an independent investigation or consider any factual information other than presented by Landlord or Tenant, except that the Neutral Arbitrator shall be permitted to visit the Project and the buildings containing the Comparable Transactions;

2.2.4.3.10The specific persons that shall be allowed to attend the arbitration;

2.2.4.3.11Tenant shall have the right to present oral arguments to the Neutral Arbitrator at the arbitration for a period of time not to exceed three (3) hours ("**Tenant's Initial Statement**");

2.2.4.3.12Following Tenant's Initial Statement, Landlord shall have the right to present oral arguments to the Neutral Arbitrator at the arbitration for a period of time not to exceed three (3) hours ("**Landlord's Initial Statement**");

2.2.4.3.13Following Landlord's Initial Statement, Tenant shall have up to two (2) additional hours to present additional arguments and/or to rebut the arguments of Landlord ("**Tenant's Rebuttal Statement**");

2.2.4.3.14Following Tenant's Rebuttal Statement, Landlord shall have up to two (2) additional hours to present additional arguments and/or to rebut the arguments of Tenant;

2.2.4.3.15That, not later than ten (10) days after the date of the arbitration, the Neutral Arbitrator shall render a decision (the "**Ruling**") indicating whether Landlord's or Tenant's submitted Option Rent is closer to the Option Rent;

2.2.4.3.16That following notification of the Ruling, Landlord's or Tenant's submitted Option Rent determination, whichever is selected by the Neutral Arbitrator as being closer to the Option Rent shall become the then applicable Option Rent; and

2.2.4.3.17That the decision of the Neutral Arbitrator shall be binding on Landlord and Tenant.

2.2.4.3.18If a date by which an event described in Section 2.2.4.3, above, is to occur falls on a weekend or a holiday, the date shall be deemed to be the next business day.

2.2.4.4In the event that the Option Rent shall not have been determined pursuant to the terms hereof prior to the commencement of the Option Term, Tenant shall be required to pay the Option Rent, initially provided by Landlord to Tenant, and upon the final determination of the Option Rent, the payments made by Tenant shall be reconciled with the actual amounts due, and the appropriate party shall make any corresponding payment to the other party.

ARTICLE 3

BASE RENT

3.1 **In General**. Tenant shall pay, without prior notice or demand, to Landlord or Landlord's agent at the management office of the Project, or, at Landlord's option, at such other place as Landlord may from time to time designate in writing, by a check for currency which, at the time of payment, is legal tender for private or public debts in the United States of America, base rent ("**Base Rent**") as set forth in Section 4 of the Summary, payable in equal monthly installments as set forth in Section 4 of the Summary in advance on or before the first day of each and every calendar month during the Lease Term, without any setoff or deduction whatsoever, except as expressly set forth in this Lease or otherwise agreed to in writing in advance by Landlord. In accordance with Section 4 of the Summary, any increases in Base Rent shall occur on the first day of the applicable Lease Month. The parties acknowledge, however, that Tenant shall pay Base Rent for each "**calendar month**" of the Lease Term (or a prorated portion of a "**calendar month**", as applicable), even though the first "**Lease Month**" may pertain to a period longer than one (1) calendar month. The Base Rent for the first full month of the Lease Term which occurs after the expiration of any free rent period shall be paid at the time of Tenant's execution of this Lease. If any payment of Rent is for a period which is shorter than one month, the Rent for any such fractional month shall accrue on a daily basis during such fractional month and shall total an amount equal to the product of (i) a fraction, the numerator of which is the number of days in such fractional month and the denominator of which is the actual number of days occurring in such calendar month, and (ii) the then-applicable Monthly Installment of Base Rent. All other payments or adjustments required to be made under the TCCs of this Lease that require proration on a time basis shall be prorated on the same basis.

3.2 **Base Rent Abatement**. Provided that no event of default is occurring during the […***…] month period commencing on the first (1st) day of the […***…] full calendar month of the Lease Term and ending on the last day of the […***…] full calendar month of the Lease Term (the "**Base Rent Abatement Period**"), Tenant shall not be obligated to pay any Base Rent otherwise attributable to the Premises during such Base Rent Abatement Period (the "**Base Rent Abatement**"). Landlord and Tenant acknowledge that the aggregate amount of the Base Rent Abatement equals […***…] (i.e., […***…] per month). Tenant acknowledges and agrees that during such Base Rent Abatement Period, such abatement of Base Rent for the Premises shall have no effect on the calculation of any future increases in Base Rent or Direct Expenses payable by Tenant pursuant to the terms of this Lease, which increases shall be calculated without regard to such Base Rent Abatement. Additionally, Tenant shall be obligated to pay any "**Additional Rent**" (as that term is defined in Section 4.1 of this Lease) during the Base Rent Abatement Period which are attributable to above-standard services pursuant to Section 6.2 of this Lease or similar, direct reimbursables (as opposed to Tenant's Share of Direct Expenses which first become payable in accordance with the penultimate sentence of Section 4.1 of this Lease). Tenant acknowledges and agrees that the foregoing Base Rent Abatement has been granted to Tenant as additional consideration for entering into this Lease, and for agreeing to pay the Base Rent and perform the terms and conditions otherwise required under this Lease. If this Lease is terminated pursuant to Section 19.2.1 below', then the dollar amount of the unapplied portion of the Base Rent

Abatement as of the date of such termination shall be converted to a credit to be applied to the Base Rent applicable at the end of the Lease Term and Tenant shall immediately be obligated to begin paying Base Rent for the Premises in full. The foregoing Base Rent Abatement right set forth in this Section 3.2 shall be personal to the Original Tenant and shall only apply to the extent that the Original Tenant and any Permitted Transferee Assignee (and not any other assignee, or any sublessee or other transferee of the Original Tenant's interest in this Lease) is the Tenant under this Lease during such Base Rent Abatement Period.

ARTICLE 4

ADDITIONAL RENT

4.1 **In General**. In addition to paying the Base Rent specified in Article 3 of this Lease, Tenant shall pay "**Tenant's Share**" of the annual "**Direct Expenses,**" as those terms are defined in Sections 4.2.6 and 4.2.2, respectively, of this Lease, which are in excess of the amount of Direct Expenses applicable to the "Base Year," as that term is defined in Section 4.2.1, below; provided, however, that in no event shall any decrease in Direct Expenses for any **"Expense Year"** (as that term is defined in Section 4.2.3, below) below Direct Expenses for the Base Year entitle Tenant to any decrease in Base Rent or any credit against sums due under this Lease. Such payments by Tenant, together with any and all other amounts payable by Tenant to Landlord pursuant to the TCCs of this Lease, are hereinafter collectively referred to as the "**Additional Rent,**" and the Base Rent and the Additional Rent are herein collectively referred to as "**Rent.**" All amounts due under this Article 4 as Additional Rent shall be payable for the same periods and in the same manner as the Base Rent; provided, however, the parties hereby acknowledge that the first monthly installment of Tenant's Share of any "**Estimated Excess,**" as that term is set forth in, and pursuant to the terms and conditions of, Section 4.4.2 of this Lease, shall first be due and payable for the calendar month occurring immediately following the later of (i) the first (1st) anniversary of the Lease Commencement Date, or (ii) the expiration of the Base Year. Without limitation on other obligations of Tenant which survive the expiration of the Lease Term, but subject to the terms and conditions of Section 4.4.1, below, the obligations of Tenant to pay the Additional Rent attributable to the Lease Term as provided for in this Article 4 shall otherwise survive the expiration of the Lease Term.

4.2 **Definitions of Key Terms Relating to Additional Rent**. As used in this Article 4, the following terms shall have the meanings hereinafter set forth:

4.2.1 "**Base Year**" shall mean the period set forth in Section 5 of the Summary.

4.2.2 "**Direct Expenses**" shall mean "**Operating Expenses**" and "**Tax Expenses.**"

4.2.3 "**Expense Year**" shall mean each calendar year in which any portion of the Lease Term falls, through and including the calendar year in which the Lease Term expires, provided that Landlord, upon notice to Tenant, may change the Expense Year from time to time to any other twelve (12) consecutive month period, and, in the event of any such change, Tenant's Share of Direct Expenses shall be equitably adjusted for any Expense Year involved in any such change.

4.2.4 "**Operating Expenses**" shall mean all expenses, costs and amounts of every kind and nature which Landlord pays or accrues during any Expense Year because of or in connection with the ownership, management, maintenance, security, repair, replacement, renovation, restoration or operation of the Project, or any portion thereof, in accordance with sound real estate management and accounting practices, consistently applied. Without limiting the generality of the foregoing, Operating Expenses shall specifically include any and all of the following: (i) the cost of supplying all utilities (but excluding the cost of electricity, consumed in the Premises, the premises of other tenants of the Building, the vacant but otherwise rentable premises in the Building, and any other buildings in the Project (since Tenant is separately paying for the cost of electricity pursuant to Section 6.1.2 of this Lease)), the cost of operating, repairing, replacing, maintaining, renovating and restoring the utility, telephone, mechanical, sanitary, storm drainage, and Building elevator systems, and the cost of maintenance and service contracts in connection therewith; (ii) the cost of licenses, certificates, permits and inspections and the cost of contesting any governmental enactments which may affect Operating Expenses, and the costs

incurred in connection with a governmentally mandated transportation system management program or similar program; (iii) the cost of all insurance carried by Landlord in connection with the Project; (iv) the cost of landscaping, relamping, and all supplies, tools, equipment and materials used in the operation, repair and maintenance of the Project, or any portion thereof; (v) costs incurred in connection with the parking areas servicing the Project; (vi) fees and other costs, including management fees, consulting fees, legal fees and accounting fees, of all contractors and consultants in connection with the management, operation, maintenance, replacement, renovation, repair and restoration of the Project (provided such management fees shall not exceed three percent (3.0%) of Gross Rent); (vii) payments under any equipment rental agreements and the fair rental value of any management office space; (viii) wages, salaries and other compensation and benefits, including taxes levied thereon, of all persons (other than persons generally considered to be higher in rank than the position of "Senior Asset Manager") engaged in the operation, maintenance and security of the Project; (ix) costs under any instrument pertaining to the sharing of costs by the Project; (x) operation, repair, maintenance, renovation, replacement and restoration of all systems and equipment and components thereof of the Project; (xi) the cost of janitorial, alarm, security and other services, replacement, renovation, restoration and repair of wall and floor coverings, ceiling tiles and fixtures in common areas, maintenance, replacement, renovation, repair and restoration of curbs and walkways, repair to roofs and re-roofing; (xii) amortization of the cost of acquiring or the rental expense of personal property used in the maintenance, operation and repair of the Project, or any portion thereof (which amortization calculation shall include interest at the "Interest Rate," as that term is set forth in Article 25 of this Lease); (xiii) the cost of capital improvements or other costs incurred in connection with the Project (A) which are intended to effect economies in the operation or maintenance of the Project, or any portion thereof, (B) that are required to comply with present or anticipated conservation programs, (C) which are replacements or modifications of nonstructural items located in the Common Areas required to keep the Common Areas in good order or condition, (D) that are required under any governmental law or regulation by a federal, state or local governmental agency, except for capital repairs, replacements or other improvements to remedy a condition existing prior to the Lease Commencement Date which an applicable governmental authority, if it had knowledge of such condition prior to the Lease Commencement Date, would have then required to be remedied pursuant to then-current governmental laws or regulations in their form existing as of the Lease Commencement Date and pursuant to the then-current interpretation of such governmental laws or regulations by the applicable governmental authority as of the Lease Commencement Date, (E) which are required in order for the Project, or any portion thereof, to obtain or maintain a certification under the U.S. Green Building Council's Leadership in Energy and Environmental Design ("**LEED**"), or other applicable certification agency in connection with Landlord's sustainability practices for the Project (as such sustainability practices are to be determined by Landlord, in its sole and absolute discretion, from time to time), or (F) that relate to the safety or security of the Project; provided, however, that any capital expenditure shall be amortized with interest at the Interest Rate over either (X) its useful life as Landlord shall reasonably determine in accordance with sound real estate management and accounting practices, consistently applied, or (Y) with respect to those items included under item (A) above, their recovery/payback period as Landlord shall reasonably determine in accordance with sound real estate management and accounting practices, consistently applied; (xiv) costs, fees, charges or assessments imposed by, or resulting from any mandate imposed on Landlord by, any federal, state or local government for fire and police protection, trash removal, community services, or other services which do not constitute "**Tax Expenses**" as that term is defined in Section 4.2.5, below; (xv) payments under any easement, license, operating agreement, declaration, restrictive covenant, or instrument pertaining to the sharing of costs by the Project and (xvi) costs of any additional services not provided to the Project as of the Lease Commencement Date but which are thereafter provided by Landlord in connection with its prudent management of the Project. Notwithstanding the foregoing, for purposes of this Lease, Operating Expenses shall not, however, include:

(a) costs, including marketing costs, legal fees, space planners' fees, advertising and promotional expenses, and brokerage fees incurred in connection with the original construction or development, or original or future leasing of the Project, and costs, including permit, license and inspection costs, incurred with respect to the installation of improvements made for new tenants initially occupying space in the Project after the Lease Commencement Date or incurred in renovating or otherwise improving, decorating, painting or redecorating vacant space for tenants or other occupants of the Project (excluding, however, such costs relating to any common areas of the Project or parking facilities);

(b) depreciation, interest and principal payments on mortgages and other debt costs, if any, penalties and interest;

(c) costs for which the Landlord is reimbursed by any tenant or occupant of the Project or by insurance by its carrier or any tenant's carrier or by anyone else (except to the extent of deductibles), and electric power costs for which any tenant directly contracts with the local public service company;

(d) any bad debt loss, rent loss, or reserves for bad debts or rent loss;

(e) costs associated with the operation of the business of the partnership or entity which constitutes the Landlord, as the same are distinguished from the costs of operation of the Project (which shall specifically include, but not be limited to, accounting costs associated with the operation of the Project). Costs associated with the operation of the business of the partnership or entity which constitutes the Landlord include costs of partnership accounting and legal matters, costs of defending any lawsuits with any mortgagee, costs of selling, syndicating, financing, mortgaging or hypothecating any of the Landlord's interest in the Project (including the costs incurred by Landlord to address any title-related issues with regard to the Project), and costs incurred in connection with any disputes between Landlord and its employees, between Landlord and Project management, or between Landlord and other tenants or occupants, and Landlord's general corporate overhead and general and administrative expenses;

(f) the wages and benefits of any employee who does not devote substantially all of his or her employed time to the Project unless such wages and benefits are prorated to reflect time spent on operating and managing the Project vis-a-vis time spent on matters unrelated to operating and managing the Project; provided, that in no event shall Operating Expenses for purposes of this Lease include wages and/or benefits attributable to personnel above the level of Senior Asset Manager;

(g) amount paid as ground rental for the Project by the Landlord;

(h) overhead and profit increment paid to the Landlord or to subsidiaries or affiliates of the Landlord for services in the Project to the extent the same exceeds the costs of such services rendered by qualified, first-class unaffiliated third parties on a competitive basis;

(i) any compensation paid to clerks, attendants or other persons in commercial concessions operated by the Landlord, provided that any compensation paid to any concierge or parking attendants at the Project shall be includable as an Operating Expense;

(j) rentals and other related expenses incurred in leasing air conditioning systems, elevators or other equipment which if purchased the cost of which would be excluded from Operating Expenses as a capital cost, except equipment not affixed to the Project which is used in providing janitorial or similar services and, further excepting from this exclusion such equipment rented or leased to remedy or ameliorate an emergency condition in the Project ;

(k) all items and services for which Tenant or any other tenant in the Project reimburses Landlord or which Landlord provides selectively to one or more tenants (other than Tenant) without reimbursement;

(l) costs, other than those incurred in ordinary maintenance and repair, for sculpture, paintings, fountains or other objects of art;

(m) any costs expressly excluded from Operating Expenses elsewhere in this Lease;

(n) rent for any office space occupied by Project management personnel to the extent the size or rental rate of such office space exceeds the size or fair market rental value of office space occupied by management personnel of the "Comparable Buildings," as that term is defined in Section 4 of **Exhibit H** to this Lease, with adjustment where appropriate for the size of the applicable project;

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(o) costs to the extent arising from the gross negligence or willful misconduct of Landlord or its agents, employees, vendors, contractors, or providers of materials or services;

(p) costs incurred in connection with valet parking services or parking attendant costs to the extent necessitated by, and resulting from, Landlord granting other tenants in the Building more favorable parking rights (determined on a proportionate, per square foot basis); and

(q) costs incurred to comply with laws relating to the removal of hazardous material or substance (as defined under applicable law) which was in existence in the Building or on the Project prior to the Lease Commencement Date, and was of such a nature that a federal, state, local or municipal governmental authority, if it had then had knowledge of the presence of such hazardous material or substance, in the state, and under the conditions that it then existed in the Building or on the Project, would have then required the removal of such hazardous material or substance or other remedial or containment action with respect thereto, but only to the extent those laws were then being actively enforced by the applicable government authority; and costs incurred to remove, remedy, contain, or treat hazardous material or substance, which hazardous material or substance is brought into the Building or onto the Project after the date hereof by Landlord or any other tenant of the Project and is of such a nature, at that time, that a federal, state, local or municipal governmental authority, if it had then had knowledge of the presence of such hazardous material or substance, in the state, and under the conditions, that it then exists in the Building or on the Project, would have then required the removal of such hazardous material or substance or other remedial or containment action with respect thereto, but only to the extent those laws were then being actively enforced by the applicable government authority.

If Landlord is not furnishing any particular work or service (the cost of which, if performed by Landlord, would be included in Operating Expenses) to a tenant who has undertaken to perform such work or service in lieu of the performance thereof by Landlord, Operating Expenses for the Base Year and/or any subsequent Expense Year shall be deemed to be increased by an amount equal to the additional Operating Expenses which would reasonably have been incurred during such period by Landlord if it had at its own expense furnished such work or service to such tenant. If the Project is not at least one hundred percent (100%) occupied during all or a portion of the Base Year or any Expense Year, Landlord shall make an appropriate adjustment to the components of Operating Expenses for such year to determine the amount of Operating Expenses that would have been incurred had the Project been one hundred percent (100%) occupied for the entire year; and the amount so determined shall be deemed to have been the amount of Operating Expenses for such year. Operating Expenses for the Base Year shall not include temporary market-wide cost increases (including utility rate increases) due to extraordinary circumstances, including, but not limited to, Force Majeure, boycotts, strikes, conservation surcharges, embargoes or shortages, or amortized costs. In no event shall each of the components of Direct Expenses for any Expense Year related to Tax Expenses be less than each of the corresponding components of Direct Expenses related to such Tax Expenses in the Base Year. Landlord shall not (i) make a profit by charging items to Operating Expenses that are otherwise also charged separately to others and (ii) subject to Landlord's right to adjust the components of Operating Expenses described above in this paragraph, collect Operating Expenses from Tenant and all other tenants in the Building in an amount in excess of what Landlord incurs for the items included in Operating Expenses.

Further, notwithstanding the foregoing, in no event shall "Controllable Expenses," as that term is defined, below, for any Expense Year following the Base Year (i.e., the 2020 Expense Year) increase by more than five percent (5%) per Expense Year, calculated on a compounded basis. Without limitation of the foregoing, and for exemplary purposes only, if Controllable Expenses for the 2021 Expense Year are One Hundred Thousand and No/100 Dollars ($100,000.00), then Controllable Expenses for the 2022 Expense Year could not exceed One Hundred Five Thousand and No/100 Dollars ($105,000.00), Controllable Expenses for the 2023 Expense Year could not exceed One Hundred Ten Thousand Two Hundred Fifty and No/100 Dollars ($110,250.00) and Controllable Expenses for the 2024 Expenses Year could not exceed One Hundred Fifteen Thousand Seven Hundred Sixty-Two and 50/100 Dollars ($115,762.50). For purposes of this Lease, "**Controllable Expenses**" shall mean (i) the fee charged for the property management of the Project, (ii) the amount of rent, if applicable, charged to Operating Expenses as rent for the Project management office, and (iii) the costs of janitorial service contracts, security service contracts, landscaping contracts, HVAC maintenance contracts, elevator maintenance

contracts, and life safety maintenance contracts; provided, however, that notwithstanding anything contained in this paragraph to the contrary, Controllable Expenses shall not include (A) the cost of union labor, which shall include current union labor as of the date of this Lease and labor which is not union as of the date of this Lease but which unionizes after the date of this Lease, (B) market-wide labor-rate increases due to extraordinary circumstances, including without limitation, boycotts and strikes, (C) costs incurred due to an event of "Force Majeure," as that term is defined in Section 29.16 of this Lease, and (D) costs incurred to comply with "Applicable Laws," as that term is defined in Article 24 of this Lease.

4.2.5 **Taxes**.

4.2.5.1"**Tax Expenses**" shall mean all federal, state, county, or local governmental or municipal taxes, fees, charges or other impositions of every kind and nature, whether general, special, ordinary or extraordinary, (including, without limitation, real estate taxes, general and special assessments, transit taxes, leasehold taxes or taxes based upon the receipt of rent, including gross receipts or sales taxes applicable to the receipt of rent, unless required to be paid by Tenant, personal property taxes imposed upon the fixtures, machinery, equipment, apparatus, systems and equipment, appurtenances, furniture and other personal property used in connection with the Project, or any portion thereof), which shall be paid or accrued during any Expense Year (without regard to any different fiscal year used by such governmental or municipal authority) because of or in connection with the ownership, leasing and operation of the Project, or any portion thereof (including, without limitation, the land upon which the Building and the parking structure adjacent to the Building are located).

4.2.5.2Tax Expenses shall include, without limitation: (i) Any tax on the rent, right to rent or other income from the Project, or any portion thereof, or as against the business of leasing the Project, or any portion thereof; (ii) Any assessment, tax, fee, levy or charge in addition to, or in substitution, partially or totally, of any assessment, tax, fee, levy or charge previously included within the definition of real property tax, it being acknowledged by Tenant and Landlord that Proposition 13 was adopted by the voters of the State of California in the June 1978 election ("**Proposition 13**") and that assessments, taxes, fees, levies and charges may be imposed by governmental agencies for such services as fire protection, street, sidewalk and road maintenance, refuse removal and for other governmental services formerly provided without charge to property owners or occupants, and, in further recognition of the decrease in the level and quality of governmental services and amenities as a result of Proposition 13, Tax Expenses shall also include any governmental or private assessments or the Project's contribution towards a governmental or private cost-sharing agreement for the purpose of augmenting or improving the quality of services and amenities normally provided by governmental agencies; (iii) Any assessment, tax, fee, levy, or charge allocable to or measured by the area of the Premises or the Rent payable hereunder, including, without limitation, any business or gross income tax or excise tax with respect to the receipt of such rent, or upon or with respect to the possession, leasing, operating, management, maintenance, alteration, repair, use or occupancy by Tenant of the Premises, or any portion thereof; (iv) Any assessment, tax, fee, levy or charge, upon this transaction or any document to which Tenant is a party, creating or transferring an interest or an estate in the Premises; and (v) all of the real estate taxes and assessments imposed upon or with respect to the Building and all of the real estate taxes and assessments imposed on the land and improvements comprising the Project.

4.2.5.3Any costs and expenses (including, without limitation, reasonable attorneys' fees) incurred in attempting to protest, reduce or minimize Tax Expenses shall be included in Tax Expenses in the Expense Year such expenses are paid. Except as set forth in Section 4.2.5.4, below, refunds of Tax Expenses shall be credited against Tax Expenses and refunded to Tenant regardless of when received, based on the Expense Year to which the refund is applicable, provided that in no event shall the amount to be refunded to Tenant for any such Expense Year exceed the total amount paid by Tenant as an increase in Tax Expenses under this Article 4 for such Expense Year. If Tax Expenses for any period during the Lease Term or any extension thereof are increased after payment thereof for any reason, including, without limitation, error or reassessment by applicable governmental or municipal authorities, Tenant shall pay Landlord upon demand Tenant's Share of any such increased Tax Expenses included by Landlord as Building Tax Expenses pursuant to the TCCs of this Lease. Notwithstanding anything to the contrary contained in this Section 4.2.5 (except as set forth in Section 4.2.5.2, above), there shall be excluded from Tax Expenses (i) all excess profits taxes, franchise taxes (whether or not

calculated on gross rents), gift taxes, capital stock taxes, inheritance and succession taxes, estate taxes, federal and state income taxes (including withholding taxes whether or not calculate on gross rents), and other taxes to the extent applicable to Landlord's general or net income (as opposed to rents, receipts or income attributable to operations at the Project), (ii) any items included as Operating Expenses, and (iii) any items paid by Tenant under Section 4.5 of this Lease. Notwithstanding anything to the contrary set forth in this Lease, only Landlord may institute proceedings to reduce Tax Expenses and the filing of any such proceeding by Tenant without Landlord's consent shall constitute an event of default by Tenant under this Lease. Notwithstanding the foregoing, Landlord shall not be obligated to file any application or institute any proceeding seeking a reduction in Tax Expenses.

4.2.5.4Notwithstanding anything to the contrary set forth in this Lease, the amount of Tax Expenses for the Base Year and any Expense Year shall be calculated without taking into account any decreases in real estate taxes obtained in connection with Proposition 8, and, therefore, the Tax Expenses in the Base Year and/or an Expense Year may be greater than those actually incurred by Landlord, but shall, nonetheless, be the Tax Expenses due under this Lease; provided that (i) any costs and expenses incurred by Landlord in securing any Proposition 8 reduction shall not be included in Direct Expenses for purposes of this Lease, (ii) tax refunds under Proposition 8 shall not be deducted from Tax Expenses, but rather shall be the sole property of Landlord, and (iii) for purposes of calculating Tax Expenses for the Base Year, Tax Expenses shall be adjusted, on a basis consistent with sound real estate accounting principles, to reflect an assessment for (and Tax Expenses for) the Office Center on a one hundred percent (100%) leased, completed and occupied basis. Landlord and Tenant acknowledge that this Section 4.2.5.4 is not intended to in any way affect (A) the inclusion in Tax Expenses of the statutory two percent (2.0%) annual maximum allowable increase in Tax Expenses (as such statutory increase may be modified by subsequent legislation), or (B) the inclusion or exclusion of Tax Expenses pursuant to the terms of Proposition 13, which shall be governed pursuant to the terms of Sections 4.2.5.1 through 4.2.5.3, above.

4.2.6 "**Tenant's Share**" shall mean the percentage set forth in Section 6 of the Summary.

4.3 **Allocation of Direct Expenses**.

4.3.1 **Method of Allocation**. The parties acknowledge that the Building is a part of the multi-building Office Center, which Office Center is, in turn, part of the larger mixed-use Project, and that the costs and expenses incurred in connection with the greater Project (i.e., the Direct Expenses) should be shared, as applicable, between the tenants of the Building, the tenants of the other office buildings in the Office Center, and the other tenants and residents of the remainder of the Project. Accordingly, as set forth in Section 4.2 above, certain Direct Expenses (which consists of Operating Expenses and Tax Expenses) are determined annually for the Office Center and/or the Project as a whole, and a portion of such Direct Expenses, which portion ***shall*** be determined by Landlord on an equitable basis, ***shall*** be allocated to the tenants of the Building (as opposed to the tenants and residents of any other buildings in the Project) and such portion shall be the Direct Expenses for purposes of this Lease. Such portion of Direct Expenses so allocated to the tenants of the Building shall include (x) all Direct Expenses attributable solely to the Building, (y) an equitable portion of the Direct Expenses attributable to the Office Center, and (z) an equitable portion of the Direct Expenses attributable to the Project as a whole.

4.3.2 **Cost Pools**. Landlord shall, to the extent commercially reasonable, equitably allocate the Direct Expenses among different portions or occupants of the Building, the Office Center, other retail and residence areas and/or the Project, as appropriate (the "**Cost Pools**"), in Landlord's reasonable discretion. The Direct Expenses within each such Cost Pool shall be allocated and charged to the tenants (or residents) within such Cost Pool in an equitable manner.

4.4 **Calculation and Payment of Additional Rent**. If for any Expense Year ending or commencing within the Lease Term, Tenant's Share of Direct Expenses for such Expense Year exceeds Tenant's Share of Direct Expenses applicable to the Base Year, then Tenant shall pay to Landlord, in the manner set forth in Section 4.4.1, below, and as Additional Rent, an amount equal to the excess (the "**Excess**").

4.4.1 **Statement of Actual Direct Expenses and Payment by Tenant**. Landlord shall give to Tenant following the end of each Expense Year, a statement (the

"**Statement**") which shall state in general major categories the Direct Expenses incurred or accrued for the particular Expense Year, and which shall indicate the amount of the Excess. Landlord shall use commercially reasonable efforts to deliver such Statement to Tenant on or before May 1 following the end of the Expense Year to which such Statement relates; provided, however, in no event shall Landlord deliver such Statement later than September 30th following the end of the Expense Year to which the Statement relates; provided further, however, and to ensure such Statement is as complete as reasonably practicable, Landlord shall use commercially reasonable efforts to ensure the inclusion of all Direct Expenses relating to the corresponding Expense Year to the extent Landlord is then in possession of invoices and other necessary expense information required to include the same. Upon receipt of the Statement for each Expense Year commencing or ending during the Lease Term, if an Excess is present, Tenant shall pay, within thirty (30) days after receipt of the Statement, the full amount of the Excess for such Expense Year, less the amounts, if any, paid during such Expense Year as "Estimated Excess," as that term is defined in Section 4.4.2, below, and if Tenant paid more as Estimated Excess than the actual Excess, Tenant shall receive a credit in the amount of Tenant's overpayment against Rent next due under this Lease. The failure of Landlord to timely furnish the Statement for any Expense Year shall not prejudice Landlord or Tenant from enforcing its rights under this Article 4; provided, however, Tenant shall not be responsible for its share of any Direct Expenses attributable to a particular Expense Year not initially included on the corresponding Statement to the extent Landlord had in its possession, prior to the issuance date of such Statement, the invoices or other necessary information required to include the same on such Statement had Landlord used its commercially reasonable efforts as identified hereinabove. Even though the Lease Term has expired and Tenant has vacated the Premises, when the final determination is made of Tenant's Share of Direct Expenses for the Expense Year in which this Lease terminates, if an Excess is present, Tenant shall, within thirty (30) days after receipt of the Statement, pay to Landlord such amount, and if Tenant paid more as Estimated Excess than the actual Excess, Landlord shall, within thirty (30) days, deliver a check payable to Tenant in the amount of the overpayment. The provisions of this Section 4.4.1 shall survive the expiration or earlier termination of the Lease Term. Notwithstanding the immediately preceding sentence, Tenant shall not be responsible for Tenant's Share of any Direct Expenses attributable to any Expense Year which are first billed to Tenant after the July 1st first occurring after the first (1st) anniversary of the Lease Expiration Date, provided that in any event Tenant shall be responsible for Tenant's Share of Direct Expenses which (x) were levied by any governmental authority or by any public utility companies, and (y) Landlord had not previously received an invoice therefor and which are currently due and owing (i.e., costs invoiced for the first time regardless of the date when the work or service relating to this Lease was performed), at any time following the Lease Expiration Date which are attributable to any Expense Year.

4.4.2 **Statement of Estimated Direct Expenses**. In addition, Landlord shall endeavor to give Tenant a yearly expense estimate statement (the "**Estimate Statement**") which shall set forth in general major categories Landlord's reasonable estimate (the "**Estimate**") of what the total amount of Direct Expenses for the then-current Expense Year shall be and the estimated excess (the "**Estimated Excess**") as calculated by comparing the Direct Expenses for such Expense Year, which shall be based upon the Estimate, to the amount of Direct Expenses for the Base Year. The failure of Landlord to timely furnish the Estimate Statement for any Expense Year shall not preclude Landlord from enforcing its rights to collect any Additional Rent under this Article 4, nor shall Landlord be prohibited from revising any Estimate Statement or Estimated Excess theretofore delivered to the extent necessary. Thereafter, Tenant shall pay, within thirty (30) days after receipt of the Estimate Statement, a fraction of the Estimated Excess for the then-current Expense Year (reduced by any amounts paid pursuant to the second to last sentence of this Section 4.4.2). Such fraction shall have as its numerator the number of months which have elapsed in such current Expense Year, including the month of such payment, and twelve (12) as its denominator. Until a new Estimate Statement is furnished (which Landlord shall have the right to deliver to Tenant at any time), Tenant shall pay monthly, with the monthly Base Rent installments, an amount equal to one-twelfth (1/12) of the total Estimated Excess set forth in the previous Estimate Statement delivered by Landlord to Tenant. Throughout the Lease Term Landlord shall maintain records with respect to Direct Expenses in accordance with sound real estate management and accounting practices, consistently applied.

4.5 **5Taxes and Other Charges for Which Tenant Is Directly Responsible**.

4.5.1 Tenant shall be liable for and shall pay ten (10) days before delinquency, taxes levied against Tenant's equipment, furniture, fixtures and any other personal property located in or about the Premises. If any such taxes on Tenant's equipment, furniture, fixtures and any other personal property are levied on a clearly-identified basis against Landlord or Landlord's property or if the assessed value of Landlord's property is increased on a clearly-identified basis by the inclusion therein of a value placed upon such equipment, furniture, fixtures or any other personal property and if Landlord pays the taxes based upon such increased assessment, which Landlord shall have the right to do regardless of the validity thereof but only under proper protest if requested by Tenant, Tenant shall upon demand repay to Landlord the taxes so levied against Landlord or the proportion of such taxes resulting from such increase in the assessment, as the case may be.

4.5.2 If the improvements in the Premises, whether installed and/or paid for by Landlord or Tenant and whether or not affixed to the real property so as to become a part thereof, are assessed for real property tax purposes at a valuation higher than the valuation at which improvements conforming to Landlord's "building standard" in other space in the Building are assessed, then the Tax Expenses levied against Landlord or the property by reason of such excess assessed valuation shall be deemed to be taxes levied against personal property of Tenant and shall be governed by the provisions of Section 4.5.1, above; provided, however, Landlord and Tenant hereby acknowledge and agree that to the extent the assessed value of the initial Improvements constructed in the Premises pursuant to the Work Letter does not exceed One Hundred Twenty-Five and No/100 Dollars ($125.00) per rentable square foot of the Premises, then the same shall be deemed to conform to Landlord's "building standard".

4.5.3 Notwithstanding any contrary provision herein, Tenant shall pay prior to delinquency any (i) rent tax or sales tax, service tax, transfer tax or value added tax, or any other applicable tax on the rent or services herein or otherwise respecting this Lease, (ii) taxes assessed upon or with respect to the possession, leasing, operation, management, maintenance, alteration, repair, use or occupancy by Tenant of the Premises or any portion of the Project, including the Project parking facility; or (iii) taxes assessed upon this transaction or any document to which Tenant is a party creating or transferring an interest or an estate in the Premises, but only to the extent (i) through (iii) are excluded from Tax Expenses as set forth in Section 4.2.5 above.

4.6 **Landlord's Records**. Upon Tenant's written request given not more than one hundred eighty (180) days after Tenant's receipt of a Statement for a particular Expense Year, and provided that Tenant is not then in economic default under this Lease beyond the applicable notice and cure period provided in this Lease, specifically including, but not limited to, the timely payment of Additional Rent (whether or not a component thereof is the subject of the audit contemplated herein and which payment may be paid under protest), Landlord shall furnish Tenant with such reasonable supporting documentation pertaining to the calculation of the Excess set forth in the Statement as Tenant may reasonably request. Landlord shall provide said documentation pertaining to the relevant Excess to Tenant within sixty (60) days after Tenant's written request therefor. Within one hundred eighty (180) days after receipt of a Statement by Tenant (the "**Audit Period**"), if Tenant disputes the amount of the Excess set forth in the Statement, an independent certified public accountant (the "**Tenant CPA**") to the extent the Tenant CPA (A) is a member of a nationally or regionally recognized certified public accounting firm which has previous experience in auditing financial operating records of landlords of office buildings, and (B) shall not then be providing primary accounting and/or lease administration services to Tenant (C) is not working on a contingency fee basis [i.e., Tenant must be billed based on the actual time and materials that are incurred by the certified public accounting firm in the performance of the audit], and (D) shall not, at the time Tenant hires such independent certified public accountant, already be conducting an audit for another tenant in the Building and/or the Project in connection with a review or audit by such other tenant of similar expense records for the subject Expense Year(s)), designated and initially paid for by Tenant, may, after reasonable notice to Landlord and at reasonable times, audit Landlord's records with respect to the Excess set forth in the Statement at Landlord's corporate offices, provided that (*i*) Tenant has paid all amounts required to be paid under the applicable Estimate Statement and Statement, and (*ii*) a copy of the audit agreement between Tenant and its particular certified public accounting firm has been delivered to Landlord prior to the commencement of the audit. In connection with such audit, Tenant and Tenant's certified public accounting firm must agree in advance to follow Landlord's reasonable rules and procedures regarding an audit of the aforementioned Landlord records, and shall execute a

commercially reasonable confidentiality agreement regarding such audit. Any audit report prepared by Tenant's certified public accounting firm shall be delivered concurrently to Landlord and Tenant within the Audit Period. Tenant's failure to audit the amount of the Excess set forth in any Statement within the Audit Period shall be deemed to be Tenant's approval of such Statement and Tenant, thereafter, waives the right or ability to audit the amounts set forth in such Statement absent fraud or material manifest error. If after such audit, Tenant still disputes such Excess, an audit to determine the proper amount shall be made by an independent certified public accountant (the "**Accountant**") mutually and reasonably selected by Landlord and Tenant; provided that if such audit by the Accountant proves that the Direct Expenses in the subject Expense Year were overstated (x) by less than two percent (2%), then the cost of the Accountant, the cost of the Tenant CPA and the cost of such audits shall be paid for solely by Tenant, (y) by an amount from two percent (2%) to five percent (5%), then the cost of the Accountant, the reasonable cost of the Tenant CPA and the cost of such audits shall be paid for by Landlord and Tenant equally (i.e., on a 50%-50% split basis), or (z) by more than five percent (5%), then the cost of the Accountant, the reasonable cost of the Tenant CPA and the cost of such audits shall be paid for solely by Landlord. If such audit reveals that Landlord has over-charged Tenant, then within thirty (30) days after the results of such audit are made available to Landlord, Landlord shall reimburse to Tenant the amount of such over-charge. Conversely, if the audit reveals that the Tenant was under-charged, then within thirty (30) days after the results of such audit are made available to Tenant, Tenant shall reimburse to Landlord the amount of such under-charge. Tenant hereby acknowledges that Tenant's sole right to audit Landlord's records and to contest the amount of Direct Expenses payable by Tenant shall be as set forth in this Section 4.6, and Tenant hereby waives any and all other rights pursuant to applicable law to audit such records and/or to contest the amount of Direct Expenses payable by Tenant.

ARTICLE 5

USE OF PREMISES

5.1 **Permitted Use**. Tenant shall use the Premises solely for the Permitted Use set forth in Section 7 of the Summary and Tenant shall not use or permit the Premises or the Project to be used for any other purpose or purposes whatsoever without the prior written consent of Landlord, which may be withheld in Landlord's sole and absolute discretion.

5.2 **Prohibited Uses**. The uses prohibited under this Lease shall include, without limitation, use of the Premises or a portion thereof for (i) offices of any agency or bureau of the United States or any state or political subdivision thereof; (ii) offices or agencies of any foreign governmental or political subdivision thereof; (iii) offices of any health care practitioners or service organization to health care practitioners; (iv) schools or other training facilities which are not ancillary to Tenant's business or corporate, executive or professional office use; (v) retail or restaurant uses; or (vi) communications firms such as radio and/or television stations. Tenant shall not allow occupancy density for the Premises which is greater than six (6.0) persons per each one thousand (1,000) usable square feet. Tenant further covenants and agrees that it shall not use, or suffer or permit any person or persons to use, the Premises or any part thereof for any use or purpose contrary to the rules and regulations promulgated by Landlord from time to time ("**Rules and Regulations**"), the current set of which (as of the date of this Lease) is attached to this Lease as **Exhibit D**; or in violation of the laws of the United States of America, the State of California, or the ordinances, regulations or requirements of the local municipal or county governing body or other lawful authorities having jurisdiction over the Project, including, without limitation, any such laws, ordinances, regulations or requirements relating to hazardous materials or substances, as those terms are defined by applicable laws now or hereafter in effect; provided, however, Landlord shall not enforce, change or modify the Rules and Regulations in a discriminatory manner and Landlord agrees that the Rules and Regulations shall not be unreasonably modified or enforced in a manner which will unreasonably interfere with the normal and customary conduct of Tenant's business. Tenant shall not do or permit anything to be done in or about the Premises which will in any way damage the reputation of the Project or obstruct or interfere with the rights of other tenants or occupants of the Building, or injure or annoy them or use or allow the Premises to be used for any improper or unlawful purpose, nor shall Tenant cause, maintain or permit any nuisance in, on or about the Premises.

5.3 **CC&Rs**. Tenant shall comply with all recorded covenants, conditions, and restrictions currently affecting the Project. Additionally, Tenant acknowledges that the Project

may be subject to any future covenants, conditions, and restrictions (the "**CC&Rs**") which Landlord, in Landlord's discretion, deems reasonably necessary or desirable, and Tenant agrees that this Lease shall be subject and subordinate to such CC&Rs; provided, however, any such future CC&Rs shall not (i) materially and adversely affect Tenant's rights under this Lease, (ii) adversely affect Tenant's use of the Premises for the Permitted Use, or (iii) materially increase Tenant's monetary obligations under this Lease (i.e., other than in a de minimis manner). Landlord shall have the right to require Tenant to execute and acknowledge, within fifteen (15) business days of a request by Landlord, a "Recognition of Covenants, Conditions, and Restriction," in a form substantially similar to that attached hereto as **Exhibit F**, agreeing to and acknowledging the CC&Rs.

ARTICLE 6

SERVICES AND UTILITIES

6.1 **Standard Tenant Services**. Landlord shall provide the following services on all days (unless otherwise stated below) during the Lease Term.

6.1.1 Subject to reasonable changes implemented by Landlord and all governmental rules, regulations and guidelines applicable thereto, Landlord shall provide heating, ventilation and air conditioning ("**HVAC**") when necessary for normal comfort for normal office use in the Premises from 7:00 A.M. to 6:00 P.M. Monday through Friday and 9:00 A.M. to 1:00 P.M. on Saturdays. (collectively, the "**Building Hours**"), except for the date of observation of New Year's Day, President's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, Christmas Day and, at Landlord's discretion, other locally or nationally recognized holidays (collectively, the "**Holidays**").

6.1.2 Landlord shall provide adequate electrical wiring and facilities and electric power for normal general office use as determined by Landlord. Notwithstanding any provision to the contrary contained in this Lease, Tenant shall pay directly to the utility company pursuant to the utility company's separate meters (or to Landlord in the event Landlord provides submeters instead of the utility company's meters), the cost of all electricity provided to and/or consumed in the Premises (including normal and excess consumption and including the cost of electricity to operate the HVAC air handlers), which electricity shall be separately metered (as described above or otherwise equitably allocated and directly charged by Landlord to Tenant and other tenants of the Building). Tenant shall pay such cost (including the cost of such meters or submeters) within thirty (30) days after demand and as Additional Rent under this Lease (and not as part of the Operating Expenses). Landlord shall designate the utility provider from time to time.

6.1.3 As part of Operating Expenses, Landlord shall replace lamps, starters and ballasts for Building standard lighting fixtures within the Premises. In addition, Tenant shall bear the cost of replacement of lamps, starters and ballasts for non-Building standard lighting fixtures within the Premises.

6.1.4 Landlord shall provide city water from the regular Building outlets for drinking, lavatory and toilet purposes in the Building Common Areas.

6.1.5 Landlord shall provide janitorial services to the Premises, except the date of observation of the Holidays, in and about the Premises and window washing services in a manner consistent with other Comparable Buildings.

6.1.6 Landlord shall provide nonexclusive, non-attended automatic passenger elevator service during the Building Hours, and shall have at least one elevator available at all other times. Landlord shall provide nonexclusive freight elevator service subject to scheduling by Landlord.

Tenant shall cooperate fully with Landlord at all times and abide by all regulations and requirements that Landlord may reasonably prescribe for the proper functioning and protection of the HVAC, electrical, mechanical and plumbing systems.

6.2 **Overstandard Tenant Use**. Tenant shall not, without Landlord's prior written consent, use heat-generating machines, machines other than normal fractional horsepower office machines, or equipment or lighting other than Building standard lights in the Premises, which may

affect the temperature otherwise maintained by the air conditioning system or increase the water normally furnished for the Premises by Landlord pursuant to the terms of Section 6.1 of this Lease. If such consent is given, Landlord shall have the right to require installation of supplementary air conditioning units or other facilities in the Premises, including supplementary or additional metering devices, and the cost thereof, including the cost of installation, operation and maintenance, increased wear and tear on existing equipment and other similar charges, shall be paid by Tenant to Landlord upon billing by Landlord. If Tenant uses water, electricity, heat or air conditioning in excess of that supplied by Landlord pursuant to Section 6.1 of this Lease, Tenant shall pay to Landlord, upon billing, the cost of such excess consumption, the cost of the installation, operation, and maintenance of equipment which is installed in order to supply such excess consumption, and the cost of the increased wear and tear on existing equipment caused by such excess consumption; and Landlord may install devices to separately meter any increased use and in such event Tenant shall pay the increased cost directly to Landlord, including the cost of such additional metering devices. Tenant's use of electricity shall never exceed the capacity of the feeders to the Project or the risers or wiring installation, and subject to the terms of Section 29.32, below, Tenant shall not install or use or permit the installation or use of any computer or electronic data processing equipment in the Premises, without the prior written consent of Landlord; provided that Landlord agrees that the foregoing restriction shall not apply to (i) general office use of printers and personal computers on the desktops of Tenant's employees, and (ii) separately ventilated "**computer**" and/or "**data center**" rooms approved and constructed by or for Tenant pursuant to the terms of **Exhibit B** or Article 8. If Tenant desires to use heat, ventilation or air conditioning during hours other than those for which Landlord is obligated to supply such utilities pursuant to the terms of Section 6.1 of this Lease, Tenant shall give Landlord such prior notice, if any, as Landlord shall from time to time establish as appropriate, of Tenant's desired use in order to supply such utilities, and Landlord shall supply such utilities to Tenant at such hourly cost to Tenant (which shall be treated as Additional Rent) as Landlord shall from time to time establish, which amount is currently anticipated to total Seventy-Five and No/100 Dollars ($75.00) per hour per full-floor zone.

6.3 **Interruption of Use**. Subject to Section 6.4, below, Tenant otherwise agrees that Landlord shall not be liable for damages, by abatement of Rent or otherwise, for failure to furnish or delay in furnishing any service (including telephone and telecommunication services), or for any diminution in the quality or quantity thereof, when such failure or delay or diminution is occasioned, in whole or in part, by breakage, repairs, replacements, or improvements, by any strike, lockout or other labor trouble, by inability to secure electricity, gas, water, or other fuel at the Building or Project after reasonable effort to do so, by any riot or other dangerous condition, emergency, accident or casualty whatsoever, by act or default of Tenant or other parties, or by any other cause beyond Landlord's reasonable control; and such failures or delays or diminution shall never be deemed to constitute an eviction or disturbance of Tenant's use and possession of the Premises or relieve Tenant from paying Rent or performing any of its obligations under this Lease. Furthermore, Landlord shall not be liable under any circumstances for a loss of, or injury to, property or for injury to, or interference with, Tenant's business, including, without limitation, loss of profits, however occurring, through or in connection with or incidental to a failure to furnish any of the services or utilities as set forth in this Article 6.

6.4 **Abatement Event**. If (i) Landlord fails to perform the obligations required of Landlord under the TCCs of this Lease, (ii) such failure causes all or a portion of the Premises to be untenantable and unusable by Tenant, and (iii) such failure relates to (A) the nonfunctioning of the heat, ventilation, and air conditioning system in the Premises, the electricity in the Premises, the nonfunctioning of the elevator service to the Premises, or (B) a failure to provide access to the Premises, Tenant shall give Landlord notice (the "**Initial Notice**"), specifying such failure to perform by Landlord (the "**Abatement Event**"); provided, however, given Landlord's obligation under Article 7, as part of its maintenance and repair obligations with regard to Building systems, the parties agree that it will be a rebuttable presumption (barring reasonably conclusive evidence to the contrary) that any failure to provide heat, ventilation and air conditioning to the Premises HVAC distribution system, to provide electricity to the point of entry to the Premises, and/or elevator service between the Building lobby and the floors of the Building on which the Premises are located, will be the result of a Landlord failure under sub-item (i) hereinabove. If Landlord has not cured such Abatement Event within five (5) business days after the receipt of the Initial Notice, Tenant may deliver an additional notice to Landlord (the "**Additional Notice**"), specifying such Abatement Event and Tenant's intention to abate the payment of Rent under this Lease. If Landlord does not cure such Abatement Event within five (5) business days of receipt of the Additional Notice, Tenant may, upon written notice to Landlord, immediately abate Rent payable

under this Lease for that portion of the Premises rendered untenantable and not used by Tenant, for the period beginning on the date five (5) business days after the Initial Notice to the earlier of the date Landlord cures such Abatement Event or the date Tenant recommences the use of such portion of the Premises. Such right to abate Rent shall be Tenant's sole and exclusive remedy at law or in equity for an Abatement Event (as opposed to (x) any damage to the property or injury to persons as addressed by Section 10.1 of this Lease, or (y) any insured claims otherwise available to Tenant in accordance with Article 10 of this Lease). Except as provided in this Section 6.4, nothing contained herein shall be interpreted to mean that Tenant is excused from paying Rent due hereunder.

ARTICLE 7

REPAIRS

Tenant shall, at Tenant's own expense, keep the Premises, including all improvements, fixtures, equipment, interior window coverings, and furnishings therein, and the floor or floors of the Building on which the Premises is located, in good order, repair and condition at all times during the Lease Term. In addition, Tenant shall, at Tenant's own expense, but under the supervision and subject to the prior approval of Landlord, and within any reasonable period of time specified by Landlord, promptly and adequately repair all damage to the Premises and replace or repair all damaged, broken, or worn fixtures and appurtenances, except for damage caused by ordinary wear and tear or beyond the reasonable control of Tenant; provided however, that, at Landlord's option, or if Tenant fails to make such repairs, Landlord may, after written notice to Tenant and Tenant's failure to repair within five (5) days thereafter, but need not, make such repairs and replacements, and Tenant shall pay Landlord the cost thereof, including a percentage of the cost thereof (to be uniformly established for the Building and/or the Project, but in no event in excess of the percentage set forth in Section 8.3 below) sufficient to reimburse Landlord for all overhead, general conditions, fees and other costs or expenses arising from Landlord's involvement with such repairs and replacements forthwith upon being billed for same. Notwithstanding the foregoing, Landlord shall be responsible for repairs to the exterior walls, foundation and roof of the Building, the structural portions of the floors of the Building, and the systems and equipment of the Building, except to the extent that such repairs are required due to the negligence or willful misconduct of Tenant; provided, however, that if such repairs are due to the negligence or willful misconduct of Tenant, Landlord shall nevertheless make such repairs at Tenant's expense, or, if covered by Landlord's insurance, Tenant shall only be obligated to pay any deductible in connection therewith. Landlord may, but shall not be required to, enter the Premises at all reasonable times to make such repairs, alterations, improvements or additions to the Premises or to the Project or to any equipment located in the Project as Landlord shall desire or deem necessary or as Landlord may be required to do by governmental or quasi-governmental authority or court order or decree; provided, however, except for (i) emergencies, (ii) repairs, alterations, improvements or additions required by governmental or quasi-governmental authorities or court order or decree, or (iii) repairs which are the obligation of Tenant hereunder, any such entry into the Premises by Landlord shall be performed in a manner so as not to materially interfere with Tenant's use of, or access to, the Premises; provided that, with respect to items (ii) and (iii) above, Landlord shall use commercially reasonable efforts to not materially interfere with Tenant's use of, or access to, the Premises. Tenant hereby waives any and all rights under and benefits of subsection 1 of Section 1932 and Sections 1941 and 1942 of the California Civil Code or under any similar law, statute, or ordinance now or hereafter in effect.

ARTICLE 8

ADDITIONS AND ALTERATIONS

8.1 **Landlord's Consent to Alterations**. Tenant may not make any improvements, alterations, additions or changes to the Premises or any mechanical, plumbing or HVAC facilities or systems pertaining to the Premises (collectively, the "**Alterations**") without first procuring the prior written consent of Landlord to such Alterations, which consent shall be requested by Tenant not less than fifteen (15) business days prior to the commencement thereof, and which consent shall not be unreasonably withheld by Landlord, provided it shall be deemed reasonable for Landlord to withhold its consent to any Alteration which adversely affects the structural portions or the systems or equipment of the Building or is visible from the exterior of the Building. Landlord shall provide notice of approval or disapproval of an Alterations request within ten (10)

business days following the receipt of such Alterations request. Landlord's failure to provide approval or disapproval within said ten (10) business day period shall not be deemed approval or disapproval. In such event, Tenant may deliver a second request for approval at the expiration of said ten (10) business day period setting forth such failure containing the following sentence at the top of such notice in bold, capitalized font at least twelve (12) points in size: "**LANDLORD'S FAILURE TO RESPOND TO THIS NOTICE WITHIN TEN (10) DAYS SHALL RESULT IN LANDLORD'S DEEMED APPROVAL OF TENANT'S ALTERATIONS REQUEST**" (the "**Alterations Reminder Notice**"). Thereafter, Landlord's failure to provide approval or disapproval within ten (10) days following Landlord's receipt of a Alterations Reminder Notice shall conclusively be deemed approval of Tenant's Alteration as presented. Notwithstanding the foregoing, Tenant shall be permitted to make Alterations following ten (10) business days' notice to Landlord, but without Landlord's prior consent, to the extent that such Alterations do not (i) adversely affect the systems and equipment of the Building, exterior appearance of the Building, or structural aspects of the Building, (ii) adversely affect the value of the Premises or Building, (iii) require a building or construction permit, or (iv) cost more than One Hundred Thousand and 00/100 Dollars ($100,000.00) for a particular job of work (the "**Cosmetic Alterations**"). The construction of the initial improvements to the Premises shall be governed by the terms of the Work Letter and not the terms of this Article 8.

8.2 **Manner of Construction**. Landlord may impose, as a condition of its consent to any and all Alterations or repairs of the Premises or about the Premises, such requirements as Landlord in its reasonable discretion may deem desirable, including, but not limited to, the requirement that Tenant utilize for such purposes only contractors reasonably approved by Landlord, and any removal and/or restoration obligations required to be performed pursuant to the TCCs of Section 8.5 of this Lease. If Landlord shall give its consent, the consent shall be deemed conditioned upon Tenant acquiring a permit to do the work from appropriate governmental agencies, if required, the furnishing of a copy of such permit to Landlord prior to the commencement of the work, and the compliance by Tenant with all conditions of said permit in a prompt and expeditious manner. If such Alterations will involve the use of or disturb hazardous materials or substances existing in the Premises, Tenant shall notify Landlord prior to performing such Alterations and comply with Landlord's rules and regulations concerning such hazardous materials or substances. Tenant shall construct such Alterations and perform such repairs in a good and workmanlike manner, in conformance with any and all applicable federal, state, county, local or municipal laws, ordinances, rules and regulations and pursuant to a valid building permit, issued by the city in which the Building is located (or other applicable governmental authority), all in conformance with Landlord's construction rules and regulations; provided, however, that prior to commencing to construct any Alteration, Tenant shall meet with Landlord to discuss Landlord's design parameters and code compliance issues. In the event Tenant performs any Alterations in the Premises which require or give rise to governmentally required changes to the "Base Building," as that term is defined below, then Landlord shall, at Tenant's expense, make such changes to the Base Building. Since all or a portion of the Project is or may become in the future certified under the LEED rating system (or other applicable certification standard) (all in Landlord's sole and absolute discretion), Tenant expressly acknowledges and agrees that without limitation as to other grounds for Landlord withholding its consent to any proposed Alteration, Landlord shall have the right to withhold its consent to any proposed Alteration in the event that such Alteration is not compatible with such certification or recertification of the Project under such LEED rating system (or other applicable certification standard). The "**Base Building**" shall include the structural portions of the Building, and the public restrooms, elevators, exit stairwells and the systems and equipment located in the internal core of the Building on the floor or floors on which the Premises is located. In performing the work of any such Alterations, Tenant shall have the work performed in such manner so as not to obstruct access to the Project or any portion thereof, by any other tenant of the Project, and so as not to obstruct the business of Landlord or other tenants in the Project. Tenant shall not use (and upon notice from Landlord shall cease using) contractors, services, workmen, labor, materials or equipment to the extent they are disturbing labor harmony with the workforce or trades engaged in performing other work, labor or services in or about the Building or the Common Areas; provided, however, prior to any such cessation, Landlord and Tenant shall use commercially reasonable efforts to establish protocols to attempt to reestablish and maintain labor harmony. In addition to Tenant's obligations under Article 9 of this Lease, upon completion of any Alterations, Tenant agrees to cause a Notice of Completion to be recorded in the office of the Recorder of the County of San Diego in accordance with Section 8182 of the Civil Code of the State of California or any successor statute, and as a condition precedent to the enforceability and validity of Landlord's consent, Tenant shall deliver to the management

office for the Project a reproducible copy of the "as built" and CAD drawings of the Alterations, to the extent applicable, as well as all permits, approvals and other documents issued by any governmental agency in connection with the Alterations.

8.3 **Payment for Improvements**. With respect to payments to be made to Tenant's contractors for any Alterations, Tenant shall (i) comply with Landlord's requirements for final lien releases and waivers in connection with Tenant's payment for work to contractors, and (ii) sign Landlord's standard contractor's rules and regulations. If Tenant orders any work directly from Landlord, Tenant shall pay Landlord an oversight fee equal to three percent (3%) of the cost of the work to compensate Landlord for all overhead, general conditions, fees and other costs and expenses arising from Landlord's involvement with such work. If Tenant does not order any work directly from Landlord, Tenant shall reimburse Landlord for Landlord's reasonable, actual, out-of-pocket costs and expenses actually incurred in connection with Landlord's review of such work to the extent the same do not exceed three percent (3%) of the cost of such work.

8.4 **Construction Insurance**. In addition to the requirements of Article 10 of this Lease, in the event that Tenant makes any Alterations, prior to the commencement of such Alterations, Tenant shall provide Landlord with evidence that Tenant carries "Builder's Risk" insurance in an amount reasonably approved by Landlord covering the construction of such Alterations, and such other insurance as Landlord may reasonably require, it being understood and agreed that all of such Alterations shall be insured by Tenant pursuant to Article 10 of this Lease immediately upon completion thereof. In addition, Landlord may, in its reasonable discretion, require Tenant to obtain a lien and completion bond or some alternate form of security satisfactory to Landlord in an amount sufficient to ensure the lien-free completion of such Alterations and naming Landlord as a co-obligee.

8.5 **Landlord's Property**. Landlord and Tenant hereby acknowledge and agree that (i) all Alterations, improvements, fixtures, equipment and/or appurtenances which may be installed or placed in or about the Premises (excluding Tenant's removable trade fixtures, furniture or non-affixed office equipment), from time to time, shall be at the sole cost of Tenant and shall be and become part of the Premises and the property of Landlord, and (ii) the "Improvements" (as that term is defined in Section 1 of the Work Letter) to be constructed in the Premises pursuant to the TCCs of the Work Letter shall, upon completion of the same, be and become a part of the Premises and the property of Landlord. Furthermore, Landlord may, by written notice to Tenant prior to the end of the Lease Term, or given following any earlier termination of this Lease, require Tenant, at Tenant's expense, to remove any Alterations, Cosmetic Alterations or other improvements in the Premises (unless and to the extent timely identified by Landlord as a Non-Conforming Improvement in accordance with Section 2.3 of the Work Letter, excluding the initial Improvements), and to repair any damage to the Premises and Building caused by such removal and return the affected portion of the Premises to a building standard improved condition as determined by Landlord; provided, however, if, in connection with its notice to Landlord with respect to any such Alterations or Cosmetic Alterations, (x) Tenant requests Landlord's decision with regard to the removal of such Alterations or Cosmetic Alterations, and (y) Landlord thereafter agrees in writing to waive the removal requirement with regard to such Alterations or Cosmetic Alterations, then Tenant shall not be required to so remove such Alterations or Cosmetic Alterations; provided further, however, that if Tenant requests such a determination from Landlord and Landlord, within ten (10) business days following Landlord's receipt of such request from Tenant with respect to Alterations or Cosmetic Alterations, fails to address the removal requirement with regard to such Alterations or Cosmetic Alterations, Landlord shall be deemed to have agreed to waive the removal requirement with regard to such Alterations or Cosmetic Alterations. Notwithstanding the foregoing, Landlord may only require the removal of any Alterations and improvements to the extent the same consist of non-typical general office use improvements or otherwise fail to conform with then-applicable Building Standard improvements. If Tenant fails to complete such removal and/or to repair any damage caused by the removal of any Alterations or improvements in the Premises, and/or to return the affected portion of the Premises to a building standard improved condition as determined by Landlord, then at Landlord's option, either (A) Tenant shall be deemed to be holding over in the Premises and Rent shall continue to accrue in accordance with the terms of Article 16, below, until such work shall be completed, and/or (B) Landlord may do so and may charge the cost thereof to Tenant. Tenant hereby protects, defends, indemnifies and holds Landlord harmless from any liability, cost, obligation, expense or claim of lien in any manner relating to the installation, placement, removal or financing of any such Alterations (unless and to the extent Landlord has agreed that any such

Alterations may remain in the Premises as more particularly set forth in this Section 8.5, above), improvements, fixtures and/or equipment in, on or about the Premises (unless and to the extent timely identified by Landlord as a Non-Conforming Improvement in accordance with Section 2.3 of the Work Letter, excluding the initial Improvements), which obligations of Tenant shall survive the expiration or earlier termination of this Lease.

ARTICLE 9

COVENANT AGAINST LIENS

Tenant shall keep the Project and Premises free from any liens or encumbrances arising out of the work performed, materials furnished or obligations incurred by or on behalf of Tenant (excluding the initial Improvements constructed in accordance with **Exhibit B**), and shall protect, defend, indemnify and hold Landlord harmless from and against any claims, liabilities, judgments or costs (including, without limitation, reasonable attorneys' fees and costs) arising out of same or in connection therewith. Tenant shall give Landlord notice at least fifteen (15) business days (or in the case of Cosmetic Alterations, at least ten (10) days), prior to the commencement of any such work on the Premises (or such additional time as may be necessary under applicable laws) to afford Landlord the opportunity of posting and recording appropriate notices of non-responsibility. Tenant shall remove any such lien or encumbrance by bond or otherwise within ten (10) days after notice by Landlord, and if Tenant shall fail to do so, Landlord may pay the amount necessary to remove such lien or encumbrance, without being responsible for investigating the validity thereof. The amount so paid shall be deemed Additional Rent under this Lease payable upon demand, without limitation as to other remedies available to Landlord under this Lease. Nothing contained in this Lease shall authorize Tenant to do any act which shall subject Landlord's title to the Building or Premises to any liens or encumbrances whether claimed by operation of law or express or implied contract. Any claim to a lien or encumbrance upon the Building or Premises arising in connection with any such work or respecting the Premises not performed by or at the request of Landlord shall be null and void, or at Landlord's option shall attach only against Tenant's interest in the Premises and shall in all respects be subordinate to Landlord's title to the Project, Building and Premises.

ARTICLE 10

INDEMNIFICATION AND INSURANCE

10.1 **Indemnification and Waiver**. Except in connection with the gross negligence or willful misconduct of Landlord or Landlord Parties (as that term is defined hereinbelow), Tenant hereby assumes all risk of damage to property or injury to persons in, upon or about the Premises from any cause whatsoever and agrees that Landlord, its partners, subpartners and their respective officers, agents, servants, employees, and independent contractors (collectively, "**Landlord Parties**") shall not be liable for, and are hereby released from any responsibility for, any damage either to person or property or resulting from the loss of use thereof, which damage is sustained by Tenant or by other persons claiming through Tenant. Except in connection with the gross negligence or willful misconduct of Landlord or Landlord Parties and/or the waiver of subrogation provided below, Tenant shall indemnify, defend, protect, and hold harmless the Landlord Parties from and against any and all loss, cost, damage, expense and liability (including without limitation court costs and reasonable attorneys' fees) incurred in connection with or arising from: (a) any causes in, on or about the Premises; (b) the use or occupancy of the Premises by Tenant or any person claiming under Tenant; (c) any activity, work, or thing done, or permitted or suffered by Tenant in or about the Premises; (d) any acts, omission, or negligence of Tenant or any person claiming under Tenant, or the contractors, agents, employees, invitees, or visitors of Tenant or any such person, in, on or about the Project (collectively, "**Tenant Parties**"); (e) any breach, violation, or non-performance by Tenant or any person claiming under Tenant or the employees, agents, contractors, invitees, or visitors of Tenant or any such person of any term, covenant, or provision of this Lease or any law, ordinance, or governmental requirement of any kind; (f) any injury or damage to the person, property, or business of Tenant, its employees, agents, contractors, invitees, visitors, or any other person entering upon the Premises under the express or implied invitation of Tenant; or (g) the placement of any personal property or other items within the Premises. Should Landlord be named as a defendant in any suit brought against Tenant in connection with or arising out of Tenant's occupancy of the Premises, and for which Tenant is required to indemnify Landlord under the preceding sentence, Tenant shall pay to Landlord its costs and expenses reasonably

incurred in such suit, including without limitation, its actual professional fees such as appraisers', accountants' and attorneys' fees. Subject to Tenant's indemnification obligations set forth above and the waiver of subrogation provided below, Landlord shall indemnify, defend, protect, and hold harmless Tenant from any and all loss, cost, damage, expense, and liability (including, without limitation, court costs and reasonable attorneys' fees) to the extent arising from the gross negligence or willful misconduct of Landlord or the Landlord Parties in, on or about the Project either prior to or during the Lease Term, provided that the terms of the foregoing indemnity shall not apply to the negligence or willful misconduct of Tenant. Notwithstanding anything to the contrary set forth in this Lease, either party's agreement to defend and indemnify the other party as set forth in this Section 10.1 shall be ineffective to the extent the matters for which such party agreed to defend and indemnify the other party are covered by insurance required to be carried by the non-indemnifying party pursuant to this Lease. Further, Tenant's agreement to indemnify Landlord and Landlord's agreement to indemnify Tenant, each pursuant to this Section 10.1 is not intended and shall not relieve any insurance carrier of its obligations under policies required to be carried by Tenant or Landlord pursuant to the provisions of this Lease, to the extent such policies cover the matters subject to the parties' respective indemnification obligations; nor shall they supersede any inconsistent agreement of the parties set forth in any other provision of this Lease. The provisions of this Section 10.1 shall survive the expiration or sooner termination of this Lease with respect to any claims or liability arising in connection with any event occurring prior to such expiration or termination.

10.2**Landlord's Fire and Casualty Insurance**. Landlord shall carry commercial general liability insurance with respect to the Buildings during the Lease Term, and shall further insure the Buildings during the Lease Term against loss or damage due to fire and other casualties covered within the classification of fire and extended coverage, vandalism coverage and malicious mischief, sprinkler leakage, water damage and special extended coverage. Such insurance shall be written on an "all risks" of physical loss or damage basis for full replacement value of the Buildings, and shall be issued by an insurance company having a rating of not less than A-X in Best's Insurance Guide or which is otherwise reasonably acceptable to Tenant and licensed to do business in the State of California. Such coverage shall be in such amounts, from such companies, and on such other terms and conditions, as Landlord may from time to time reasonably determine. Additionally, at the option of Landlord, such insurance coverage may include the risks of earthquakes and/or flood damage and additional hazards, a rental loss endorsement and one or more loss payee endorsements in favor of the holders of any mortgages or deeds of trust encumbering the interest of Landlord in the Buildings or the ground or underlying lessors of the Buildings, or any portion thereof. Notwithstanding the foregoing provisions of this Section 10.2, the coverage and amounts of insurance carried by Landlord in connection with the Buildings shall, at a minimum, be comparable to the coverage and amounts of insurance which are carried by reasonably prudent landlords of Comparable Buildings, and Worker's Compensation and Employer's Liability coverage as required by applicable law. Tenant shall, at Tenant's expense, comply with all insurance company requirements pertaining to the use of the Premises. If Tenant's conduct or use of the Premises for other than typical office purposes causes any material increase in the premium for such insurance policies then Tenant shall reimburse Landlord for any such increase. Tenant, at Tenant's expense, shall comply with all rules, orders, regulations or requirements of the American Insurance Association (formerly the National Board of Fire Underwriters) and with any similar body.

10.3**Tenant's Insurance**. Throughout the Lease Term, Tenant shall maintain the following coverages in the following amounts. The required evidence of coverage must be delivered to Landlord on or before the date required under Section 10.4(I) sub-sections (x) and (y), or Section 10.4(II) below (as applicable). Such policies shall be for a term of at least one (1) year, or the length of the remaining term of this Lease, whichever is less.

10.3.1 Commercial General Liability Insurance, including Broad Form contractual liability covering the insured against claims of bodily injury, personal injury and property damage (including loss of use thereof) based upon or arising out of Tenant's operations, occupancy or maintenance of or from the Premises and all areas appurtenant thereto. Such insurance shall be written on an "occurrence" basis. Landlord and any other party the Landlord so specifies that has a material financial interest in the Project, including Landlord's managing agent, ground lessor and/or lender, if any, shall be named as additional insureds as their interests may appear using Insurance Service Organization's form CG2011 or a comparable form approved by Landlord. Tenant shall provide an endorsement or policy excerpt showing that Tenant's coverage

is primary and any insurance carried by Landlord shall be excess and non-contributing. The coverage shall also be extended to include damage caused by heat, smoke or fumes from a hostile fire. The policy shall not contain any intra-insured exclusions as between insured persons or organizations. This policy shall include coverage for all liabilities assumed under this Lease as an insured contract for the performance of all of Tenant's indemnity obligations under this Lease. The limits of said insurance shall not, however, limit the liability of Tenant nor relieve Tenant of any obligation hereunder. Limits of liability insurance shall not be less than the following; provided, however, such limits may be achieved through the use of an Umbrella/Excess Policy:

Bodily Injury and Property Damage Liability	$7,000,000 each occurrence
Personal Injury and Advertising Liability	$7,000,000 each occurrence
Tenant Legal Liability/Damage to Rented Premises Liability	$2,000,000.00

10.3.2 Property Insurance covering (i) all office furniture, personal property, business and trade fixtures, office equipment, free-standing cabinet work, movable partitions, merchandise and all other items of Tenant's business personal property on the Premises installed by, for, or at the expense of Tenant, (ii) the Improvements, and any other improvements which exist in the Premises as of the Lease Commencement Date (excluding the Base Building) (the "**Original Improvements**"), and (iii) all Alterations performed in the Premises. Such insurance shall be written on a Special Form basis, for the full replacement cost value (subject to reasonable deductible amounts), without deduction for depreciation of the covered items and in amounts that meet any co-insurance clauses of the policies of insurance and shall include coverage for (a) all perils included in the CP 10 30 04 02 Coverage Special Form, (b) water damage from any cause whatsoever, including, but not limited to, sprinkler leakage, bursting, leaking or stoppage of any pipes, explosion, and backup or overflow from sewers or drains, and (c) terrorism (to the extent such terrorism insurance is available as a result of the Terrorism Risk Insurance Program Reauthorization Act of 2005 (Pub. l. 109 144), and the Terrorism Risk Insurance Program Reauthorization Act of 2007 (Pub. L. 110 160, 121 Stat. 183), any successor statute or regulation, or is otherwise available at commercially reasonable rates).

10.3.2.1**Increase in Project's Property Insurance**. Tenant shall pay for any increase in the premiums for the property insurance of the Project if said increase is caused by Tenant's acts, omissions, use or occupancy of the Premises (other than Tenant's general office use of the Premises consistent with a first-class office building).

10.3.2.2**Property Damage**. Tenant shall use the proceeds from any such insurance for the replacement of personal property, trade fixtures, Improvements, Original Improvements and Alterations.

10.3.2.3**No Representation of Adequate Coverage**. Landlord makes no representation that the limits or forms of coverage of insurance specified herein are adequate to cover Tenant's property, business operations or obligations under this Lease.

10.3.2.4**Property Insurance Subrogation**. Landlord and Tenant intend that their respective property loss risks shall be borne by insurance carriers to the extent above provided (and, in the case of Tenant, by an insurance carrier satisfying the requirements of Section 10.4(i) below), and Landlord and Tenant hereby agree to look solely to, and seek recovery only from, their respective insurance carriers in the event of a property loss to the extent that such coverage is agreed to be provided hereunder. The parties each hereby waive all rights and claims against each other for such losses, and waive all rights of subrogation of their respective insurers. Landlord and Tenant hereby represent and warrant that their respective "**all risk**" property insurance policies include a waiver of (i) subrogation by the insurers, and (ii) all rights based upon an assignment from its insured, against Landlord and/or any of the Landlord Parties or Tenant and/or any of the Tenant Parties (as the case may be) in connection with any property loss risk thereby insured against. Tenant will cause all subtenants and licensees of the Premises claiming by, under, or through Tenant to execute and deliver to Landlord a waiver of claims similar to the

waiver in this Section 10.3.2.4 and to obtain such waiver of subrogation rights endorsements. If either party hereto fails to maintain the waivers set forth in items (i) and (ii) above, the party not maintaining the requisite waivers shall indemnify, defend, protect, and hold harmless the other party for, from and against any and all claims, losses, costs, damages, expenses and liabilities (including, without limitation, court costs and reasonable attorneys' fees) arising out of, resulting from, or relating to, such failure.

10.3.3 Business Income Interruption for one year (1) plus Extra Expense insurance in such amounts as will reimburse Tenant for actual direct or indirect loss of earnings attributable to the risks outlined in Section 10.3.2 above.

10.3.4 Worker's Compensation or other similar insurance pursuant to all applicable state and local statutes and regulations, and Employer's Liability with minimum limits of not less than $1,000,000 each accident/employee/disease.

10.3.5 Commercial Automobile Liability Insurance covering all Owned (if any), Hired, or Non-owned vehicles with limits not less than $1,000,000 combined single limit for bodily injury and property damage.

10.4**Form of Policies**. The minimum limits of policies of insurance required of Tenant under this Lease shall in no event limit the liability of Tenant under this Lease. Such insurance shall (i) be issued by an insurance company having an AM Best rating of not less than A X (or to the extent AM Best ratings are no longer available, then a similar rating from another comparable rating agency), or which is otherwise acceptable to Landlord and licensed to do business in the State of California, (ii) be in form and content reasonably acceptable to Landlord and complying with the requirements of Section 10.3 (including, Sections 10.3.1 through 10.3.5), (iii) Tenant shall not do or permit to be done anything which invalidates the required insurance policies, and (iv) provide that said insurance shall not be canceled or coverage changed unless thirty (30) days' prior written notice shall have been given to Landlord and any mortgagee of Landlord, the identity of whom has been provided to Tenant in writing. Tenant shall deliver said policy or policies or certificates thereof and applicable endorsements which meet the requirements of this Article 10 to Landlord on or before (I) the earlier to occur of: (x) the Lease Commencement Date, and (y) the date Tenant and/or its employees, contractors and/or agents first enter the Premises for occupancy, construction of improvements, alterations, or any other move-in activities, and (II) five (5) business days after the renewal of such policies. In the event Tenant shall fail to procure such insurance, or to deliver such policies or certificates and applicable endorsements, Landlord may, at its option, after written notice to Tenant and Tenant's failure to obtain such insurance within five (5) days thereafter, procure such policies for the account of Tenant and the sole benefit of Landlord, and the cost thereof shall be paid to Landlord after delivery to Tenant of bills therefor.

10.5**Additional Insurance Obligations**. Tenant shall carry and maintain during the entire Lease Term, at Tenant's sole cost and expense, increased amounts of the insurance required to be carried by Tenant pursuant to this Article 10 and such other reasonable types of insurance coverage and in such reasonable amounts covering the Premises and Tenant's operations therein, as may be reasonably requested by Landlord.

10.6**Third-Party Contractors**. Tenant shall obtain and deliver to Landlord, Third Party Contractor's certificates of insurance and applicable endorsements at least seven (7) business days prior to the commencement of work in or about the Premises by any vendor or any other third-party contractor (collectively, a "**Third Party Contractor**"). All such insurance shall (a) name Landlord as an additional insured under such party's liability policies as required by Section 10.3.1 above and this Section 10.6, (b) provide a waiver of subrogation in favor of Landlord under such Third Party Contractor's commercial general liability insurance, (c) be primary and any insurance carried by Landlord shall be excess and non-contributing, and (d) comply with Landlord's reasonable minimum insurance requirements.

ARTICLE 11

DAMAGE AND DESTRUCTION

11.1**Repair of Damage to Premises by Landlord**. If the Base Building or any Common Areas serving or providing access to the Premises shall be damaged by a fire or any other casualty (collectively, a "**Casualty**"), Landlord shall promptly and diligently, subject to reasonable

delays for insurance adjustment or other matters beyond Landlord's reasonable control, and subject to all other terms of this Article 11, restore the Base Building and such Common Areas. Such restoration shall be to substantially the same condition of the Base Building and the Common Areas prior to the Casualty, except for modifications required by zoning and building codes and other laws or by the holder of a mortgage on the Building or Project or any other modifications to the Common Areas deemed desirable by Landlord, which are consistent with the character of the Project, provided that access to the Premises and any common restrooms serving the Premises shall not be materially impaired. Tenant shall promptly notify Landlord upon the occurrence of any damage to the Premises resulting from a Casualty, and Tenant shall promptly inform its insurance carrier of any such damage. Upon notice (the "**Landlord Repair Notice**") to Tenant from Landlord, Tenant shall assign to Landlord (or to any party designated by Landlord) all insurance proceeds payable to Tenant under Tenant's insurance required under Section 10.3 of this Lease relating to work to be performed by Landlord, and Landlord shall repair any injury or damage to the Improvements and the Original Improvements installed in the Premises and shall return such Improvements and the Original Improvements to their original condition; provided that if the cost of such repair by Landlord exceeds the amount of insurance proceeds received by Landlord from Tenant's insurance carrier, as assigned by Tenant, the cost of such repairs shall be paid by Tenant to Landlord prior to Landlord's commencement of repair of the damage. In the event that Landlord does not deliver the Landlord Repair Notice within sixty (60) days following the date the Casualty becomes known to Landlord, but provided that Landlord has delivered notice to Tenant that Landlord intends to restore the Base Building and such Common Areas, Tenant shall, at its sole cost and expense, repair any injury or damage to the Improvements and the Original Improvements installed in the Premises and shall return such Improvements and Original Improvements to their original condition, subject to reasonable delays, if any, for insurance adjustment or other matters beyond Tenant's reasonable control, or due to Landlord's restoration of the Base Building and such Common Areas. Whether or not Landlord delivers a Landlord Repair Notice, prior to the commencement of construction, Tenant shall submit to Landlord, for Landlord's review and approval, all plans, specifications and working drawings relating thereto, and Landlord shall select the contractors to perform such improvement work. Landlord shall not be liable for any inconvenience or annoyance to Tenant or its visitors, or injury to Tenant's business resulting in any way from such damage or the repair thereof; provided however, that if such Casualty shall have damaged the Premises or Common Areas necessary to Tenant's occupancy, and the Premises is not occupied by Tenant as a result thereof, then during the time and to the extent the Premises is unfit for occupancy, the Rent shall be abated in proportion to the ratio that the amount of rentable square feet of the Premises which is unfit for occupancy for the purposes permitted under this Lease bears to the total rentable square feet of the Premises. In the event that Landlord shall not deliver the Landlord Repair Notice, Tenant's right to rent abatement pursuant to the preceding sentence shall terminate as of the date which is reasonably determined by Landlord to be the date Tenant should have completed repairs to the Premises assuming Tenant used reasonable due diligence in connection therewith.

11.2**Landlord's Option to Repair**. Notwithstanding the terms of Section 11.1 of this Lease, Landlord may elect not to rebuild and/or restore the Premises, Building and/or Project, and instead terminate this Lease, by notifying Tenant in writing of such termination within sixty (60) days after the date of discovery of the damage (provided that Landlord shall use commercially reasonable efforts to make such notification as soon as reasonably practicable), such notice to include a termination date giving Tenant sixty (60) days to vacate the Premises, but Landlord may so elect only if the Building or Project shall be damaged by Casualty, whether or not the Premises is affected, and one or more of the following conditions is present: (i) in Landlord's reasonable judgment, repairs cannot reasonably be completed within two hundred seventy (270) days after the date of discovery of the damage (when such repairs are made without the payment of overtime or other premiums); (ii) the holder of any mortgage on the Building or Project or ground lessor with respect to the Building or Project shall require that the insurance proceeds or any portion thereof be used to retire the mortgage debt, or shall terminate the ground lease, as the case may be; (iii) the damage is not fully covered by Landlord's insurance policies; (iv) Landlord decides to rebuild the Building or Common Areas so that they will be substantially different structurally or architecturally; (v) the damage occurs during the last twelve (12) months of the Lease Term; or (vi) any owner of any other portion of the Project, other than Landlord, does not intend to repair the damage to such portion of the Project; provided, however, that if the Premises and/or access thereto are materially damaged by Casualty, and Landlord does not elect to terminate this Lease pursuant to Landlord's termination right as provided above, and either the repairs cannot, in the reasonable opinion of Landlord, be completed within two hundred eighty (270) days after being

commenced or the damage occurs during the last twelve (12) months of the Lease Term, Tenant may elect, no earlier than sixty (60) days after the date of the damage and not later than ninety (90) days after the date of such damage, to terminate this Lease by written notice to Landlord effective as of the date specified in the notice, which date shall not be less than thirty (30) days nor more than sixty (60) days after the date such notice is given by Tenant. Furthermore, if neither Landlord nor Tenant has terminated this Lease, and the repairs are not actually completed within sixty (60) days of the date that Landlord originally estimated for completion in "Landlord's Repair Estimate Notice" (as that term is defined hereinbelow), then Tenant shall have the right to terminate this Lease during the first five (5) business days of each calendar month following the end of such period until such time as the repairs are complete, by notice to Landlord (the "**Damage Termination Notice**"), effective as of a date set forth in the Damage Termination Notice (the "**Damage Termination Date**"), which Damage Termination Date shall not be less than ten (10) business days following the end of each such month. Notwithstanding the foregoing, if Tenant delivers a Damage Termination Notice to Landlord, then Landlord shall have the right to suspend the occurrence of the Damage Termination Date for a period ending thirty (30) days after the Damage Termination Date set forth in the Damage Termination Notice by delivering to Tenant, within five (5) business days of Landlord's receipt of the Damage Termination Notice, a certificate of Landlord's contractor responsible for the repair of the damage certifying that it is such contractor's good faith judgment that the repairs shall be substantially completed within thirty (30) days after the Damage Termination Date. If repairs shall be substantially completed prior to the expiration of such thirty-day period, then the Damage Termination Notice shall be of no force or effect, but if the repairs shall not be substantially completed within such thirty-day period, then this Lease shall terminate upon the expiration of such thirty-day period. At any time, from time to time, after the date occurring sixty (60) days after the date of the damage, Tenant may request that Landlord inform Tenant of Landlord's reasonable opinion of the date of completion of the repairs and Landlord shall respond to such request within five (5) business days ("**Landlord's Repair Estimate Notice**"). Notwithstanding the provisions of this Section 11.2, Tenant shall have the right to terminate this Lease under this Section 11.2 only if each of the following conditions is satisfied: (a) the damage to the Project by Casualty was not caused by the gross negligence or intentional act of Tenant or its partners or subpartners and their respective officers, agents, servants, employees, and independent contractors; (b) Tenant is not then in default under this Lease; (c) as a result of the damage, Tenant cannot reasonably conduct business from the Premises; and, (d) as a result of the damage to the Project, Tenant does not occupy or use the Premises at all. In the event this Lease is terminated in accordance with the terms of this Section 11.2, Tenant shall assign to Landlord (or to any party designated by Landlord) all insurance proceeds payable to Tenant under Tenant's insurance required under items (ii) and (iii) of Section 10.3.2 of this Lease.

11.3**Waiver of Statutory Provisions**. The provisions of this Lease, including this Article 11, constitute an express agreement between Landlord and Tenant with respect to any and all damage to, or destruction of, all or any part of the Premises, the Building or the Project, and any statute or regulation of the State of California, including, without limitation, Sections 1932(2) and 1933(4) of the California Civil Code, with respect to any rights or obligations concerning damage or destruction in the absence of an express agreement between the parties, and any other statute or regulation, now or hereafter in effect, shall have no application to this Lease or any damage or destruction to all or any part of the Premises, the Building or the Project.

ARTICLE 12

NONWAIVER

No provision of this Lease shall be deemed waived by either party hereto unless expressly waived in a writing signed thereby. The waiver by either party hereto of any breach of any term, covenant or condition herein contained shall not be deemed to be a waiver of any subsequent breach of same or any other term, covenant or condition herein contained. The subsequent acceptance of Rent hereunder by Landlord shall not be deemed to be a waiver of any preceding breach by Tenant of any term, covenant or condition of this Lease, other than the failure of Tenant to pay the particular Rent so accepted, regardless of Landlord's knowledge of such preceding breach at the time of acceptance of such Rent. No acceptance of a lesser amount than the Rent herein stipulated shall be deemed a waiver of Landlord's right to receive the full amount due, nor shall any endorsement or statement on any check or payment or any letter accompanying such check or payment be deemed an accord and satisfaction, and Landlord may accept such check or payment without prejudice to Landlord's right to recover the full amount due. No receipt of monies

by Landlord from Tenant after the termination of this Lease shall in any way alter the length of the Lease Term or of Tenant's right of possession hereunder, or after the giving of any notice shall reinstate, continue or extend the Lease Term or affect any notice given Tenant prior to the receipt of such monies, it being agreed that after the service of notice or the commencement of a suit, or after final judgment for possession of the Premises, Landlord may receive and collect any Rent due, and the payment of said Rent shall not waive or affect said notice, suit or judgment. No payment of monies by Tenant to Landlord hereunder shall in and of itself constitute a waiver of Tenant's express rights of audit and reconciliation as set forth in Article 4 of this Lease or of abatement or reimbursement otherwise expressly set forth in this Lease.

ARTICLE 13

CONDEMNATION

If the whole or any part of the Premises, Building or Project shall be taken by power of eminent domain or condemned by any competent authority for any public or quasi-public use or purpose, or if any adjacent property or street shall be so taken or condemned, or reconfigured or vacated by such authority in such manner as to require the use, reconstruction or remodeling of any part of the Premises, Building or Project, or if Landlord shall grant a deed or other instrument in lieu of such taking by eminent domain or condemnation, Landlord shall have the option to terminate this Lease effective as of the date possession is required to be surrendered to the authority; provided, however, that Landlord shall only so terminate this Lease to the extent (i) the Building, or corresponding portions of the Project parking facility and/or the Project, are substantially and materially affected by the taking, and (ii) Landlord terminates the leases of all other tenants in the Building similarly affected by such taking. If more than twenty-five percent (25%) of the rentable square feet of the Premises is taken, or if more than twenty five percent (25%) of the parking available to Tenant is taken, or if access to the Premises is substantially impaired, in each case for a period in excess of one hundred eighty (180) days, Tenant shall have the option to terminate this Lease effective as of the date possession is required to be surrendered to the authority. Tenant shall not because of such taking assert any claim against Landlord or the authority for any compensation because of such taking and Landlord shall be entitled to the entire award or payment in connection therewith, except that Tenant shall have the right to file any separate claim available to Tenant for any taking of Tenant's personal property and fixtures belonging to Tenant and removable by Tenant upon expiration of the Lease Term pursuant to the terms of this Lease, and for moving expenses and specific injury to Tenant's business including loss of the value of Tenant's leasehold estate, so long as such claims do not demonstrably diminish the award available to Landlord, its ground lessor with respect to the Building or Project or its mortgagee, and such claim is payable separately to Tenant. All Rent shall be apportioned as of the date of such termination. If any part of the Premises shall be taken, and this Lease shall not be so terminated, the Rent shall be proportionately abated. Tenant hereby waives any and all rights it might otherwise have pursuant to Section 1265.130 of The California Code of Civil Procedure. Notwithstanding anything to the contrary contained in this Article 13, in the event of a temporary taking of all or any portion of the Premises for a period of one hundred and eighty (180) days or less, then this Lease shall not terminate but the Base Rent and the Additional Rent shall be abated for the period of such taking in proportion to the ratio that the amount of rentable square feet of the Premises taken bears to the total rentable square feet of the Premises. Landlord shall be entitled to receive the entire award made in connection with any such temporary taking.

ARTICLE 14

ASSIGNMENT AND SUBLETTING

14.1**Transfers**. Tenant shall not, without the prior written consent of Landlord, assign, mortgage, pledge, hypothecate, encumber, or permit any lien to attach to, or otherwise transfer, this Lease or any interest hereunder, permit any assignment, or other transfer of this Lease or any interest hereunder by operation of law, sublet the Premises or any part thereof, or enter into any license or concession agreements or otherwise permit the occupancy or use of the Premises or any part thereof by any persons other than Tenant and its employees and contractors (all of the foregoing are hereinafter sometimes referred to collectively as "**Transfers**" and any person or entity to whom any Transfer is made or sought to be made is hereinafter sometimes referred to as a "**Transferee**"). If Tenant desires Landlord's consent to any Transfer, Tenant shall notify Landlord in writing, which notice (the "**Transfer Notice**") shall include (i) the proposed effective

date of the Transfer, which shall not be less than thirty (30) days nor more than one hundred eighty (180) days after the date of delivery of the Transfer Notice, (ii) a description of the portion of the Premises to be transferred (the "**Subject Space**"), (iii) all of the terms of the proposed Transfer and the consideration therefor, including calculation of the "Transfer Premium", as that term is defined in Section 14.3 below, in connection with such Transfer, the name and address of the proposed Transferee, and a copy of all existing executed and/or proposed documentation pertaining to the proposed Transfer, including all existing operative documents to be executed to evidence such Transfer or the agreements incidental or related to such Transfer, provided that Landlord shall have the right to require Tenant to utilize Landlord's standard Transfer documents in connection with the documentation of such Transfer, (iv) current financial statements of the proposed Transferee certified by an officer, partner or owner thereof, business credit and personal references and history of the proposed Transferee and any other information reasonably required by Landlord which will enable Landlord to determine the financial responsibility, character, and reputation of the proposed Transferee, nature of such Transferee's business and proposed use of the Subject Space and (v) an executed estoppel certificate from Tenant in the form attached hereto as **Exhibit E**. Any Transfer made without Landlord's prior written consent shall, at Landlord's option, be null, void and of no effect, and shall, at Landlord's option, constitute a default by Tenant under this Lease. Whether or not Landlord consents to any proposed Transfer, Tenant shall pay Landlord's review and processing fees, as well as any reasonable professional fees (including, without limitation, attorneys', accountants', architects', engineers' and consultants' fees) incurred by Landlord, within thirty (30) days after written request by Landlord, provided, however, in no event shall any such 'fees exceed Two Thousand Five Hundred and No/100 Dollars ($2,500.00) in the aggregate per proposed Transfer for Transfers in the ordinary course of business.

14.2**Landlord's Consent**. Landlord shall not unreasonably withhold its consent to any proposed Transfer of the Subject Space to the Transferee on the terms specified in the Transfer Notice. Without limitation as to other reasonable grounds for withholding consent, the parties hereby agree that it shall be reasonable under this Lease and under any applicable law for Landlord to withhold consent to any proposed Transfer where one or more of the following apply:

14.2.1 The Transferee is of a character or reputation or engaged in a business which is not consistent with the quality of the Building or the Project as reflected by the then existing tenants of the Project with respect to comparable space, and of the Comparable Buildings;

14.2.2 The Transferee intends to use the Subject Space for purposes which are not permitted under this Lease;

14.2.3 The Transferee is either a governmental agency or instrumentality thereof;

14.2.4 The Transferee is not a party of reasonable financial worth and/or financial stability in light of the responsibilities to be undertaken in connection with the Transfer on the date consent is requested;

14.2.5 The proposed Transfer would cause a violation of another lease for space in the Project, or would give an occupant of the Project a right to cancel its lease;

14.2.6 The terms of the proposed Transfer will allow the Transferee to exercise a right of renewal, right of expansion, right of first offer, or other similar right held by Tenant (or will allow the Transferee to occupy space leased by Tenant pursuant to any such right); or

14.2.7 Provided that Landlord has then-available space in the Project reasonably capable of satisfying the proposed Transferee's requirements, either the proposed Transferee, or any person or entity which directly or indirectly, controls, is controlled by, or is under common control with, the proposed Transferee, (i) occupies space in the Project at the time of the request for consent, or (ii) is negotiating with Landlord to lease space in the Project at such time, or (iii) has negotiated with Landlord during the three (3)-month period immediately preceding the Transfer Notice; or

14.2.8 The Transferee does not intend to (i) occupy the entire Premises in connection with an assignment, or (ii) occupy the entire sublease portion of the Premises in connection with a sublease, and to conduct its business therefrom for a substantial portion of the term of the Transfer.

If Landlord consents to any Transfer pursuant to the terms of this Section 14.2 (and does not exercise any recapture rights Landlord may have under Section 14.4 of this Lease), Tenant may within six (6) months after Landlord's consent, but not later than the expiration of said six (6)-month period, enter into such Transfer of the Premises or portion thereof, upon substantially the same terms and conditions as are set forth in the Transfer Notice furnished by Tenant to Landlord pursuant to Section 14.1 of this Lease, provided that if there are any changes in the terms and conditions from those specified in the Transfer Notice (i) such that Landlord would initially have been entitled to refuse its consent to such Transfer under this Section 14.2, or (ii) which would cause the proposed Transfer to be more favorable to the Transferee than the terms set forth in Tenant's original Transfer Notice, Tenant shall again submit the Transfer to Landlord for its approval and other action under this Article 14 (including Landlord's right of recapture, if any, under Section 14.4 of this Lease). Notwithstanding anything to the contrary in this Lease, if Tenant or any proposed Transferee claims that Landlord has unreasonably withheld or delayed its consent under this Section 14.2 or otherwise has breached or acted unreasonably under this Article 14, their sole remedies shall be a declaratory judgment and an injunction for the relief sought without any monetary damages, and Tenant hereby waives the provisions of Section 1995.310 of the California Civil Code, or any successor statute, and all other remedies, including, without limitation, any right at law or equity to terminate this Lease, on its own behalf and, to the extent permitted under all applicable laws, on behalf of the proposed Transferee. Tenant shall obtain a contractual agreement or waiver from each proposed Transferee to not assert any claim of damages against Landlord for a purportedly wrongful withholding by Landlord of its consent; provided, however, to the extent Tenant fails to secure such agreement, Tenant shall indemnify, defend and hold harmless Landlord from any and all liability, losses, claims, damages, costs, expenses, causes of action and proceedings involving any third party or parties (including without limitation Tenant's proposed subtenant or assignee) who claim they were damaged by Landlord's wrongful withholding or conditioning of Landlord's consent.

14.3**Transfer Premium**. If Landlord consents to a Transfer, as a condition thereto which the parties hereby agree is reasonable, Tenant shall pay to Landlord fifty percent (50%) of any "**Transfer Premium,**" as that term is defined in this Section 14.3, as and when received by Tenant from such Transferee. "**Transfer Premium**" shall mean all rent, additional rent or other consideration payable by such Transferee in connection with the Transfer in excess of the Rent and Additional Rent payable by Tenant under this Lease during the term of the Transfer on a per rentable square foot basis if less than all of the Premises is transferred, after deducting the reasonable expenses incurred by Tenant for (i) any changes, alterations and improvements to the Premises in connection with the Transfer, (ii) any free base rent or other economic concessions reasonably provided to the Transferee, (iii) any brokerage commissions in connection with the Transfer, (iv) any legal fees incurred in connection with the Transfer, and (v) any other reasonable third-party cost actually incurred in good faith in connection with the Transfer. "Transfer Premium" shall also include, but not be limited to, key money, bonus money or other cash consideration paid by Transferee to Tenant in connection with such Transfer, and any payment in excess of fair market value for services rendered by Tenant to Transferee or for assets, fixtures, inventory, equipment, or furniture transferred by Tenant to Transferee in connection with such Transfer.

14.4**Landlord's Option as to Subject Space**. Notwithstanding anything to the contrary contained in this Article 14, Landlord shall have the option, by giving written notice to Tenant within ten (10) business days after receipt of any Transfer Notice, to recapture the Subject Space to the extent the proposed Transfer is for either (i) an assignment of the Lease, or (ii) a sublease of the designated Subject Space for all (or substantially all) of the remaining Lease Term. Such recapture notice shall cancel and terminate this Lease with respect to the Subject Space as of the date stated in the Transfer Notice as the effective date of the proposed Transfer until the last day of the term of the Transfer as set forth in the Transfer Notice (or at Landlord's option, shall cause the Transfer to be made to Landlord or its agent, in which case the parties shall execute the Transfer documentation promptly thereafter); provided, however, Tenant shall have the right, by writing to Landlord delivered within five (5) business days following its receipt of Landlord's recapture notice, to rescind the corresponding Transfer Notice. In the event of a recapture by Landlord (i.e., following a recapture election by Landlord without a corresponding rescission by Tenant of its Transfer Notice), if this Lease shall be canceled with respect to less than the entire Premises, the Rent reserved herein shall be prorated on the basis of the number of rentable square feet retained by Tenant in proportion to the number of rentable square feet contained in the Premises, and this Lease as so amended shall continue thereafter in full force and effect, and upon request of either

party, the parties shall execute written confirmation of the same. If Landlord declines, or fails to elect in a timely manner to recapture the Subject Space under this Section 14.4, then, provided Landlord has consented to the proposed Transfer, Tenant shall be entitled to proceed to Transfer the Subject Space to the proposed Transferee, subject to provisions of this Article 14.

14.5**Effect of Transfer**. If Landlord consents to a Transfer, (i) the TCCs of this Lease shall in no way be deemed to have been waived or modified, (ii) such consent shall not be deemed consent to any further Transfer by either Tenant or a Transferee, (iii) Tenant shall deliver to Landlord, promptly after execution, an original executed copy of all documentation pertaining to the Transfer in form reasonably acceptable to Landlord, (iv) Tenant shall furnish upon Landlord's request a complete statement, certified by an independent certified public accountant, or Tenant's chief financial officer, setting forth in detail the computation of any Transfer Premium Tenant has derived and shall derive from such Transfer, and (v) no Transfer relating to this Lease or agreement entered into with respect thereto, whether with or without Landlord's consent, shall relieve Tenant or any guarantor of the Lease from any liability under this Lease, including, without limitation, in connection with the Subject Space. Landlord or its authorized representatives shall have the right at all reasonable times to audit the books, records and papers of Tenant relating to any Transfer, and shall have the right to make copies thereof. If the Transfer Premium respecting any Transfer shall be found understated, Tenant shall, within thirty (30) days after demand, pay the deficiency, and if understated by more than three percent (3%), Tenant shall pay Landlord's costs of such audit.

14.6**Additional Transfers**. For purposes of this Lease, the term "**Transfer**" shall also include (i) if Tenant is a partnership, the withdrawal or change, voluntary, involuntary or by operation of law, of more than fifty percent (50%) or more of the partners, or transfer of more than fifty percent (50%) or more of partnership interests, within a twelve (12)-month period, or the dissolution of the partnership without immediate reconstitution thereof, and (ii) if Tenant is a closely held corporation (i.e., whose stock is not publicly held and not traded through an exchange or over the counter), (A) the dissolution, merger, consolidation or other reorganization of Tenant or (B) the sale or other transfer of an aggregate of more than fifty percent (50%) or more of the voting shares of Tenant (other than to immediate family members by reason of gift or death), within a twelve (12)-month period, or (C) the sale, mortgage, hypothecation or pledge of an aggregate of more than fifty percent (50%) or more of the value of the unencumbered assets of Tenant within a twelve (12)-month period.

14.7**Occurrence of Default**. Any Transfer hereunder shall be subordinate and subject to the provisions of this Lease, and if this Lease shall be terminated during the term of any Transfer, Landlord shall have the right to: (i) treat such Transfer as cancelled and repossess the Subject Space by any lawful means, or (ii) require that such Transferee attorn to and recognize Landlord as its landlord under any such Transfer. If Tenant shall be in default under this Lease, Landlord is hereby irrevocably authorized, as Tenant's agent and attorney-in-fact, to direct any Transferee to make all payments under or in connection with the Transfer directly to Landlord (which Landlord shall apply towards Tenant's obligations under this Lease) until such default is cured. Such Transferee shall rely on any representation by Landlord that Tenant is in default hereunder, without any need for confirmation thereof by Tenant. Upon any assignment, the assignee shall assume in writing all obligations and covenants of Tenant thereafter to be performed or observed under this Lease. No collection or acceptance of rent by Landlord from any Transferee shall be deemed a waiver of any provision of this Article 14 or the approval of any Transferee or a release of Tenant from any obligation under this Lease, whether theretofore or thereafter accruing. In no event shall Landlord's enforcement of any provision of this Lease against any Transferee be deemed a waiver of Landlord's right to enforce any term of this Lease against Tenant or any other person. If Tenant's obligations hereunder have been guaranteed, Landlord's consent to any Transfer shall not be effective unless the guarantor also consents to such Transfer.

14.8**Deemed Consent Transfers**. Notwithstanding anything to the contrary contained in this Lease, (A) an assignment or subletting of all or a portion of the Premises to an affiliate of Tenant (an entity which is controlled by, controls, or is under common control with, Tenant as of the date of this Lease), (B) a sale of corporate shares of capital stock in Tenant in connection with an initial public offering of Tenant's stock on a nationally-recognized stock exchange, (C) an assignment of the Lease to an entity which acquires all or substantially all of the stock or assets of Tenant, or (D) an assignment of the Lease to an entity which is the resulting entity of a merger or consolidation of Tenant during the Lease Term, shall not be deemed a Transfer requiring

Landlord's consent under this Article 14 (any such assignee or sublessee described in items (A) through (D) of this Section 14.8 hereinafter referred to as a "**Permitted Transferee**"), provided that (i) Tenant shall use commercially reasonable, diligent efforts to deliver to Landlord, at least fifteen (15) days prior to the effective date of any such assignment or sublease (or as soon as is thereafter practicable or legally permitted pursuant to applicable law and/or applicable disclosure restrictions imposed by the SEC or similar regulatory agency) and promptly supplies Landlord with any documents or information reasonably requested by Landlord regarding such Transfer or Permitted Transferee as set forth above, (ii) Tenant is not in default, beyond the applicable notice and cure period, and such assignment or sublease is not a subterfuge by Tenant to avoid its obligations under this Lease, (iii) such Permitted Transferee shall be of a character and reputation consistent with the quality of the Building, (iv) such Permitted Transferee shall have a tangible net worth (not including goodwill as an asset) computed in accordance with generally accepted accounting principles ("**Net Worth**") at least equal to the lesser of (1) the Net Worth of Original Tenant on the date of this Lease, and (2) the Net Worth of Tenant on the day immediately preceding the effective date of such assignment or sublease, (v) no assignment or sublease relating to this Lease, whether with or without Landlord's consent, shall relieve Tenant from any liability under this Lease, and (vi) the liability of such Permitted Transferee under either an assignment or sublease shall be joint and several with Tenant. An assignee of Tenant's entire interest in this Lease who qualifies as a Permitted Transferee may also be referred to herein as a "**Permitted Transferee Assignee.**" "**Control,**" as used in this Section 14.8, shall mean the ownership, directly or indirectly, of more than fifty percent (50%) of the voting securities of, or possession of the right to vote, in the ordinary direction of its affairs, of more than fifty percent (50%) of the voting interest in, any person or entity.

14.9**Occupancy by Others**. Notwithstanding any contrary provision of this Article 14, Tenant shall have the right without the payment of a Transfer Premium, and without the receipt of Landlord's consent, but on prior notice to Landlord, to permit the occupancy of up to ten percent (10%) of the usable square feet of the Premises in the aggregate to any individual(s) or entities with a business relationship with Tenant (which business relationship is not created solely in order to allow occupancy of the Premises under this Section 14.9), on and subject to the following conditions: (i) such individuals or entities shall not be permitted to occupy a separately demised portion of the Premises which contains an entrance to such portion of the Premises other than the primary entrance to the Premises; (ii) all such individuals or entities shall be of a character and reputation consistent with the quality of the then existing tenants of the Building and Project and shall not cause Landlord to be in violation of any lease of space in the Project; and (iii) such occupancy shall not be a subterfuge by Tenant to avoid its obligations under this Lease or the restrictions on Transfers pursuant to this Article 14. Tenant shall promptly supply Landlord with any documents or information reasonably requested by Landlord regarding any such individuals or entities. Any occupancy permitted under this Section 14.9 shall not be deemed a Transfer under this Article 14. Notwithstanding the foregoing, no such occupancy shall relieve Tenant from any obligations or liability under this Lease.

ARTICLE 15

SURRENDER OF PREMISES; OWNERSHIP AND REMOVAL OF TRADE FIXTURES

15.1**Surrender of Premises**. No act or thing done by Landlord or any agent or employee of Landlord during the Lease Term shall be deemed to constitute an acceptance by Landlord of a surrender of the Premises unless such intent is specifically acknowledged in writing by Landlord. The delivery of keys to the Premises to Landlord or any agent or employee of Landlord shall not constitute a surrender of the Premises or effect a termination of this Lease, whether or not the keys are thereafter retained by Landlord, and notwithstanding such delivery Tenant shall be entitled to the return of such keys at any reasonable time upon request until this Lease shall have been properly terminated. The voluntary or other surrender of this Lease by Tenant, whether accepted by Landlord or not, or a mutual termination hereof, shall not work a merger, and at the option of Landlord shall operate as an assignment to Landlord of all subleases or subtenancies affecting the Premises or terminate any or all such sublessees or subtenancies.

15.2**Removal of Tenant Property by Tenant**. Upon the expiration of the Lease Term, or upon any earlier termination of this Lease, Tenant shall, subject to the provisions of this Article 15, quit and surrender possession of the Premises to Landlord in as good order and

condition as when Tenant took possession and as thereafter improved by Landlord and/or Tenant, reasonable wear and tear and repairs which are specifically made the responsibility of Landlord hereunder excepted. Upon such expiration or termination, in addition to Tenant's obligations under Sections 29.32 and 29.33, below, Tenant shall, without expense to Landlord, remove or cause to be removed from the Premises all debris and rubbish, and such items of furniture, equipment, business and trade fixtures, free-standing cabinet work, server and telephone equipment, movable partitions and other articles of personal property owned by Tenant or installed or placed by Tenant at its expense in the Premises, and such similar articles of any other persons claiming under Tenant, as Landlord may, in its sole discretion, require to be removed, and Tenant shall repair at its own expense all damage to the Premises and Building resulting from such removal.

ARTICLE 4

HOLDING OVER

If Tenant holds over after the expiration of the Lease Term with the express written consent of Landlord, such tenancy shall be from month-to-month only, and shall not constitute a renewal hereof or an extension for any further term, and in such case Base Rent shall be payable (a) for the first month of such holding over, at a monthly rate of […***…] of the Base Rent applicable during the last rental period of the Lease Term under this Lease, (b) thereafter, at a monthly rate of […***…] of the Base Rent applicable during the last rental period of the Lease Term under this Lease. Such month-to-month tenancy shall be subject to every other applicable term, covenant and agreement contained herein. If Tenant holds over after the expiration of the Lease Term without the express written consent of Landlord, such tenancy shall be a tenancy at sufferance, and shall not constitute a renewal hereof or an extension for any further term, and in such case daily damages in any action to recover possession of the Premises shall be calculated at a daily rate equal to the greater of (i) either (x) for the first month of such holding over, […***…], and (x) thereafter […***…] of the Base Rent applicable during the last rental period of the Lease Term under this Lease (calculated on a per diem basis) or (ii) the fair market rental rate for the Premises as of the commencement of such holdover period. Notwithstanding the foregoing, Tenant shall have the one-time right, upon written notice (the "**Permitted Holdover Notice**") to Landlord not less than twelve (12) months prior to the expiration of the then Lease Term, to extend the Lease Term for a period of up to […***…] (as so designated, the "**Permitted Holdover Term**"), in which case the Rent payable by Tenant during such Permitted Holdover Term shall equal (i) […***…] of the Rent applicable during the last rental period of the Lease Term under this Lease for the first […***…] months of such Permitted Holdover Term, (ii) […***…] of the Rent applicable during the last rental period of the Lease Term under this Lease for the next occurring […***…] of such Permitted Holdover Term (i.e., months 3, 4 and 5), and (iii) […***…] of the Rent applicable during the last rental period of the Lease Term under this Lease thereafter; provided, however, that Tenant may terminate the Permitted Holdover Term at any time upon thirty (30) days' prior notice to Landlord. Subject only to a properly effectuated Permitted Holdover Term, nothing otherwise contained in this Article 16 shall be construed as consent by Landlord to any holding over by Tenant, and Landlord expressly reserves the right to require Tenant to vacate and deliver possession of the Premises to Landlord as provided in this Lease upon the expiration or other termination of this Lease. The provisions of this Article 16 shall not be deemed to limit or constitute a waiver of any other rights or remedies of Landlord provided herein or at law. If Tenant holds over without Landlord's express written consent (or Landlord's deemed consent in connection with a Permitted Holdover Term), and tenders payment of rent for any period beyond the expiration of the Lease Term by way of check (whether directly to Landlord, its agents, or to a lock box) or wire transfer, Tenant acknowledges and agrees that the cashing of such check or acceptance of such wire shall be considered inadvertent and not be construed as creating a month-to-month tenancy, provided Landlord refunds such payment to Tenant promptly upon learning that such check has been cashed or wire transfer received. Tenant acknowledges that any holding over without Landlord's express written consent (or Landlord's deemed consent in connection with a Permitted Holdover Term) may compromise or otherwise affect Landlord's ability to enter into new leases with prospective tenants regarding the Premises. Therefore, if Tenant fails to vacate and deliver the Premises upon the termination or expiration of this Lease, in addition to any other liabilities to Landlord accruing therefrom, Tenant shall protect, defend, indemnify and hold Landlord harmless from and against all claims made by any succeeding tenant founded upon such

failure to vacate and deliver, and any losses suffered by Landlord, including lost profits, resulting from such failure to vacate and deliver (collectively, "**Holdover Damages**"); provided, however, that in no event shall Tenant be liable for Holdover Damages attributable to any Permitted Holdover Term. Tenant agrees that any proceedings necessary to recover possession of the Premises, whether before or after expiration of the Lease Term, shall be considered an action to enforce the terms of this Lease for purposes of the awarding of any attorney's fees in connection therewith.

ARTICLE 5

ESTOPPEL CERTIFICATES

Within fifteen (15) days following a request in writing by Landlord, Tenant shall execute, acknowledge and deliver to Landlord an estoppel certificate, which, as submitted by Landlord, shall be substantially in the form of **Exhibit E**, attached hereto (or such other form as may be required by any prospective mortgagee or purchaser of the Project, or any portion thereof), indicating therein any exceptions thereto that may exist at that time, and shall also contain any other information reasonably requested by Landlord or Landlord's mortgagee or prospective mortgagee. Any such certificate may be relied upon by any prospective mortgagee or purchaser of all or any portion of the Project. Tenant shall execute and deliver whatever other instruments may be reasonably required for such purposes. At any time during the Lease Term, Landlord may require Tenant to provide Landlord with a current financial statement and financial statements of the two (2) years prior to the current financial statement year, subject to any commercially reasonable confidentiality agreement requested by Tenant. Such statements shall be prepared in accordance with generally accepted accounting principles (or on an income tax basis to the extent the same is the then-current practice of Tenant) and, if such is the normal practice of Tenant, shall be audited by an independent certified public accountant. Notwithstanding the foregoing, in the event that (i) stock in the entity which constitutes Tenant under this Lease (as opposed to an entity that controls Tenant or is otherwise an affiliate of Tenant) is publicly traded on NASDAQ or a national or international stock exchange or Tenant is otherwise a reporting company under the Securities Act of 1934 and Tenant' s financials are therefore publicly available, and (ii) Tenant has its own, separate and distinct 10K and 10Q filing requirements (as opposed joint or cumulative filings with an entity that controls Tenant or with entities which are otherwise affiliates of Tenant), then Tenant's obligation to provide Landlord with a copy of its most recent current financial statement shall be deemed satisfied.

ARTICLE 6

SUBORDINATION

As of the date of this Lease, the Building is not subject to a ground lease, mortgage, or trust deed. However, this Lease shall be subject and subordinate to all future ground or underlying leases of the Building or Project and to the lien of any mortgage, trust deed or other encumbrances hereafter in force against the Building or Project or any part thereof, if any, and to all renewals, extensions, modifications, consolidations and replacements thereof, and to all advances made or hereafter to be made upon the security of such mortgages or trust deeds, unless the holders of such mortgages, trust deeds or other encumbrances, or the lessors under such ground lease or underlying leases, require in writing that this Lease be superior thereto. Notwithstanding the foregoing, Landlord's delivery to Tenant of commercially reasonable non-disturbance agreement(s), reasonably acceptable to Tenant (the "**Non-disturbance Agreement**"), in favor of Tenant from any ground lessor, mortgage holders or lien holders of Landlord who later come into existence at any time prior to the expiration of the Lease Term shall be in consideration of, and a condition precedent to, Tenant's agreement to subordinate this Lease to any such future ground lease, mortgage or lien. Tenant covenants and agrees in the event any proceedings are brought for the foreclosure of any such mortgage or deed in lieu thereof (or if any ground lease is terminated), to attorn, without any deductions or set-offs whatsoever, to the lienholder or purchaser or any successors thereto upon any such foreclosure sale or deed in lieu thereof (or to the ground lessor), if so requested to do so by such purchaser or lienholder or ground lessor, and to recognize such purchaser or lienholder or ground lessor as the lessor under this Lease, provided such lienholder or purchaser or ground lessor shall agree to accept this Lease and not disturb Tenant's occupancy, so long as Tenant timely pays the rent and observes and performs the TCCs of this Lease to be observed and performed by Tenant. Landlord's interest herein may be assigned as security at any

time to any lienholder. Tenant shall, within five (5) days of request by Landlord, execute such further instruments or assurances as Landlord may reasonably deem necessary to evidence or confirm the subordination or superiority of this Lease to any such mortgages, trust deeds, ground leases or underlying leases. Tenant waives the provisions of any current or future statute, rule or law which may give or purport to give Tenant any right or election to terminate or otherwise adversely affect this Lease and the obligations of the Tenant hereunder in the event of any foreclosure proceeding or sale.

ARTICLE 7

DEFAULTS; REMEDIES

7.1 **Events of Default**. The occurrence of any of the following shall constitute a default of this Lease by Tenant:

7.1.1 Any failure by Tenant to pay any Rent or any other charge required to be paid under this Lease, or any part thereof, when due unless such failure is cured within five (5) business days after notice; or

7.1.2 Except where a specific time period is otherwise set forth for Tenant's performance in this Lease, in which event the failure to perform by Tenant within such time period shall be a default by Tenant under this Section 19.1.2, any failure by Tenant to observe or perform any other provision, covenant or condition of this Lease to be observed or performed by Tenant where such failure continues for thirty (30) days after written notice thereof from Landlord to Tenant; provided that if the nature of such default is such that the same cannot reasonably be cured within a thirty (30) day period, Tenant shall not be deemed to be in default if it diligently commences such cure within such period and thereafter diligently proceeds to rectify and cure such default; or

7.1.3 To the extent permitted by law, (i) Tenant or any guarantor of this Lease being placed into receivership or conservatorship, or becoming subject to similar proceedings under Federal or State law, or (ii) a general assignment by Tenant or any guarantor of this Lease for the benefit of creditors, or (iii) the taking of any corporate action in furtherance of bankruptcy or dissolution whether or not there exists any proceeding under an insolvency or bankruptcy law, or (iv) the filing by or against Tenant or any guarantor of any proceeding under an insolvency or bankruptcy law, unless in the case of such a proceeding filed against Tenant or any guarantor the same is dismissed within sixty (60) days, or (v) the appointment of a trustee or receiver to take possession of all or substantially all of the assets of Tenant or any guarantor, unless possession is restored to Tenant or such guarantor within thirty (30) days, or (vi) any execution or other judicially authorized seizure of all or substantially all of Tenant's assets located upon the Premises or of Tenant's interest in this Lease, unless such seizure is discharged within thirty (30) days; or

7.1.4 Abandonment or vacation of all or a substantial portion of the Premises by Tenant; or

7.1.5 The failure by Tenant to observe or perform according to the provisions of Articles 5, 14, 17 or 18 of this Lease where such failure continues for more than five (5) business days after notice from Landlord; or

7.1.6 Tenant's failure to occupy the Premises within ninety (90) business days after the Lease Commencement Date.

The notice periods provided herein are in lieu of, and not in addition to, any notice periods provided by law.

7.2 **Remedies Upon Default**. Upon the occurrence of any event of default by Tenant, Landlord shall have, in addition to any other remedies available to Landlord at law or in equity (all of which remedies shall be distinct, separate and cumulative), the option to pursue any one or more of the following remedies, each and all of which shall be cumulative and nonexclusive, without any notice or demand whatsoever.

7.2.1 Terminate this Lease, in which event Tenant shall immediately surrender the Premises to Landlord, and if Tenant fails to do so, Landlord may, without prejudice to any

other remedy which it may have for possession or arrearages in rent, enter upon and take possession of the Premises and expel or remove Tenant and any other person who may be occupying the Premises or any part thereof, without being liable for prosecution or any claim for damages therefor; and Landlord may recover from Tenant the following:

(a) The worth at the time of award of any unpaid rent which has been earned at the time of such termination; plus

(b) The worth at the time of award of the amount by which the unpaid rent which would have been earned after termination until the time of award exceeds the amount of such rental loss that Tenant proves could have been reasonably avoided; plus

(c) The worth at the time of award of the amount by which the unpaid rent for the balance of the Lease Term after the time of award exceeds the amount of such rental loss that Tenant proves could have been reasonably avoided; plus

(d) Any other amount necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform its obligations under this Lease or which in the ordinary course of things would be likely to result therefrom, specifically including but not limited to, brokerage commissions and advertising expenses incurred, expenses of remodeling the Premises or any portion thereof for a new tenant, whether for the same or a different use, and any special concessions made to obtain a new tenant; and

(e) At Landlord's election, such other amounts in addition to or in lieu of the foregoing as may be permitted from time to time by applicable law.

The term "**rent**" as used in this Section 19.2 shall be deemed to be and to mean all sums of every nature required to be paid by Tenant pursuant to the terms of this Lease, whether to Landlord or to others. As used in Sections 19.2.1(a) and (b), above, the "worth at the time of award" shall be computed by allowing interest at the Interest Rate. As used in Section 19.2.1(c), above, the "worth at the time of award" shall be computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of award plus one percent (1%).

7.2.2 Landlord shall have the remedy described in California Civil Code Section 1951.4 (lessor may continue lease in effect after lessee's breach and abandonment and recover rent as it becomes due, if lessee has the right to sublet or assign, subject only to reasonable limitations). Accordingly, if Landlord does not elect to terminate this Lease on account of any default by Tenant, Landlord may, from time to time, without terminating this Lease, enforce all of its rights and remedies under this Lease, including the right to recover all rent as it becomes due.

7.2.3 Landlord shall at all times have the rights and remedies (which shall be cumulative with each other and cumulative and in addition to those rights and remedies available under Sections 19.2.1 and 19.2.2, above, or any law or other provision of this Lease), without prior demand or notice except as required by applicable law, to seek any declaratory, injunctive or other equitable relief, and specifically enforce this Lease, or restrain or enjoin a violation or breach of any provision hereof.

7.3 **Subleases of Tenant**. Whether or not Landlord elects to terminate this Lease on account of any default by Tenant, as set forth in this Article 19, Landlord shall have the right to terminate any and all subleases, licenses, concessions or other consensual arrangements for possession entered into by Tenant and affecting the Premises or may, in Landlord's sole discretion, succeed to Tenant's interest in such subleases, licenses, concessions or arrangements. In the event of Landlord's election to succeed to Tenant's interest in any such subleases, licenses, concessions or arrangements, Tenant shall, as of the date of notice by Landlord of such election, have no further right to or interest in the rent or other consideration receivable thereunder.

7.4 **Form of Payment After Default**. Following the occurrence of an event of default by Tenant, Landlord shall have the right to require that any or all subsequent amounts paid by Tenant to Landlord hereunder, whether to cure the default in question or otherwise, be paid in the form of cash, money order, cashier's or certified check drawn on an institution acceptable to Landlord, or by other means approved by Landlord, notwithstanding any prior practice of accepting payments in any different form.

7.5 **Efforts to Relet**. No re-entry or repossession, repairs, maintenance, changes, alterations and additions, reletting, appointment of a receiver to protect Landlord's interests hereunder, or any other action or omission by Landlord shall be construed as an election by Landlord to terminate this Lease or Tenant's right to possession, or to accept a surrender of the Premises, nor shall same operate to release Tenant in whole or in part from any of Tenant's obligations hereunder, unless express written notice of such intention is sent by Landlord to Tenant. Tenant hereby irrevocably waives any right otherwise available under any law to redeem or reinstate this Lease.

7.6 **Landlord Default**. Notwithstanding anything to the contrary set forth in this Lease, Landlord shall be in default in the performance of any obligation required to be performed by Landlord pursuant to this Lease if Landlord fails to perform such obligation within thirty (30) days after the receipt of notice from Tenant specifying in detail Landlord's failure to perform; provided, however, if the nature of Landlord's obligation is such that more than thirty (30) days are required for its performance, then Landlord shall not be in default under this Lease if it shall commence such performance within such thirty (30) day period and thereafter diligently pursues the same to completion. Upon any such default by Landlord under this Lease, Tenant may, except as otherwise specifically provided in this Lease to the contrary, exercise any of its rights provided at law or in equity. Any award from a court or arbitrator in favor of Tenant requiring payment by Landlord which is not paid by Landlord within the time period directed by such award, may be offset by Tenant from Rent next due and payable under this Lease; provided, however, Tenant may not deduct the amount of the award against more than fifty percent (50%) of Base Rent next due and owing (until such time as the entire amount of such judgment is deducted) to the extent, following a foreclosure or a deed-in-lieu of foreclosure, the successor-in-interest Landlord has debt on the Project secured by a deed of trust.

ARTICLE 8

COVENANT OF QUIET ENJOYMENT

Landlord covenants that Tenant, on paying the Rent, charges for services and other payments herein reserved and on keeping, observing and performing all the other TCCs, provisions and agreements herein contained on the part of Tenant to be kept, observed and performed, shall, during the Lease Term, peaceably and quietly have, hold and enjoy the Premises subject to the TCCs, provisions and agreements hereof without interference by any persons lawfully claiming by or through Landlord. The foregoing covenant shall be binding on all of Landlord's successors and assigns and is in lieu of any other covenant express or implied.

ARTICLE 9

LETTER OF CREDIT

9.1 **Delivery of Letter of Credit**. Tenant shall deliver to Landlord, concurrently with Tenant's execution of this Lease, an unconditional, clean, irrevocable letter of credit (the "**L C**") in the amount set forth in Section 21.3 below (the "**L-C Amount**"), which L-C shall be issued by a money-center, solvent and nationally recognized bank (a bank which accepts deposits, maintains accounts, has a local San Diego or Los Angeles, California office which will negotiate a letter of credit, and whose deposits are insured by the FDIC) reasonably acceptable to Landlord (such approved, issuing bank being referred to herein as the "**Bank**"), which Bank must have a short term Fitch Rating which is not less than "F1", and a long term Fitch Rating which is not less than "A"(or in the event such Fitch Ratings are no longer available, a comparable rating from Standard and Poor's Professional Rating Service or Moody's Professional Rating Service) (collectively, the "**Bank's Credit Rating Threshold**"), and which L-C shall be in the form of **Exhibit G**, attached hereto. Tenant shall pay all expenses, points and/or fees incurred by Tenant in obtaining the L C. The L-C shall (i) be "callable" at sight, irrevocable and unconditional, (ii) be maintained in effect, whether through renewal or extension, for the period commencing on the date of this Lease and continuing until the date (the "**L-C Expiration Date**") that is no less than one hundred twenty (120) days after the expiration of the Lease Term, and Tenant shall deliver a new L-C or certificate of renewal or extension to Landlord at least sixty (60) days prior to the expiration of the L-C then held by Landlord, without any action whatsoever on the part of Landlord, (iii) be fully assignable by Landlord, its successors and assigns, (iv) permit partial draws and multiple presentations and drawings, and (v) be otherwise subject to the International Standby Practices-ISP 98, International Chamber of Commerce Publication #590. Landlord, or its then managing agent, shall have the

right to draw down an amount up to the face amount of the L-C if any of the following shall have occurred or be applicable: (A) such amount is due to Landlord under the terms and conditions of this Lease (following the expiration of any applicable notice and cure periods), or (B) Tenant has filed a voluntary petition under the U. S. Bankruptcy Code or any state bankruptcy code (collectively, "**Bankruptcy Code**"), or (C) an involuntary petition has been filed against Tenant under the Bankruptcy Code, or (D) the Lease has been rejected, or is deemed rejected, under Section 365 of the U.S. Bankruptcy Code, following the filing of a voluntary petition by Tenant under the Bankruptcy Code, or the filing of an involuntary petition against Tenant under the Bankruptcy Code, or (E) the Bank has notified Landlord that the L-C will not be renewed or extended through the L-C Expiration Date, or (F) Tenant is placed into receivership or conservatorship, or becomes subject to similar proceedings under Federal or State law, or (G) Tenant executes an assignment for the benefit of creditors, or (H) if (1) any of the Bank's Fitch Ratings (or other comparable ratings to the extent the Fitch Ratings are no longer available) have been reduced below the Bank's Credit Rating Threshold, or (2) there is otherwise a material adverse change in the financiaL-Condition of the Bank, and in connection with this sub-item (H) or sub-item (E), above, Tenant has subsequently failed to provide Landlord with a replacement letter of credit, conforming in all respects to the requirements of this Article 21 (including, but not limited to, the requirements placed on the issuing Bank more particularly set forth in this Section 21.1 above), in the amount of the applicable L-C Amount, within ten (10) business days following Landlord's written demand therefor (with no other notice or cure or grace period being applicable thereto, notwithstanding anything in this Lease to the contrary); provided, however, if prior to the expiration of such ten (10) business day period, Tenant is actively attempting to secure such replacement letter of credit and Tenant delivers a good faith deposit in the amount of one (1) month of the then applicable Base Rent (the "**Tolling Deposit**"), then such ten (10) business day period shall be extend for up to an additional ten (10) business days (for a total period of up to twenty (20) business days), but in no event beyond the date which is ten (10) business days immediately preceding the expiration date of the existing L-C (each of the foregoing items (A) through (H) being an "**L-C Draw Event**"). The L-C shall be honored by the Bank regardless of whether Tenant disputes Landlord's right to draw upon the L-C, and regardless of any discrepancies between the L-C and this Lease. In addition, in the event the Bank is placed into receivership or conservatorship by the Federal Deposit Insurance Corporation or any successor or similar entity, then, effective as of the date such receivership or conservatorship occurs, said L-C shall be deemed to fail to meet the requirements of this Article 21, and, within ten (10) business days following Landlord's notice to Tenant of such receivership or conservatorship (the "**L-C FDIC Replacement Notice**"), Tenant shall replace such L-C with a substitute letter of credit from a different issuer (which issuer shall meet or exceed the Bank's Credit Rating Threshold and shall otherwise be acceptable to Landlord in its reasonable discretion) and that complies in all respects with the requirements of this Article 21. If Tenant fails to replace such L-C with such conforming, substitute letter of credit pursuant to the terms and conditions of this Section 21.1, then, notwithstanding anything in this Lease to the contrary, Landlord shall have the right to declare Tenant in default of this Lease for which there shall be no notice or grace or cure periods being applicable thereto (other than the aforesaid ten (10) business day period). Tenant shall be responsible for the payment of any and all costs incurred with the review of any replacement L-C (including without limitation Landlord's reasonable attorneys' fees), which replacement is required pursuant to this Section or is otherwise requested by Tenant. In the event of an assignment by Tenant of its interest in the Lease (and irrespective of whether Landlord's consent is required for such assignment), the acceptance of any replacement or substitute letter of credit by Landlord from the assignee shall be subject to Landlord's prior written approval, in Landlord's sole and absolute discretion, and the attorney's fees incurred by Landlord in connection with such determination shall be payable by Tenant to Landlord within ten (10) days of billing.

9.2 **Application of L C**. Tenant hereby acknowledges and agrees that Landlord is entering into this Lease in material reliance upon the ability of Landlord to draw upon the L-C upon the occurrence of any L-C Draw Event. In the event of any L-C Draw Event, Landlord may, but without obligation to do so, and without notice to Tenant (except in connection with an L-C Draw Event under Section 21.1(H) above), draw upon the L-C, in part or in whole, to cure any such L-C Draw Event and/or to compensate Landlord for any and all damages of any kind or nature sustained or which Landlord reasonably estimates that it will sustain resulting from Tenant's breach or default of the Lease or other L-C Draw Event and/or to compensate Landlord for any and all damages arising out of, or incurred in connection with, the termination of this Lease, including, without limitation, those specifically identified in Section 1951.2 of the California Civil Code. The use, application or retention of the L-C, or any portion thereof, by Landlord shall not prevent

Landlord from exercising any other right or remedy provided by this Lease or by any applicable law, it being intended that Landlord shall not first be required to proceed against the L-C, and such L-C shall not operate as a limitation on any recovery to which Landlord may otherwise be entitled. Tenant agrees not to interfere in any way with payment to Landlord of the proceeds of the L-C, either prior to or following a "**draw**" by Landlord of any portion of the L-C, regardless of whether any dispute exists between Tenant and Landlord as to Landlord's right to draw upon the L-C; provided that the foregoing shall not limit Tenant's right to thereafter seek, from a court of competent jurisdiction, the recovery of any improperly drawn amounts on such L-C. No condition or term of this Lease shall be deemed to render the L-C conditional to justify the issuer of the L-C in failing to honor a drawing upon such L-C in a timely manner. Tenant agrees and acknowledges that (i) the L-C constitutes a separate and independent contract between Landlord and the Bank, (ii) Tenant is not a third party beneficiary of such contract, (iii) Tenant has no property interest whatsoever in the L-C or the proceeds thereof, and (iv) in the event Tenant becomes a debtor under any chapter of the Bankruptcy Code, Tenant is placed into receivership or conservatorship, and/or there is an event of a receivership, conservatorship or a bankruptcy filing by, or on behalf of, Tenant, neither Tenant, any trustee, nor Tenant's bankruptcy estate shall have any right to restrict or limit Landlord's claim and/or rights to the L-C and/or the proceeds thereof by application of Section 502(b)(6) of the U. S. Bankruptcy Code or otherwise.

9.3 **L-C Amount; Maintenance of L-C by Tenant; Liquidated Damages**.

9.3.1 **L-C Amount**. The L-C Amount shall initially be equal to the amount set forth in Section 8 of the Summary.

9.3.2 **Conditional Increase/Reduction of L-C Amount**. Landlord and Tenant hereby acknowledge and agree that to the extent Tenant is not otherwise in default under this Lease and is then satisfying the "**Required Financial Condition**" identified hereinbelow, the L-C Amount is subject to annual reduction throughout the Lease Term from and after the fourth (4th) anniversary of the Lease Commencement Date as set forth in this Section 21.3.1.2. The initial L-C Amount shall be as set forth in Section 21.3.1.1, above. If, on the fourth (4th) anniversary and on each anniversary thereafter, Tenant maintains the Required Financial Condition, the otherwise applicable L-C Amount shall be reduced by […***…]; provided, however, in no event shall the L-C Amount ever be reduced below […***…] (i.e., […***…]); provided further, however, if on any such scheduled reduction date (i) Tenant is in default, such corresponding decrease shall instead take place retroactively after such default is cured, but in no event shall any decrease take effect in the event this Lease is terminated early due to such default by Tenant, and (ii) Tenant fails to satisfy the Required Financial Condition, while no reduction shall then occur, if Tenant thereafter reestablishes itself as satisfying the Required Financial Condition, such decreases shall occur on first (1st) anniversary of such reestablishment and annually thereafter. For purposes of this Section 21.3.2, the "**Required Financial Condition**" shall mean Tenant's satisfaction of each of following: (X) an equity market capitalization value of […***…]; (Y) immediately available cash-on-hand of […***…]; and (Z) a minimum of […***…] of EBITDA in the then-trailing twelve (12)-month period.

9.3.3 **In General**. If, as a result of any drawing by Landlord of all or any portion of the L-C, the amount of the L-C shall be less than the then-applicable L-C Amount, Tenant shall, within five (5) days thereafter, provide Landlord with additional letter(s) of credit in an amount equal to the deficiency, and any such additional letter(s) of credit shall comply with all of the provisions of this Article 21, and if Tenant fails to comply with the foregoing, the same shall be subject to the terms of Section 21.3.3 below. Tenant further covenants and warrants that it will neither assign nor encumber the L-C or any part thereof and that neither Landlord nor its successors or assigns will be bound by any such assignment, encumbrance, attempted assignment or attempted encumbrance. Without limiting the generality of the foregoing, if the L-C expires earlier than the L-C Expiration Date, Landlord will accept a renewal thereof (such renewal letter of credit to be in effect and delivered to Landlord, as applicable, not later than thirty (30) days prior to the expiration of the L-C), which shall be irrevocable and automatically renewable as above provided through the L-C Expiration Date upon the same terms as the expiring L-C or such other terms as may be

acceptable to Landlord in its sole discretion. Upon acceptance of the substitute L-C by Landlord, the prior L-C shall be surrendered and canceled; provided, however, to the extent Landlord reasonably concludes (based upon its review of Tenant's current [or then-most recently available] audited financial statement which includes a going concern qualification in any report or opinion related to such financial statement) that there is a material risk of Tenant becoming insolvent or otherwise subject to the bankruptcy-related provisions of Section 19.1.3, above, Landlord shall not be required to so surrender the prior L-C until the date which is ninety (90) days after its receipt of the substitute L-C. However, if the L-C is not timely renewed, or if Tenant fails to maintain the L-C in the amount and in accordance with the terms set forth in this Article 21, Landlord shall have the right to either (x) present the L-C to the Bank in accordance with the terms of this Article 21, and the proceeds of the L-C may be applied by Landlord against any Rent payable by Tenant under this Lease that is not paid when due and/or to pay for all losses and damages that Landlord has suffered or that Landlord reasonably estimates that it will suffer as a result of any breach or default by Tenant under this Lease, or (y) pursue its remedies under this Lease. In the event Landlord elects to exercise its rights under the foregoing item (x), (I) any unused proceeds shall constitute the property of Landlord (and not Tenant's property or, in the event of a receivership, conservatorship, or a bankruptcy filing by, or on behalf of, Tenant, property of such receivership, conservatorship or Tenant's bankruptcy estate) and need not be segregated from Landlord's other assets, and (II) Landlord agrees to pay to Tenant within thirty (30) days after the L-C Expiration Date the amount of any proceeds of the L-C received by Landlord and not applied against any Rent payable by Tenant under this Lease that was not paid when due or used to pay for any losses and/or damages suffered by Landlord (or reasonably estimated by Landlord that it will suffer) as a result of any breach or default by Tenant under this Lease; provided, however, that if prior to the L-C Expiration Date a voluntary petition is filed by Tenant, or an involuntary petition is filed against Tenant by any of Tenant's creditors, under the Bankruptcy Code, then Landlord shall not be obligated to make such payment in the amount of the unused L-C proceeds until either all preference issues relating to payments under this Lease have been resolved in such bankruptcy or reorganization case or such bankruptcy or reorganization case has been dismissed.

9.4 **Transfer and Encumbrance**. The L-C shall also provide that Landlord may, at any time and without notice to Tenant and without first obtaining Tenant's consent thereto, transfer (one or more times) all or any portion of its interest in and to the L-C to another party, person or entity, regardless of whether or not such transfer is from or as a part of the assignment by Landlord of its rights and interests in and to this Lease. In the event of a transfer of Landlord's interest in under this Lease, Landlord shall transfer the L-C, in whole or in part, to the transferee and thereupon Landlord shall, without any further agreement between the parties, be released by Tenant from all liability therefor, and it is agreed that the provisions hereof shall apply to every transfer or assignment of the whole of said L-C to a new landlord. In connection with any such transfer of the L-C by Landlord, Tenant shall, at Tenant's sole cost and expense, execute and submit to the Bank such applications, documents and instruments as may be necessary to effectuate such transfer and, Tenant shall be responsible for paying the Bank's transfer and processing fees in connection therewith; provided that, Landlord shall have the right (in its sole discretion), but not the obligation, to pay such fees on behalf of Tenant, in which case Tenant shall reimburse Landlord within ten (10) days after Tenant's receipt of an invoice from Landlord therefor.

9.5 **L-C Not a Security Deposit**. Landlord and Tenant (1) acknowledge and agree that in no event or circumstance shall the L-C or any renewal thereof or substitute therefor or any proceeds thereof be deemed to be or treated as a "security deposit" under any law applicable to security deposits in the commercial context, including, but not limited to, Section 1950.7 of the California Civil Code, as such Section now exists or as it may be hereafter amended or succeeded (the "**Security Deposit Laws**"), (2) acknowledge and agree that the L-C (including any renewal thereof or substitute therefor or any proceeds thereof) is not intended to serve as a security deposit, and the Security Deposit Laws shall have no applicability or relevancy thereto, and (3) waive any and all rights, duties and obligations that any such party may now, or in the future will, have relating to or arising from the Security Deposit Laws. Tenant hereby irrevocably waives and relinquishes the provisions of Section 1950.7 of the California Civil Code and any successor statute, and all other provisions of law, now or hereafter in effect, which (x) establish the time frame by which a landlord must refund a security deposit under a lease, and/or (y) provide that a landlord may claim from a security deposit only those sums reasonably necessary to remedy defaults in the payment of rent, to repair damage caused by a tenant or to clean the premises, it being agreed that Landlord may, in addition, claim those sums specified in this Article 21 and/or

those sums reasonably necessary to (a) compensate Landlord for any loss or damage caused by Tenant's breach of this Lease, including any damages Landlord suffers following termination of this Lease, and/or (b) compensate Landlord for any and all damages arising out of, or incurred in connection with, the termination of this Lease, including, without limitation, those specifically identified in Section 1951.2 of the California Civil Code.

9.6 **Non-Interference By Tenant**. Tenant agrees not to interfere in any way with any payment to Landlord of the proceeds of the L-C, either prior to or following a "draw" by Landlord of all or any portion of the L-C, regardless of whether any dispute exists between Tenant and Landlord as to Landlord's right to draw down all or any portion of the L-C. No condition or term of this Lease shall be deemed to render the L-C conditional and thereby afford the Bank a justification for failing to honor a drawing upon such L-C in a timely manner. Tenant shall not request or instruct the Bank of any L-C to refrain from paying sight draft(s) drawn under such L C.

9.7 **Waiver of Certain Relief**. Tenant unconditionally and irrevocably waives (and as an independent covenant hereunder, covenants not to assert) any right to claim or obtain any of the following relief in connection with the LC:

9.7.1 A temporary restraining order, temporary injunction, permanent injunction, or other order that would prevent, restrain or restrict the presentment of sight drafts drawn under any L-C or the Bank's honoring or payment of sight draft(s); or

9.7.2 Any attachment, garnishment, or levy in any manner upon either the proceeds of any L-C or the obligations of the Bank (either before or after the presentment to the Bank of sight drafts drawn under such L C) based on any theory whatever.

9.8 **Remedy for Improper Drafts**. Tenant's sole remedy in connection with the improper presentment or payment of sight drafts drawn under any L-C shall be the right to obtain from Landlord a refund of the amount of any sight draft(s) that were improperly presented or the proceeds of which were misapplied, together with interest at the Interest Rate and reasonable actual out-of-pocket attorneys' fees, provided that at the time of such refund, Tenant increases the amount of such L-C to the amount (if any) then required under the applicable provisions of this Lease. Tenant acknowledges that the presentment of sight drafts drawn under any L C, or the Bank's payment of sight drafts drawn under such L C, could not under any circumstances cause Tenant injury that could not be remedied by an award of money damages, and that the recovery of money damages would be an adequate remedy therefor. In the event Tenant shall be entitled to a refund as aforesaid and Landlord shall fail to make such payment within ten (10) business days after demand, Tenant shall have the right to deduct the amount thereof together with interest thereon at the Interest Rate from the next installment(s) of Base Rent.

ARTICLE 10

SUBSTITUTION OF OTHER PREMISES

To the extent Landlord executes a lease with a third party tenant for three (3) full floors or more of the Building on or before June 30, 2019 (the "**Relocation Notice Outside Date**"), then Landlord shall have the right to move Tenant to other space consisting of two (2) immediately adjacent, full-floors within the Building and located above the first (1st) floor (i.e., floors 2 & 3; floors 3 & 4, or floors 5 & 6), and all terms hereof shall apply to the new space with equal force. In such event, Landlord shall give Tenant prompt written notice (the "**Relocation Notice**") of Landlord's desire to relocate Tenant to such other space and to construct the Improvements therein in accordance with the Work Letter as otherwise applicable to the original Premises, which Relocation Notice shall in all events be not less than ten (10) business days prior to executing such third party tenant lease containing three (3) full floors or more of the Building. Simultaneously with such relocation of the Premises, the parties shall immediately execute an amendment to this Lease stating the relocation of the Premises.

ARTICLE 11

SIGNS

11.1**Full Floors**. Subject to Landlord's prior written approval, in its sole discretion, and provided all signs are in keeping with the quality, design and style of the Building and Project, Tenant, if the Premises comprise an entire floor of the Building, at Landlord's sole cost and expense, may install identification signage in the elevator lobbies on the floors of the Building on which the Premises is located and at the entrance to Suite 500, provided that such signs must not be visible from the exterior of the Building.

11.2**Multi-Tenant Floors**. If other tenants occupy space on the floor on which the Premises is located, Tenant's identifying signage shall be provided by Landlord, at Tenant's cost, and such signage shall be comparable to that used by Landlord for other similar floors in the Building and shall comply with Landlord's Building standard signage program.

11.3**Building Directory**. A building directory is located in the lobby of the Building. Tenant shall have the right, at Landlord's sole cost and expense as to Tenant's initial name strip', to designate one (1) name strip on such directory, and any subsequent changes to Tenant's name strip shall be at Tenant's sole cost and expense following Tenant's receipt of Landlord's consent thereto (which consent may be withheld in Landlord's sole and absolute discretion).

11.4**Prohibited Signage and Other Items**. Any signs, notices, logos, pictures, names or advertisements which are installed and that have not been separately approved by Landlord may be removed without notice by Landlord at the sole expense of Tenant. Tenant may not install any signs on the exterior or roof of the Project or the Common Areas. Any signs, window coverings, or blinds (even if the same are located behind the Landlord-approved window coverings for the Building), or other items visible from the exterior of the Premises or Building, shall be subject to the prior approval of Landlord, in its sole discretion.

11.5**Tenant's Signage**. In addition to the signage rights set forth above in this Article 23, and subject to the terms of Section 23.5.3 below, provided that Original Tenant or a Permitted Transferee Assignee leases the entirety of, and is in occupancy of not less than sixty percent (60%) of, the Premises, then Tenant shall be entitled to install one Building-top sign (the "**Tenant's Signage**"); provided, however, to the extent a third party tenant leases space in the Building which is larger than the Premises, then such third party may select (or Landlord may designate to such third party) the particular Building-top sign location; otherwise, Tenant shall have the right to select its preferred Building-top signage location from the available locations.

11.5.1 **Tenant's Signage Specifications and Permits**. Tenant's Signage shall set forth Tenant's name or logo as determined by Tenant; provided, however, in no event shall Tenant's Signage include an "Objectionable Name or Logo," as that term is defined in Section 23.5.2 below. The graphics, materials, color, design, lettering, lighting, size, illumination, specifications and exact location of Tenant's Signage shall be subject to the prior written approval of Landlord, which approval shall not be unreasonably withheld, conditioned or delayed, and shall be consistent and compatible with the quality and nature of the Project and the exterior Building signage of other tenants of the Building. In addition, Tenant's Signage shall be subject to Tenant's receipt of all required governmental permits and approvals and shall be subject to all Applicable Laws and the CC&Rs. Landlord shall use commercially reasonable efforts to assist Tenant in obtaining all necessary governmental permits and approvals for Tenant's Signage. Tenant hereby acknowledges that, notwithstanding Landlord's approval of Tenant's Signage, Landlord has made no representation or warranty to Tenant with respect to the probability of obtaining all necessary governmental approvals and permits for Tenant's Signage. In the event Tenant does not receive the necessary governmental approvals and permits for Tenant's Signage, Tenant's and Landlord's rights and obligations under the remaining terms and conditions of this Lease shall be unaffected.

11.5.2 **Objectionable Name or Logo**. In no event shall Tenant's Signage include, identify or otherwise refer to a name and/or logo which relates to an entity which is of a character or reputation, or is associated with a political faction or orientation, which is inconsistent with the quality of the Project, or which would otherwise reasonably offend a landlord of a Comparable Building (an "**Objectionable Name or Logo**"). The parties hereby agree that the name "ACADIA" or any reasonable derivation thereof, shall not be deemed an Objectionable Name or Logo.

11.5.3 **Termination of Right to Tenant's Signage**. The rights to the Tenant's Signage contained in this Section 23.5 may only be exercised by Original Tenant or its Permitted Transferee Assignee (and not any other assignee or any sublessee or other transferee of the Original Tenant's interest in this Lease). With respect to the Building-Top Sign, in the event the Original Tenant and/or its Permitted Transferee Assignee are not in occupancy of sixty percent (60%) or more of the Premises for all or substantially all of the Lease Term, then Landlord shall have the right to terminate Tenant's right to the Building-Top Sign upon, and to the extent, Landlord grants such building-top sign right to any other tenant of the Building.

11.5.4 **Cost and Maintenance of Tenant's Signage**. The costs of the actual sign(s) comprising Tenant's Signage and the installation, design, construction, and any and all other costs associated with Tenant's Signage, including, without limitation, utility charges and hook-up fees, permits, and maintenance and repairs, shall be the sole responsibility of Tenant, at Tenant's sole cost and expense. Should Tenant's Signage require repairs and/or maintenance, as determined in Landlord's reasonable judgment, Landlord shall cause such repairs and/or maintenance to be performed, and Tenant shall pay Landlord upon demand the cost of the same as Additional Rent. Upon the expiration or earlier termination of this Lease (or within ten (10)business days following Tenant's receipt of written notice from Landlord that Tenant's rights to such Tenant's Signage have terminated as a result of a Tenant default under this Lease or Tenant's failure to satisfy the occupancy requirement, as set forth in Section 23.5.3 above), Tenant shall, at Tenant's sole cost and expense, cause Tenant's Signage to be removed and shall cause the area in which such Tenant's Signage was located to be restored to the condition existing immediately prior to the installation of such Tenant's Signage. If Tenant fails to timely remove such Tenant's Signage or to restore the areas in which such Tenant's Signage was located, as provided in the immediately preceding sentence, then Landlord may perform such work, and all costs incurred by Landlord in so performing shall be reimbursed by Tenant to Landlord within thirty (30) days after Tenant's receipt of an invoice therefor. The terms and conditions of this Section 23.5.4 shall survive the expiration or earlier termination of this Lease.

ARTICLE 12

COMPLIANCE WITH LAW

12.1**In General**. Landlord shall comply with all Applicable Laws relating to the Base Building, provided that compliance with such Applicable Laws is not the responsibility of Tenant under this Lease, and provided further that Landlord's failure to comply therewith would prohibit Tenant from obtaining or maintaining a certificate of occupancy for the Premises, or would unreasonably and materially affect the safety of Tenant's employees or create a significant health hazard for Tenant's employees. Landlord covenants to Tenant that on the Lease Commencement Date, the Premises, Building and Common Areas of the Project will be in compliance in all material respects with Applicable Laws. Landlord shall be permitted to include in Operating Expenses any costs or expenses incurred by Landlord under this Article 24 to the extent not prohibited by the terms of Section 4.2.4 above, unless such costs relate to a condition that was existing, in violation of Applicable Laws, prior to the Lease Commencement Date. For purposes of Section 1938 of the California Civil Code, Landlord hereby discloses to Tenant, and Tenant hereby acknowledges, that the Premises have not undergone inspection by a Certified Access Specialist (CASp). As required by Section 1938(e) of the California Civil Code, Landlord hereby states as follows: "A Certified Access Specialist (CASp) can inspect the subject premises and determine whether the subject premises comply with all of the applicable construction-related accessibility standards under state law. Although state law does not require a CASp inspection of the subject premises, the commercial property owner or lessor may not prohibit the lessee or tenant from obtaining a CASp inspection of the subject premises for the occupancy or potential occupancy of the lessee or tenant, if requested by the lessee or tenant. The parties shall mutually agree on the arrangements for the time and manner of the CASp inspection, the payment of the fee for the CASp inspection, and the cost of making any repairs necessary to correct violations of construction-related accessibility standards within the premises." In furtherance of the foregoing, Landlord and Tenant hereby agree as follows: (a) any CASp inspection requested by Tenant shall be conducted, at Tenant's sole cost and expense, by a CASp designated by Landlord, subject to Landlord's reasonable rules and requirements; (b) Tenant, at its sole cost and expense, shall be responsible for making any improvements or repairs within the Premises to correct violations of construction-related accessibility standards identified by such Tenant-requested CASp inspection; and (c) if anything done by or for Tenant in its use or occupancy of the Premises shall require any

improvements or repairs to the Building, the Office Center, or Project (outside the Premises) to correct violations of construction-related accessibility standards identified by such Tenant-requested CASp inspection, then Tenant shall reimburse Landlord upon demand, as Additional Rent, for the cost to Landlord of performing such improvements or repairs.

Tenant shall not do anything or suffer anything to be done in or about the Premises or the Project which will in any way conflict with any law, statute, ordinance or other governmental rule, regulation or requirement now in force or which may hereafter be enacted or promulgated, including, without limitation, any such governmental regulations related to disabled access (i.e., the Americans with Disabilities Act of 1990 ("**ADA**")) (collectively, "**Applicable Laws**"). At its sole cost and expense, Tenant shall promptly comply with all Applicable Laws (including the making of any alterations to the Premises required by Applicable Laws) which relate to (i) Tenant's use of the Premises, (ii) the Alterations or the Improvements in the Premises, or (iii) the Base Building, but, as to the Base Building, only to the extent such obligations are triggered by Tenant's Alterations, the Improvements, or use of the Premises for non-general office use. Should any standard or regulation now or hereafter be imposed on Landlord or Tenant by a state, federal or local governmental body charged with the establishment, regulation and enforcement of occupational, health or safety standards for employers, employees, landlords or tenants, then Tenant agrees, to the extent the standard or regulation relates to Tenant's particular use of the Premises and at its sole cost and expense, to comply promptly with such standards or regulations. The judgment of any court of competent jurisdiction or the admission of Tenant in any judicial action, regardless of whether Landlord is a party thereto, that Tenant has violated any of said governmental measures, shall be conclusive of that fact as between Landlord and Tenant.

ARTICLE 13

LATE CHARGES

If any installment of Rent or any other sum due from Tenant shall not be received by Landlord or Landlord's designee when due, then Tenant shall pay to Landlord a late charge equal to five three (3%) of the overdue amount plus any attorneys' fees incurred by Landlord by reason of Tenant's failure to pay Rent and/or other charges when due hereunder; provided, however, with regard to the first such failure in any twelve (12) month period, Landlord will waive such late charge to the extent Tenant cures such failure within five (5) business days following Tenant's receipt of written notice from Landlord that the same was not received when due. The late charge shall be deemed Additional Rent and the right to require it shall be in addition to all of Landlord's other rights and remedies hereunder or at law and shall not be construed as liquidated damages or as limiting Landlord's remedies in any manner. In addition to the late charge described above, any Rent or other amounts owing hereunder which are not paid within ten (10) days after the date they are due shall bear interest from the date when due until paid at the "**Interest Rate.**" For purposes of this Lease, the "**Interest Rate**" shall be an annual rate equal to the lesser of (i) the annual "**Bank Prime Loan**" rate cited in the Federal Reserve Statistical Release Publication H.15(519), published weekly (or such other comparable index as Landlord and Tenant shall reasonably agree upon if such rate ceases to be published), plus two (2) percentage points, and (ii) the highest rate permitted by applicable law.

ARTICLE 14

LANDLORD'S RIGHT TO CURE DEFAULT; PAYMENTS BY TENANT

14.1**Landlord's Cure**. All covenants and agreements to be kept or performed by Tenant under this Lease shall be performed by Tenant at Tenant's sole cost and expense and without any reduction of Rent, except to the extent, if any, otherwise expressly provided herein. If Tenant shall fail to perform any obligation under this Lease, and such failure shall continue in excess of the time allowed under Section 19.1.2, above, unless a specific time period is otherwise stated in this Lease, Landlord may, but shall not be obligated to, make any such payment or perform any such act on Tenant's part without waiving its rights based upon any default of Tenant and without releasing Tenant from any obligations hereunder.

14.2**Tenant's Reimbursement**. Except as may be specifically provided to the contrary in this Lease, Tenant shall pay to Landlord, upon delivery by Landlord to Tenant of statements therefor: (i) sums equal to expenditures reasonably made and obligations incurred by Landlord in connection with the remedying by Landlord of Tenant's defaults pursuant to the provisions of

Section 26.1; (ii) sums equal to all losses, costs, liabilities, damages and expenses referred to in Article 10 of this Lease; and (iii) sums equal to all expenditures made and obligations incurred by Landlord in collecting or attempting to collect the Rent or in enforcing or attempting to enforce any rights of Landlord under this Lease or pursuant to law, including, without limitation, all legal fees and other amounts so expended. Tenant's obligations under this Section 26.2 shall survive the expiration or sooner termination of the Lease Term.

ARTICLE 15

ENTRY BY LANDLORD

Landlord reserves the right at all reasonable times (during Building Hours with respect to items (i) and (ii) below) and upon at least twenty-four (24) hours prior notice to Tenant (except in the case of an emergency) to enter the Premises to (i) inspect them; (ii) show the Premises to prospective purchasers, or to current or prospective mortgagees, ground or underlying lessors or insurers, or during the last twelve (12) months of the Lease Term, to prospective tenants; (iii) post notices of nonresponsibility; or (iv) alter, improve or repair the Premises or the Building, or for structural alterations, repairs or improvements to the Building or the Building's systems and equipment. Notwithstanding anything to the contrary contained in this Article 27, Landlord may enter the Premises at any time to (A) perform services required of Landlord, including janitorial service; (B) take possession due to any breach of this Lease in the manner provided herein; and (C) perform any covenants of Tenant which Tenant fails to perform. Landlord may make any such entries without the abatement of Rent, except as otherwise provided in this Lease, and may take such reasonable steps as required to accomplish the stated purposes; provided, however, except for (x) emergencies, (y) repairs, alterations, improvements or additions required by governmental or quasi-governmental authorities or court order or decree, or (z) repairs which are the obligation of Tenant hereunder, any such entry shall be performed in a manner so as not to unreasonably interfere with Tenant's use of the Premises and shall be performed after normal business hours if reasonably practical. With respect to items (y) and (z) above, Landlord shall use commercially reasonable efforts to not materially interfere with Tenant's use of, or access to, the Premises. Tenant hereby waives any claims for damages or for any injuries or inconvenience to or interference with Tenant's business, lost profits, any loss of occupancy or quiet enjoyment of the Premises, and any other loss occasioned thereby. For each of the above purposes, Landlord shall at all times have a key with which to unlock all the doors in the Premises, excluding Tenant's vaults, safes and special security areas designated in advance by Tenant. In an emergency, Landlord shall have the right to use any means that Landlord may deem proper to open the doors in and to the Premises. Any entry into the Premises by Landlord in the manner hereinbefore described shall not be deemed to be a forcible or unlawful entry into, or a detainer of, the Premises, or an actual or constructive eviction of Tenant from any portion of the Premises. No provision of this Lease shall be construed as obligating Landlord to perform any repairs, alterations or decorations except as otherwise expressly agreed to be performed by Landlord herein.

ARTICLE 16

TENANT PARKING

Tenant shall (i) be entitled to rent from Landlord, on a monthly basis throughout the Lease Term, commencing on the Lease Commencement Date, the amount of reserved parking passes set forth in Section 9 of the Summary, and (ii) be entitled to use commencing on the Lease Commencement Date, the amount of unreserved parking passes set forth in Section 9 of the Summary, which parking passes shall pertain to the Project parking structure. Tenant shall pay to Landlord (or its designee) for the reserved parking passes on a monthly basis at the prevailing rate charged from time to time at the location of such parking passes; provided, however, the monthly rate for Tenant's reserved parking passes shall be One Hundred Fifty and No/100 Dollars ($150.00) per reserved parking pass for the remainder of the initial Lease Term (as opposed to any Option Term); provided further, however, that for Lease Months one (1) through thirty-six (36) of the initial Lease Term only, Tenant shall receive five (5) reserved spaces without charge (excepting only any parking taxes or other charges imposed by governmental authorities in connection with the use of such reserved parking passes).' Tenant's unreserved parking passes shall be without charge for the initial Lease Term only (excepting only any parking taxes or other charges imposed by governmental authorities in connection with the use of such parking). In addition to any fees that may be charged to Tenant in connection with its parking of automobiles in the Project parking

structure, Tenant shall be responsible for the full amount of any taxes imposed by any governmental authority in connection with the renting of such parking passes by Tenant or the use of the parking facility by Tenant. Tenant's continued right to use the parking passes is conditioned upon Tenant abiding by all rules and regulations which are prescribed from time to time for the orderly operation and use of the parking facility where the parking passes are located, including any sticker or other identification system established by Landlord, Tenant's cooperation in seeing that Tenant's employees and visitors also comply with such rules and regulations and Tenant not being in default under this Lease. Landlord specifically reserves the right to change the size, configuration, design, layout and all other aspects of the Project parking facility at any time and Tenant acknowledges and agrees that Landlord may, without incurring any liability to Tenant and without any abatement of Rent under this Lease, from time to time, temporarily close-off or restrict access to the Project parking facility for purposes of permitting or facilitating any such construction, alteration or improvements. Notwithstanding the foregoing, no such changes shall materially adversely affect Tenant's access to or use of the Premises. During any period of temporary closure of or restricted access to the Project parking areas, Landlord shall be responsible to provide Tenant with reasonable replacement parking in reasonable proximity and with reasonable access to the Premises. Landlord may, at any time, institute valet assisted parking, tandem parking stalls, "stack" parking, or other parking program within the Project parking facility, the cost of which shall be included in Operating Expenses, unless otherwise restricted pursuant to the exclusion in Section 4.2.4(p) of this Lease. Landlord may delegate its responsibilities hereunder to a parking operator in which case such parking operator shall have all the rights of control attributed hereby to the Landlord. The parking passes rented by Tenant pursuant to this Article 28 are provided to Tenant solely for use by Tenant's own personnel and such passes may not be transferred, assigned, subleased or otherwise alienated by Tenant without Landlord's prior approval.

ARTICLE 17

MISCELLANEOUS PROVISIONS

17.1**Terms; Captions**. The words "Landlord" and "Tenant" as used herein shall include the plural as well as the singular. The necessary grammatical changes required to make the provisions hereof apply either to corporations or partnerships or individuals, men or women, as the case may require, shall in all cases be assumed as though in each case fully expressed. The captions of Articles and Sections are for convenience only and shall not be deemed to limit, construe, affect or alter the meaning of such Articles and Sections.

17.2**Binding Effect**. Subject to all other provisions of this Lease, each of the covenants, conditions and provisions of this Lease shall extend to and shall, as the case may require, bind or inure to the benefit not only of Landlord and of Tenant, but also of their respective heirs, personal representatives, successors or assigns, provided this clause shall not permit any assignment by Tenant contrary to the provisions of Article 14 of this Lease.

17.3**No Air Rights**. No rights to any view or to light or air over any property, whether belonging to Landlord or any other person, are granted to Tenant by this Lease. If at any time any windows of the Premises is temporarily darkened or the light or view therefrom is obstructed by reason of any repairs, improvements, maintenance or cleaning in or about the Project, the same shall be without liability to Landlord and without any reduction or diminution of Tenant's obligations under this Lease.

17.4**Modification of Lease**. Should any current or prospective mortgagee or ground lessor for the Building or Project require a modification of this Lease, which modification will not cause an increased cost or expense to Tenant or in any other way materially and adversely change the rights and obligations of Tenant hereunder, then and in such event, Tenant agrees that this Lease may be so modified and agrees to execute whatever documents are reasonably required therefor and to deliver the same to Landlord within ten (10) days following a request therefor. At the request of Landlord or any mortgagee or ground lessor, Tenant agrees to execute a short form of Lease and deliver the same to Landlord within ten (10) days following the request therefor.

17.5**Transfer of Landlord's Interest**. Tenant acknowledges that Landlord has the right to transfer all or any portion of its interest in the Project or Building and in this Lease, and Tenant agrees that in the event of any such transfer, Landlord shall automatically be released from all liability under this Lease arising after the date of transfer and Tenant agrees to look solely to

such transferee for the performance of Landlord's obligations hereunder after the date of transfer and such transferee shall be deemed to have fully assumed and be liable for all obligations of this Lease to be performed by Landlord, including the return of any Security Deposit, and Tenant shall attorn to such transferee. Tenant further acknowledges that Landlord may assign its interest in this Lease to a mortgage lender as additional security and agrees that such an assignment shall not release Landlord from its obligations hereunder and that Tenant shall continue to look to Landlord for the performance of its obligations hereunder.

17.6**Prohibition Against Recording or Publication**. Neither this Lease, nor any memorandum, affidavit or other writing with respect thereto, shall be recorded or otherwise published by Tenant or by anyone acting through, under or on behalf of Tenant.

17.7**Landlord's Title**. Landlord's title is and always shall be paramount to the title of Tenant. Nothing herein contained shall empower Tenant to do any act which can, shall or may encumber the title of Landlord.

17.8**Relationship of Parties**. Nothing contained in this Lease shall be deemed or construed by the parties hereto or by any third party to create the relationship of principal and agent, partnership, joint venturer or any association between Landlord and Tenant.

17.9**Application of Payments**. Landlord shall have the right to apply payments received from Tenant pursuant to this Lease, regardless of Tenant's designation of such payments, to satisfy any obligations of Tenant hereunder, in such order and amounts as Landlord, in its sole discretion, may elect.

17.10**Time of Essence**. Time is of the essence with respect to the performance of every provision of this Lease in which time of performance is a factor.

17.11**Partial Invalidity**. If any term, provision or condition contained in this Lease shall, to any extent, be invalid or unenforceable, the remainder of this Lease, or the application of such term, provision or condition to persons or circumstances other than those with respect to which it is invalid or unenforceable, shall not be affected thereby, and each and every other term, provision and condition of this Lease shall be valid and enforceable to the fullest extent possible permitted by law.

17.12**No Warranty**. Except as otherwise expressly set forth in this Lease to the contrary, in executing and delivering this Lease, Tenant has not relied on any representations, including, but not limited to, any representation as to the amount of any item comprising Additional Rent or the amount of the Additional Rent in the aggregate or that Landlord is furnishing the same services to other tenants, at all, on the same level or on the same basis, or any warranty or any statement of Landlord which is not set forth herein or in one or more of the exhibits attached hereto. Except as otherwise expressly set forth in this Lease to the contrary, Tenant agrees that neither Landlord nor any agent of Landlord has made any representation or warranty with respect to the physical condition of the Building, the Project, the land upon which the Building or the Project are located, or the Premises, or the expenses of operation of the Premises, the Building or the Project, or any other matter or thing affecting or related to the Premises, except as herein expressly set forth in the provisions of this Lease.

17.13**Landlord Exculpation**. The liability of Landlord or the Landlord Parties to Tenant for any default by Landlord under this Lease or arising in connection herewith or with Landlord's operation, management, leasing, repair, renovation, alteration or any other matter relating to the Project or the Premises shall be limited solely and exclusively to an amount which is equal to the net interest of Landlord in the Building (and the corresponding parcel of land underlying such Building) including any sales, rental or insurance proceeds received by Landlord or the Landlord Parties in connection with the Project, Building, and corresponding parcel(s) of land (following payment of any outstanding liens and/or mortgages, whether attributable to sales or insurance proceeds or otherwise). Except as set forth in the immediately preceding sentence, neither Landlord, nor any of the Landlord Parties shall have any personal liability therefor, and Tenant hereby expressly waives and releases such personal liability on behalf of itself and all persons claiming by, through or under Tenant. The limitations of liability contained in this Section 29.13 shall inure to the benefit of Landlord's and the Landlord Parties' present and future partners, beneficiaries, officers, directors, trustees, shareholders, agents and employees, and their respective partners, heirs, successors and assigns. Under no circumstances shall any present or future partner

of Landlord (if Landlord is a partnership), or trustee or beneficiary (if Landlord or any partner of Landlord is a trust), have any liability for the performance of Landlord's obligations under this Lease. Notwithstanding any contrary provision herein, neither Landlord nor the Landlord Parties shall be liable under any circumstances for injury or damage to, or interference with, Tenant's business, including but not limited to, loss of profits, loss of rents or other revenues, loss of business opportunity, loss of goodwill or loss of use, in each case, however occurring. Notwithstanding any contrary provision herein, other than in connection with a holdover by Tenant pursuant to Article 16, above, neither Tenant nor the Tenant Parties shall be liable under any other circumstances for injury or damage to, or interference with, Landlord's business, including but not limited to, loss of profits, loss of rents or other revenues, loss of business opportunity, loss of goodwill or loss of use, in each case, however occurring.

17.14**Entire Agreement**. It is understood and acknowledged that there are no oral agreements between the parties hereto affecting this Lease and this Lease constitutes the parties' entire agreement with respect to the leasing of the Premises and supersedes and cancels any and all previous negotiations, arrangements, brochures, agreements and understandings, if any, between the parties hereto (including, without limitation, any confidentiality agreement, letter of intent, request for proposal, or similar agreement previously entered into between Landlord and Tenant in anticipation of this Lease) or displayed by Landlord to Tenant with respect to the subject matter thereof, and none thereof shall be used to interpret or construe this Lease. None of the terms, covenants, conditions or provisions of this Lease can be modified, deleted or added to except in writing signed by the parties hereto.

17.15**Right to Lease**. Landlord reserves the absolute right to effect such other tenancies in the Project as Landlord in the exercise of its sole business judgment shall determine to best promote the interests of the Building or Project. Tenant does not rely on the fact, nor does Landlord represent, that any specific tenant or type or number of tenants shall, during the Lease Term, occupy any space in the Building or Project.

17.16**Force Majeure**. Any prevention, delay or stoppage due to strikes, lockouts, labor disputes, acts of God, inability to obtain services, labor, or materials or reasonable substitutes therefor, governmental actions, civil commotions, fire or other casualty, and other causes beyond the reasonable control of the party obligated to perform, except with respect to the obligations imposed with regard to Rent and other charges to be paid by Tenant pursuant to this Lease (collectively, a "**Force Majeure**"), notwithstanding anything to the contrary contained in this Lease, shall excuse the performance of such party for a period equal to any such prevention, delay or stoppage and, therefore, if this Lease specifies a time period for performance of an obligation of either party, that time period shall be extended by the period of any delay in such party's performance caused by a Force Majeure.

17.17**Waiver of Redemption by Tenant**. Tenant hereby waives, for Tenant and for all those claiming under Tenant, any and all rights now or hereafter existing to redeem by order or judgment of any court or by any legal process or writ, Tenant's right of occupancy of the Premises after any termination of this Lease.

17.18**Notices**. All notices, demands, statements or communications (collectively, "**Notices**") given or required to be given by either party to the other hereunder shall be in writing, shall be (A) delivered by a nationally recognized overnight courier, or (B) delivered personally. Any such Notice shall be delivered (i) to Tenant at the appropriate address set forth in Section 10 of the Summary, or to such other place as Tenant may from time to time designate in a Notice to Landlord; or (ii) to Landlord at the addresses set forth in Section 11 of the Summary, or to such other firm or to such other place as Landlord may from time to time designate in a Notice to Tenant. Any Notice will be deemed given on the date of receipted delivery, of refusal to accept delivery, or when delivery is first attempted but cannot be made due to a change of address for which no Notice was given. If Tenant is notified of the identity and address of Landlord's mortgagee or ground or underlying lessor, Tenant shall give to such mortgagee or ground or underlying lessor written notice of any default by Landlord under the terms of this Lease by registered or certified mail, and such mortgagee or ground or underlying lessor shall be given a reasonable opportunity to cure such default prior to Tenant's exercising any remedy available to Tenant. The party delivering Notice shall use commercially reasonable efforts to provide a courtesy copy of each such Notice to the receiving party via electronic mail.

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17.19**Joint and Several**. If there is more than one Tenant, the obligations imposed upon Tenant under this Lease shall be joint and several.

17.20**Authority**. If Tenant is a corporation, trust or partnership, each individual executing this Lease on behalf of Tenant hereby represents and warrants that Tenant is a duly formed and existing entity qualified to do business in California and that Tenant has full right and authority to execute and deliver this Lease and that each person signing on behalf of Tenant is authorized to do so. In such event, Tenant shall, within ten (10) days after execution of this Lease, deliver to Landlord satisfactory evidence of such authority and, if a corporation, upon demand by Landlord, also deliver to Landlord satisfactory evidence of (i) good standing in Tenant's state of incorporation and (ii) qualification to do business in California.

17.21**Attorneys' Fees**. In the event that either Landlord or Tenant should bring suit for the possession of the Premises, for the recovery of any sum due under this Lease, or because of the breach of any provision of this Lease or for any other relief against the other, then all costs and expenses, including reasonable attorneys' fees, incurred by the prevailing party therein shall be paid by the other party, which obligation on the part of the other party shall be deemed to have accrued on the date of the commencement of such action and shall be enforceable whether or not the action is prosecuted to judgment.

17.22**Governing Law; WAIVER OF TRIAL BY JURY**. This Lease shall be construed and enforced in accordance with the laws of the State of California. IN ANY ACTION OR PROCEEDING ARISING HEREFROM, LANDLORD AND TENANT HEREBY CONSENT TO (I) THE JURISDICTION OF ANY COMPETENT COURT WITHIN THE STATE OF CALIFORNIA, (II) SERVICE OF PROCESS BY ANY MEANS AUTHORIZED BY CALIFORNIA LAW, AND (III) IN THE INTEREST OF SAVING TIME AND EXPENSE, TRIAL WITHOUT A JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM BROUGHT BY EITHER OF THE PARTIES HERETO AGAINST THE OTHER OR THEIR SUCCESSORS IN RESPECT OF ANY MATTER ARISING OUT OF OR IN CONNECTION WITH THIS LEASE, THE RELATIONSHIP OF LANDLORD AND TENANT, TENANT'S USE OR OCCUPANCY OF THE PREMISES, AND/OR ANY CLAIM FOR INJURY OR DAMAGE, OR ANY EMERGENCY OR STATUTORY REMEDY. IN THE EVENT LANDLORD COMMENCES ANY SUMMARY PROCEEDINGS OR ACTION FOR NONPAYMENT OF BASE RENT OR ADDITIONAL RENT, TENANT SHALL NOT INTERPOSE ANY COUNTERCLAIM OF ANY NATURE OR DESCRIPTION (UNLESS SUCH COUNTERCLAIM SHALL BE MANDATORY) IN ANY SUCH PROCEEDING OR ACTION, BUT SHALL BE RELEGATED TO AN INDEPENDENT ACTION AT LAW.

17.23**Submission of Lease**. Submission of this instrument for examination or signature by Tenant does not constitute a reservation of, option for or option to lease, and it is not effective as a lease or otherwise until execution and delivery by both Landlord and Tenant.

17.24**Brokers**. Landlord and Tenant hereby warrant to each other that they have had no dealings with any real estate broker or agent in connection with the negotiation of this Lease, excepting only the real estate brokers or agents specified in Section 12 of the Summary (the "**Brokers**"), and that they know of no other real estate broker or agent who is entitled to a commission in connection with this Lease. Landlord shall pay the Brokers pursuant to the terms of separate commission agreements. Each party agrees to indemnify and defend the other party against and hold the other party harmless from any and all claims, demands, losses, liabilities, lawsuits, judgments, costs and expenses (including without limitation reasonable attorneys' fees) with respect to any leasing commission or equivalent compensation alleged to be owing on account of any dealings with any real estate broker or agent, other than the Brokers, occurring by, through, or under the indemnifying party.

17.25**Independent Covenants**. This Lease shall be construed as though the covenants herein between Landlord and Tenant are independent and not dependent and Tenant hereby expressly waives the benefit of any statute to the contrary and agrees that if Landlord fails to perform its obligations set forth herein, Tenant shall not be entitled to make any repairs or perform any acts hereunder at Landlord's expense or to any setoff of the Rent or other amounts owing hereunder against Landlord.

17.26**Project or Building Name and Signage**. Landlord shall have the right at any time to change the name of the Project or Building and to install, affix and maintain any and all signs

on the exterior and on the interior of the Project or Building as Landlord may, in Landlord's sole discretion, desire. Tenant shall not use the name of the Project or Building or use pictures or illustrations of the Project or Building in advertising or other publicity or for any purpose other than as the address of the business to be conducted by Tenant in the Premises, without the prior written consent of Landlord, which consent shall not be unreasonably withheld, conditioned or delayed.

17.27**Counterparts**. This Lease may be executed in counterparts with the same effect as if both parties hereto had executed the same document. Both counterparts shall be construed together and shall constitute a single lease.

17.28**Confidentiality**. Tenant acknowledges that the content of this Lease and any related documents are confidential information. Except as otherwise required by law, Tenant shall keep such confidential information strictly confidential and shall not disclose such confidential information to any person or entity other than Tenant's financial, legal, and space planning consultants, prospective purchasers, prospective lenders, investors, or any independent auditors, third party's designated to review Direct Expenses, its directors, officers, employees, attorneys, or proposed Transferees. Landlord acknowledges that the content of this Lease and any related documents (including financial statements provided by Tenant pursuant to Article 17 above) are confidential information. Landlord shall keep such confidential information strictly confidential and shall not disclose such confidential information to any person or entity other than Landlord's financial, legal and space planning consultants, or its directors, officers, employees, attorneys, accountants, prospective lenders, prospective purchasers, and current and potential partners. Moreover, Landlord has advised Tenant that Landlord is obligated by law to regularly provide financial information concerning the Landlord and/or its affiliates (including Kilroy Realty Corporation, a public company whose shares of stock are listed on the New York Stock Exchange) to the shareholders of its affiliates, to the Federal Securities and Exchange Commission and other regulatory agencies, and to auditors and underwriters, which information may include the fact that Tenant is a tenant at the Project and summaries of financial information concerning leases, rents, costs and results of operations of its real estate business, including any rents or results of operations affected by this Lease. To the extent Tenant is a publicly traded corporation or as otherwise required by law, Tenant may be obligated to regularly provide financial information concerning Tenant and/or its affiliates to the shareholders of its affiliates, to the Federal Securities and Exchange Commission and other regulatory agencies, and to auditors and underwriters, which information may include summaries of financial information concerning leases, rents, costs, and results of operations of its business, including any financial obligations set forth in this Lease and copies of material contracts, such as this Lease. This provision shall survive the expiration or earlier termination of this Lease for one (1) year.

17.29**Transportation Management**. Tenant shall fully comply with all present or future programs intended to manage parking, transportation or traffic in and around the Building, and in connection therewith, Tenant shall take responsible action for the transportation planning and management of all employees located at the Premises by working directly with Landlord, any governmental transportation management organization or any other transportation-related committees or entities.

17.30**Building Renovations**. It is specifically understood and agreed that Landlord has made no representation or warranty to Tenant and has no obligation and has made no promises to alter, remodel, improve, renovate, repair or decorate the Premises, Building, or any part thereof after completion of the Building, Project and initial Improvements and that no representations respecting the condition of the Premises or the Building have been made by Landlord to Tenant except as specifically set forth in this Lease or in the Work Letter. However, Tenant hereby acknowledges that Landlord may, during the Lease Term, renovate, improve, alter, or modify (collectively, the "**Renovations**") the Project, the Building and/or the Premises including without limitation the parking structure, common areas, systems and equipment, roof, and structural portions of the same, which Renovations may include, without limitation, (i) installing sprinklers in the Building common areas and tenant spaces, (ii) modifying the common areas and tenant spaces to comply with applicable laws and regulations, including regulations relating to the physically disabled, seismic conditions, and building safety and security, and (iii) installing new floor covering, lighting, and wall coverings in the Building common areas, and in connection with any Renovations, Landlord may, among other things, erect scaffolding or other necessary structures in the Building, limit or eliminate access to portions of the Project, including portions

of the common areas, or perform work in the Building, which work may create noise, dust or leave debris in the Building. Tenant hereby agrees that such Renovations and Landlord's actions in connection with such Renovations shall in no way constitute a constructive eviction of Tenant nor entitle Tenant to any abatement of Rent. Landlord shall have no responsibility or for any reason be liable to Tenant for any direct or indirect injury to or interference with Tenant's business arising from the Renovations, nor shall Tenant be entitled to any compensation or damages from Landlord for loss of the use of the whole or any part of the Premises or of Tenant's personal property or improvements resulting from the Renovations or Landlord's actions in connection with such Renovations, or for any inconvenience or annoyance occasioned by such Renovations or Landlord's actions (as opposed to (x) any abatement rights of Tenant under Section 6.4 of this Lease, (y) any damage to the property or injury to persons as addressed by Section 10.1 of this Lease, or (z) any insured claims otherwise available to Tenant in accordance with Article 10 of this Lease).

17.31**No Violation**. Tenant hereby warrants and represents that neither its execution of nor performance under this Lease shall cause Tenant to be in violation of any agreement, instrument, contract, law, rule or regulation by which Tenant is bound, and Tenant shall protect, defend, indemnify and hold Landlord harmless against any claims, demands, losses, damages, liabilities, costs and expenses, including, without limitation, reasonable attorneys' fees and costs, arising from Tenant's breach of this warranty and representation.

17.32**Rooftop Equipment**. At any time during the Lease Term, subject to the terms of this Lease, including this Section 29.32, Tenant may install, at Tenant's sole cost and expense, certain telecommunications equipment, HVAC and other equipment to the extent reasonably related to Tenant's use and occupancy of the Premises (collectively, the "**Rooftop Equipment**") upon the roof of the Building. In no event shall such Rooftop Equipment installed hereunder utilize more than Tenant's Share of the commercially reasonable portion(s) of the rooftop made available for such equipment as reasonably designated by Landlord therefore. Tenant's right to utilize the roof of the Building pursuant to the terms hereof shall be non-exclusive and without any additional rent of charge. In no event shall Tenant create any roof penetrations in order to connect the Rooftop Equipment to the Premises (provided that Landlord shall make available to Tenant a commercially reasonable amount of the existing rooftop penetrations for Tenant's use in connecting its Rooftop Equipment to the Premises). The physical appearance and all specifications of the Rooftop Equipment shall be subject to Landlord's approval (which shall not be unreasonably withheld), the location of any such installation of the Rooftop Equipment shall be designated by Landlord (subject to Tenant's reasonable approval), and Landlord may require Tenant to install screening around such Rooftop Equipment, at Tenant's sole cost and expense, as reasonably designated by Landlord. Notwithstanding the foregoing, Tenant hereby agrees to attach the Rooftop Equipment to the roof in accordance with Landlord's Building standard method therefor. Tenant shall be responsible, at Tenant's sole cost and expense, for (i) obtaining all permits or other governmental approvals required in connection with the Rooftop Equipment, (ii) repairing and maintaining and causing the Rooftop Equipment to comply with all Applicable Laws, (iii) any repairs to the roof of the Building beyond normal wear and tear resulting from Tenant's use of or access to the Rooftop Equipment, and (iv) prior to the expiration or earlier termination of this Lease, the removal of the Rooftop Equipment and all associated wiring (and the restoration of all affected areas to the condition existing prior to the installation thereof). In no event shall Tenant permit the Rooftop Equipment to interfere with any communications or other equipment at or servicing the Building or Project that exist as of the date of Tenant's installation (or reasonable substitutes or replacements therefor) or with any Building systems. Tenant shall indemnify, defend, protect, and hold harmless the Landlord Parties from any and all loss, cost, damage, expense and liability (including, without limitation, court costs and reasonable attorneys' fees) incurred in connection with or arising from any cause related to Tenant's installation, use, repair or maintenance or any other matter relating to or in connection with the Rooftop Equipment. Tenant shall, at its sole cost and expense, remove all Rooftop Equipment (including any associated cabling) prior to the expiration or earlier termination of this Lease, repair all damage resulting therefrom, and restore all affected areas to their condition existing prior to Tenant's installation of such Rooftop Equipment. In the event Tenant elects to exercise its right to install the Rooftop Equipment, then Tenant shall give Landlord prior notice thereof and, at Landlord's option, Landlord and Tenant shall execute an amendment to this Lease covering the matters addressed in this Section 29.32, Tenant's payment for installation costs of the Rooftop Equipment, the installation and maintenance of such Rooftop Equipment by Tenant, Tenant's indemnification of Landlord with respect thereto, Tenant's obligation to remove such Rooftop Equipment (and to

restore the roof to its previously existing condition) upon the expiration or earlier termination of this Lease, and other related matters. Subject to Landlord's reasonable rooftop rules and regulations (including, without limitation, Landlord's reasonable notice requirements), Tenant shall be permitted to access the roof of the Building in order to install, repair and maintain its Rooftop Equipment. The rights set forth in this Section 29.32 shall be personal to the Original Tenant and its Permitted Transferee Assignee and may not be assigned to or utilized by any other assignee, sublessee, transferee or any other party.

17.33**Communications and Computer Lines**. Tenant may install, maintain, replace, remove or use any communications or computer wires and cables (collectively, the "**Lines**") at the Project in or serving the Premises, provided that (i) Tenant shall obtain Landlord's prior written consent, use an experienced and qualified contractor reasonably approved in writing by Landlord), and comply with all of the other provisions of Articles 7 and 8 of this Lease, (ii) an acceptable number of spare Lines and space for additional Lines shall be maintained for existing and future occupants of the Project, as determined in Landlord's reasonable opinion, (iii) the Lines therefor (including riser cables) shall be (x) appropriately insulated to prevent excessive electromagnetic fields or radiation, (y) surrounded by a protective conduit reasonably acceptable to Landlord, and (z) identified in accordance with the "Identification Requirements," as that term is set forth hereinbelow, (iv) any new or existing Lines servicing the Premises shall comply with all applicable governmental laws and regulations, (v) as a condition to permitting the installation of new Lines, Tenant shall remove existing Lines located in or serving the Premises and repair any damage in connection with such removal, and (vi) Tenant shall pay all costs in connection therewith. All Lines shall be clearly marked with adhesive plastic labels (or plastic tags attached to such Lines with wire) to show Tenant's name, suite number, telephone number and the name of the person to contact in the case of an emergency (A) every four feet (4') outside the Premises (specifically including, but not limited to, the electrical room risers and other Common Areas), and (B) at the Lines' termination point(s) (collectively, the "**Identification Requirements**"). To the extent Tenant installs Lines in accordance with the foregoing requirements, including the applicable Landlord consents and Identification Requirements, Tenant shall not be obligated to remove such Lines upon the expiration of the Lease Term, or immediately following any earlier termination of this Lease; provided, however, any non-conforming lines shall, at Tenant's sole cost and expense, be removed, with any damage caused by such removal repaired. In the event that Tenant fails to complete such required removal and/or fails to repair any damage caused by the removal of any Lines, Landlord may do so and may charge the cost thereof to Tenant. In addition, and notwithstanding anything to the contrary set forth hereinabove, Landlord reserves the right to require that Tenant promptly remove any Lines located in or serving the Premises which are installed in violation of these provisions, or which are at any time (1) are in violation of any Applicable Laws, (2) are inconsistent with then-existing industry standards (such as the standards promulgated by the National Fire Protection Association (e.g., such organization's "2002 National Electrical Code")), or (3) otherwise represent a dangerous or potentially dangerous condition.

17.34**Hazardous Substances**.

17.34.1**Definitions**. For purposes of this Lease, the following definitions shall apply: "**Hazardous Material(s)**" shall mean any solid, liquid or gaseous substance or material that is described or characterized as a toxic or hazardous substance, waste, material, pollutant, contaminant or infectious waste, or any matter that in certain specified quantities would be injurious to the public health or welfare, or words of similar import, in any of the "Environmental Laws," as that term is defined below, or any other words which are intended to define, list or classify substances by reason of deleterious properties such as ignitability, corrosivity, reactivity, carcinogenicity, toxicity or reproductive toxicity and includes, without limitation, asbestos, petroleum (including crude oil or any fraction thereof, natural gas, natural gas liquids, liquefied natural gas, or synthetic gas usable for fuel, or any mixture thereof), petroleum products, polychlorinated biphenyls, urea formaldehyde, radon gas, nuclear or radioactive matter, medical waste, soot, vapors, fumes, acids, alkalis, chemicals, microbial matters (such as molds, fungi or other bacterial matters), biological agents and chemicals which may cause adverse health effects, including but not limited to, cancers and /or toxicity. "**Environmental Laws**" shall mean any and all federal, state, local or quasi-governmental laws (whether under common law, statute or otherwise), ordinances, decrees, codes, rulings, awards, rules, regulations or guidance or policy documents now or hereafter enacted or promulgated and as amended from time to time, in any way relating to (i) the protection of the environment, the health and safety of persons (including employees), property or the public welfare from actual or potential release, discharge, escape or

emission (whether past or present) of any Hazardous Materials or (ii) the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of any Hazardous Materials.

17.34.2 **Compliance with Environmental Laws**. Landlord covenants that the Building is being constructed in accordance with all applicable Environmental Laws and further covenants that, during the Lease Term, Landlord shall comply with all Environmental Laws in accordance with, and as required by, the TCCs of Article 24 of this Lease. Tenant represents and warrants that, except as herein set forth, it will not use, store or dispose of any Hazardous Materials in or on the Premises. However, notwithstanding the preceding sentence, Landlord agrees that Tenant may use, store and properly dispose of commonly available household cleaners and chemicals to maintain the Premises and Tenant's routine office operations (such as printer toner and copier toner) (hereinafter the "**Permitted Chemicals**"). Landlord and Tenant acknowledge that any or all of the Permitted Chemicals described in this paragraph may constitute Hazardous Materials. However, Tenant may use, store and dispose of same, provided that in doing so, Tenant fully complies with all Environmental Laws.

17.34.3 **Tenant Hazardous Materials**. Tenant will (i) obtain and maintain in full force and effect all Environmental Permits (as defined below) that may be required from time to time under any Environmental Laws applicable to Tenant or the Premises, and (ii) be and remain in compliance with all terms and conditions of all such Environmental Permits and with all other Environmental Laws. "**Environmental Permits**" means, collectively, any and all permits, consents, licenses, approvals and registrations of any nature at any time required pursuant to, or in order to comply with any Environmental Law. On or before the Lease Commencement Date and on each annual anniversary of the Commencement Date thereafter, as well as at any other time following Tenant's receipt of a reasonable request from Landlord, Tenant agrees to deliver to Landlord a list of all Hazardous Materials anticipated to be used by Tenant in the Premises and the quantities thereof. At any time following Tenant's receipt of a request from Landlord, Tenant shall promptly complete an "environmental questionnaire" using the form then-provided by Landlord. Upon the expiration or earlier termination of this Lease, Tenant agrees to promptly remove from the Premises, the Building and the Project, at its sole cost and expense, any and all Hazardous Materials, including any equipment or systems containing Hazardous Materials, which are installed, brought upon, stored, used, generated or released upon, in, under or about the Premises, the Building, and/or the Project or any portion thereof by Tenant and/or any Tenant Parties (such obligation to survive the expiration or sooner termination of this Lease). Nothing in this Lease shall impose any liability on Tenant for any Hazardous Materials in existence on the Premises, Building or Project prior to the Lease Commencement Date or brought onto the Premises, Building or Project after the Lease Commencement Date by any third parties not under Tenant's control.

17.34.4 **Landlord's Right of Environmental Audit**. Landlord may, upon reasonable notice to Tenant, be granted access to and enter the Premises no more than once annually to perform or cause to have performed an environmental inspection, site assessment or audit. Such environmental inspector or auditor may be chosen by Landlord, in its sole discretion, and be performed at Landlord's sole expense. To the extent that the report prepared upon such inspection, assessment or audit, indicates the presence of Hazardous Materials in violation of Environmental Laws, or provides recommendations or suggestions to prohibit the release, discharge, escape or emission of any Hazardous Materials at, upon, under or within the Premises, or to comply with any Environmental Laws, Tenant shall promptly, at Tenant's sole expense, comply with such recommendations or suggestions, including, but not limited to performing such additional investigative or subsurface investigations or remediation(s) as recommended by such inspector or auditor. Notwithstanding the above, if at any time, Landlord has actual notice or reasonable cause to believe that Tenant has violated, or permitted any violations of any Environmental Law, then Landlord will be entitled to perform its environmental inspection, assessment or audit at any time, notwithstanding the above mentioned annual limitation, and Tenant must reimburse Landlord for the cost or fees incurred for such as Additional Rent.

17.34.5 **Indemnifications**. . Landlord hereby represents and warrants to Tenant that, to the actual present knowledge of Landlord, without inquiry, no condition exists at the Project which is in violation of Environmental Laws. Landlord agrees to indemnify, defend, protect and hold harmless the Tenant Parties from and against any liability, obligation, damage or costs, including without limitation, attorneys' fees and costs, resulting directly or indirectly from any use, presence, removal or disposal of any Hazardous Materials to the extent such liability, obligation, damage or costs was a result of actions caused or knowingly permitted by Landlord or a Landlord

Party. Tenant agrees to indemnify, defend, protect and hold harmless the Landlord Parties from and against any liability, obligation, damage or costs, including without limitation, attorneys' fees and costs, resulting directly or indirectly from any use, presence, removal or disposal of any Hazardous Materials or breach of any provision of this section, to the extent such liability, obligation, damage or costs was a result of actions caused or permitted by Tenant or a Tenant Party.

17.35 **Development of the Project**.

17.35.1 **Subdivision**. Landlord reserves the right to further subdivide all or a portion of the Project. Tenant agrees to execute and deliver, upon demand by Landlord and in the form requested by Landlord, any additional documents needed to conform this Lease to the circumstances resulting from such subdivision.

17.35.2 **The Other Improvements**. If portions of the Project or property adjacent to the Project (collectively, the "**Other Improvements**") are owned by an entity other than Landlord, Landlord, at its option, may enter into an agreement with the owner or owners of any or all of the Other Improvements to provide (i) for reciprocal rights of access and/or use of the Project and the Other Improvements, (ii) for the common management, operation, maintenance, improvement and/or repair of all or any portion of the Project and the Other Improvements, (iii) for the allocation of a portion of the Direct Expenses to the Other Improvements and the operating expenses and taxes for the Other Improvements to the Project, and (iv) for the use or improvement of the Other Improvements and/or the Project in connection with the improvement, construction, and/or excavation of the Other Improvements and/or the Project. Notwithstanding the foregoing, Tenant shall have the right to approve any such agreement (which approval shall not be unreasonably withheld) to the extent that the same would have a material, adverse effect on Tenant's use of or access to the Premises, or increase Tenant's obligations or costs of operation at the Premises. Nothing contained herein shall be deemed or construed to limit or otherwise affect Landlord's right to convey all or any portion of the Project or any other of Landlord's rights described in this Lease.

17.35.3 **Construction of Project and Other Improvements**. Tenant acknowledges that portions of the Project and/or the Other Improvements may be under construction following Tenant's occupancy of the Premises, and that such construction may result in levels of noise, dust, obstruction of access, etc. which are in excess of that present in a fully constructed project. Tenant hereby waives any and all rent offsets or claims of constructive eviction which may arise in connection with such construction.

17.36 **Office and Communications Services**.

17.36.1 **The Provider**. Landlord has advised Tenant that certain office and communications services (which may include, without limitation, cable or satellite television service) may be offered to tenants of the Building by a concessionaire (which may or may not have exclusive rights to offer such services in the Building) under contract to Landlord ("**Provider**"). Tenant shall be permitted to contract with Provider for the provision of any or all of such services on such terms and conditions as Tenant and Provider may agree.

17.36.2 **Other Terms**. Tenant acknowledges and agrees that: (i) Landlord has made no warranty or representation to Tenant with respect to the availability of any such services, or the quality, reliability or suitability thereof; (ii) the Provider is not acting as the agent or representative of Landlord in the provision of such services, and Landlord shall have no liability or responsibility for any failure or inadequacy of such services, or any equipment or facilities used in the furnishing thereof, or any act or omission of Provider, or its agents, employees, representatives, officers or contractors; (iii) Landlord shall have no responsibility or liability for the installation, alteration, repair, maintenance, furnishing, operation, adjustment or removal of any such services, equipment or facilities; and (iv) any contract or other agreement between Tenant and Provider shall be independent of this Lease, the obligations of Tenant hereunder, and the rights of Landlord hereunder, and, without limiting the foregoing, no default or failure of Provider with respect to any such services, equipment or facilities, or under any contract or agreement relating thereto, shall have any effect on this Lease or give to Tenant any offset or defense to the full and timely performance of its obligations hereunder, or entitle Tenant to any abatement of rent or additional rent or any other payment required to be made by Tenant hereunder, or constitute any

accrual or constructive eviction of Tenant, or otherwise give rise to any other claim of any nature against Landlord.

17.37**Water Sensors**. Tenant shall, at Tenant's sole cost and expense, be responsible for promptly installing web-enabled wireless water leak sensor devices designed to alert the Tenant on a twenty-four (24) hour seven (7) day per week basis if a water leak is occurring in the Premises (which water sensor device(s) located in the Premises shall be referred to herein as "**Water Sensors**"). The Water Sensors shall be installed in any areas in the Premises where water is utilized (such as sinks, pipes, faucets, water heaters, coffee machines, ice machines, water dispensers and water fountains), and in locations that may be designated from time to time by Landlord (the "**Sensor Areas**"). In connection with any Alterations affecting or relating to any Sensor Areas, Landlord may require Water Sensors to be installed or updated in Landlord's sole and absolute discretion. With respect to the installation of any such Water Sensors, Tenant shall obtain Landlord's prior written consent, use an experienced and qualified contractor reasonably approved by Landlord, and comply with all of the other provisions of Article 8 of this Lease. Tenant shall, at Tenant's sole cost and expense, pursuant to Article 7 of this Lease keep any Water Sensors located in the Premises (whether installed by Tenant or someone else) in good working order, repair and condition at all times during the Lease Term and comply with all of the other provisions of Article 7 of this Lease. Notwithstanding any provision to the contrary contained herein, Landlord has neither an obligation to monitor, repair or otherwise maintain the Water Sensors, nor an obligation to respond to any alerts it may receive from the Water Sensors or which may be generated from the Water Sensors. Upon the expiration of the Lease Term, or immediately following any earlier termination of this Lease, Landlord reserves the right to require Tenant to leave the Water Sensors in place together with all necessary user information such that the same may be used by a future occupant of the Premises (e.g., the Water Sensors shall be unblocked and ready for use by a third-party).

17.38**No Discrimination**. Tenant covenants by and for itself, its heirs, executors, administrators and assigns, and all persons claiming under or through Tenant, and this Lease is made and accepted upon and subject to the following conditions: that there shall be no discrimination against or segregation of any person or group of persons, on account of race, color, creed, sex, religion, marital status, ancestry or national origin in the leasing, subleasing, transferring, use, or enjoyment of the Premises, nor shall Tenant itself, or any person claiming under or through Tenant, establish or permit such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy, of tenants, lessees, sublessees, subtenants or vendees in the Premises.

17.39**LEED Certification**. Landlord may, in Landlord's sole and absolute discretion, elect to apply to obtain or maintain a LEED certification for the Project (or portion thereof), or other applicable certification in connection with Landlord's sustainability practices for the Project (as such sustainability practices are to be determined by Landlord, in its sole and absolute discretion, from time to time). In the event that Landlord elects to pursue such an aforementioned certification, Tenant shall, at Tenant's sole cost and expense, promptly cooperate with the Landlord's efforts in connection therewith and provide Landlord with any documentation it may need in order to obtain or maintain the aforementioned certification (which cooperation may include, but shall not be limited to, Tenant complying with certain standards pertaining to the purchase of materials used in connection with any Alterations or improvements undertaken by the Tenant in the Project, the sharing of documentation pertaining to any Alterations or improvements undertaken by Tenant in the Project with Landlord, and the sharing of Tenant's billing information pertaining to trash removal and recycling related to Tenant's operations in the Project).

17.40**Utility Billing Information**. In the event that the Tenant is permitted to contract directly for the provision of electricity, gas and/or water services to the Premises with the third-party provider thereof (all in Landlord's reasonable discretion), upon written request from Landlord, Tenant shall promptly, but in no event more than five (5) business days following its receipt of each and every invoice for such items from the applicable provider, provide Landlord with a copy of each such invoice. Tenant acknowledges that pursuant to California Public Resources Code Section 25402.10 and the regulations adopted pursuant thereto (collectively the "**Energy Disclosure Requirements**"), Landlord may be required to disclose information concerning Tenant's energy usage at the Building to certain third parties, including, without limitation, prospective purchasers, lenders and tenants of the Building (the "**Tenant Energy Use Disclosure**"). Tenant hereby (A) consents to all such Tenant Energy Use Disclosures, and (B) acknowledges that Landlord shall not be required to notify Tenant of any Tenant Energy Use

Disclosure. Further, Tenant hereby releases Landlord from any and all losses, costs, damages, expenses and liabilities relating to, arising out of and/or resulting from any Tenant Energy Use Disclosure. The terms of this Section 29.39 shall survive the expiration or earlier termination of this Lease.

17.41 **Green Cleaning/Recycling**. To the extent a "**green cleaning program**" and/or a recycling program is implemented by Landlord in the Building and/or Project (each in Landlord's sole and absolute discretion), Tenant shall, at Tenant's sole cost and expense, comply with the provisions of each of the foregoing programs (e.g., Tenant shall separate waste appropriately so that it can be efficiently processed by Landlord's particular recycling contractors). To the extent Tenant fails to comply with any of Landlord's recycling programs contemplated by the foregoing, Tenant shall be required to pay any contamination charges related to such non-compliance.

17.42 **Open-Ceiling Plan**. To the extent Tenant designs the Improvements with an "open ceiling plan", then Landlord and third parties leasing or otherwise using/managing or servicing space on the floor immediately above the Premises shall have the right to install, maintain, repair and replace mechanical, electrical and plumbing fixtures, devices, piping, ductwork and all other improvements through the floor above the Premises (which may penetrate through the ceiling of the Premises and be visible within the Premises during the course of construction and upon completion thereof) (as applicable, the "**Penetrating Work**"), as Landlord may determine in Landlord's reasonable discretion and after reasonable advance notice to Tenant. Tenant will have no approval rights with respect thereto, unless and to the extent such Penetrating Work would materially alter the appearance of the Premises or unreasonably interfere with Tenant's ongoing use of the Premises. Moreover, there shall be no obligation by Landlord or any such third party to enclose or otherwise screen any of such Penetrating Work from view within the Premises during the course of construction. Since Tenant is anticipated to be occupying the Premises at the time the Penetrating Work is being performed, Landlord agrees that it shall (and shall cause third parties to) use commercially reasonable efforts to perform the Penetrating Work in a manner so as to attempt to minimize interference with Tenant's use of the Premises; provided, however, at Tenant's request, such Penetrating Work shall be performed outside normal business hours. Tenant hereby acknowledges that, notwithstanding Tenant's occupancy of the Premises during the performance of any such Penetrating Work, as long as Landlord is subject to the requirements of the preceding sentence, and subject to the terms and conditions of Section 6.4 of this Lease, Tenant hereby agrees that the performance of such Penetrating Work shall in no way constitute a constructive eviction of Tenant nor entitle Tenant to any abatement of rent. Neither Landlord nor any of the Landlord Parties or any third parties performing the Penetrating Work shall be responsible for any direct or indirect injury to or interference with Tenant's business arising from the performance of such Penetrating Work (as opposed to (x) any abatement rights of Tenant under Section 6.4 of this Lease, (y) any damage to the property or injury to persons as addressed by Section 10.1 of this Lease, or (z) any insured claims otherwise available to Tenant in accordance with Article 10 of this Lease), nor shall Tenant be entitled to any compensation or damages from Landlord or any of the Landlord Parties or any third parties performing the Penetrating Work for loss of the use of the whole or any part of the Premises or of Tenant's personal property or improvements resulting from the performance of the Penetrating Work, or for any inconvenience or annoyance occasioned by the Penetrating Work. In addition, Tenant hereby agrees to promptly and diligently cooperate with Landlord and any of the third parties performing the Penetrating Work in order to facilitate the applicable party's performance of the particular Penetrating Work in an efficient and timely manner.

17.43 **Prohibited Persons; Foreign Corrupt Practices Act and Anti-Money Laundering**. Neither Tenant nor any of its affiliates, nor any of their respective members, partners or other equity holders known to Tenant, and none of their respective officers, directors or managers is, nor prior to or during the Lease Term, will they become a person or entity with whom U.S. persons or entities are restricted from doing business under (a) the Patriot Act (as defined below), (b) any other requirements contained in the rules and regulations of the Office of Foreign Assets Control, Department of the Treasury ("**OFAC**") (including any "blocked" person or entity listed in the Annex to Executive Order Nos. 12947, 13099 and 13224 and any modifications thereto or thereof or any other person or entity named on OFAC's Specially Designated Blocked Persons List) or (c) any other U.S. statute, Executive Order (including the September 24, 2001, Executive Order Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit or Support Terrorism) or other governmental action (collectively, "**Prohibited Persons**"). Prior to and during the Lease Term, Tenant, and to Tenant's knowledge, its employees and any

person acting on its behalf have at all times fully complied with, and are currently in full compliance with, the Foreign Corrupt Practices Act of 1977 and any other applicable anti-bribery or anti-corruption laws. Tenant is not entering into this Lease, directly or indirectly, in violation of any laws relating to drug trafficking, money laundering or predicate crimes to money laundering. As used herein, "**Patriot Act**" shall mean the USA Patriot Act of 2001, 107 Public Law 56 (October 26, 2001) and all other statutes, orders, rules and regulations of the U.S. government and its various executive departments, agencies and offices interpreting and implementing the Patriot Act.

17.44**Signatures**. The parties hereto consent and agree that this Lease may be signed and/or transmitted by facsimile, e-mail of a .pdf document or using electronic signature technology (e.g., via DocuSign or similar electronic signature technology), and that such signed electronic record shall be valid and as effective to bind the party so signing as a paper copy bearing such party's handwritten signature. The parties further consent and agree that (1) to the extent a party signs this Lease using electronic signature technology, by clicking "SIGN", such party is signing this Lease electronically, and (2) the electronic signatures appearing on this Lease shall be treated, for purposes of validity, enforceability and admissibility, the same as handwritten signatures.

[*Signatures follow on next page*]

IN WITNESS WHEREOF, Landlord and Tenant have caused this Lease to be executed the day and date first above written.

"LANDLORD":

KILROY REALTY, L.P.,
a Delaware limited partnership

By: Kilroy Realty Corporation,
a Maryland corporation

Its: General Partner

By:/s/ Jeffrey C. Hawken
Name: Jeffrey C. Hawken
Its: Executive Vice President, Chief Operating Officer

By: /s/ Nelson Ackerty
Name: Nelson Ackerty
Its: Senior Vice President, San Diego

"TENANT":

ACADIA PHARMACEUTICALS INC.,
a Delaware corporation

By: /s/ Steve Davis
Name: Steve Davis
Its: President & CEO

By: /s/ Todd Young
Name: Todd Young
Its: EVP + CFO

***NOTE:**
As Tenant is a Delaware corporation, then one of the following alternative requirements must be satisfied:
(A) This Lease must be signed by two (2) officers of such corporation: one being the chairman of the board, the president or a vice president, and the other being the secretary, an assistant secretary, the chief financial officer or an assistant treasurer. If one (1) individual is signing in two (2) of the foregoing capacities, that individual must identify the two (2) capacities.
(B) If the requirements of (A) above are not satisfied, then Tenant shall deliver to Landlord evidence in a form reasonably acceptable to Landlord that the signatory(ies) is (are) authorized to execute this Lease.

EXHIBIT A-1

ONE PASEO

DEPICTION OF PROJECT

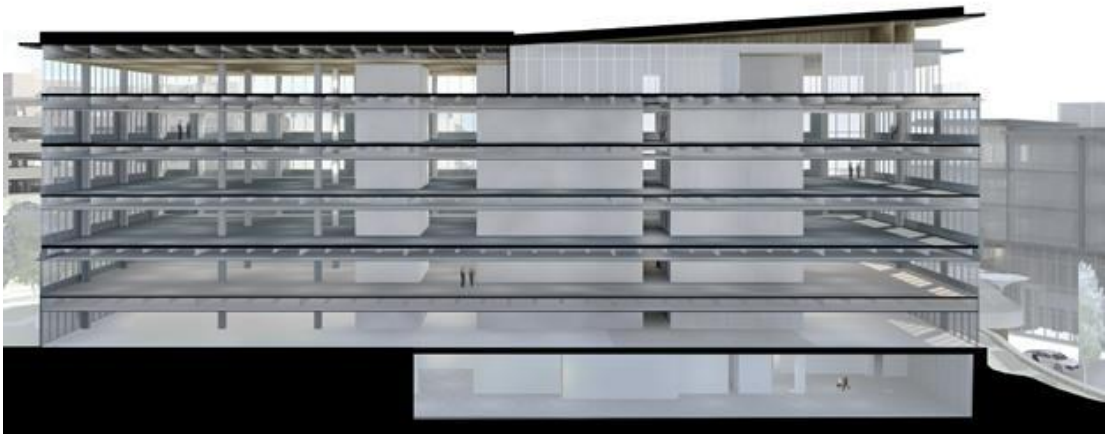
The purpose of this Exhibit is to show the approximate configuration and location of certain portions of the Project. It shall not be deemed to be a warranty, representation or agreement on the part of Landlord that any portions of the Project will be, or will remain, as depicted hereon, or that the tenants shown hereon (if any) are now, or will be, in occupancy at any time during the Lease Term.



EXHIBIT A-2

DEPICTION OF BUILDING

The purpose of this Exhibit is to show the approximate configuration and location of the Building within the Office Center. It shall not be deemed to be a warranty, representation or agreement on the part of Landlord that the Building will be, or will remain, as depicted hereon, or that the tenants shown hereon (if any) are now, or will be, in occupancy at any time during the Lease Term.



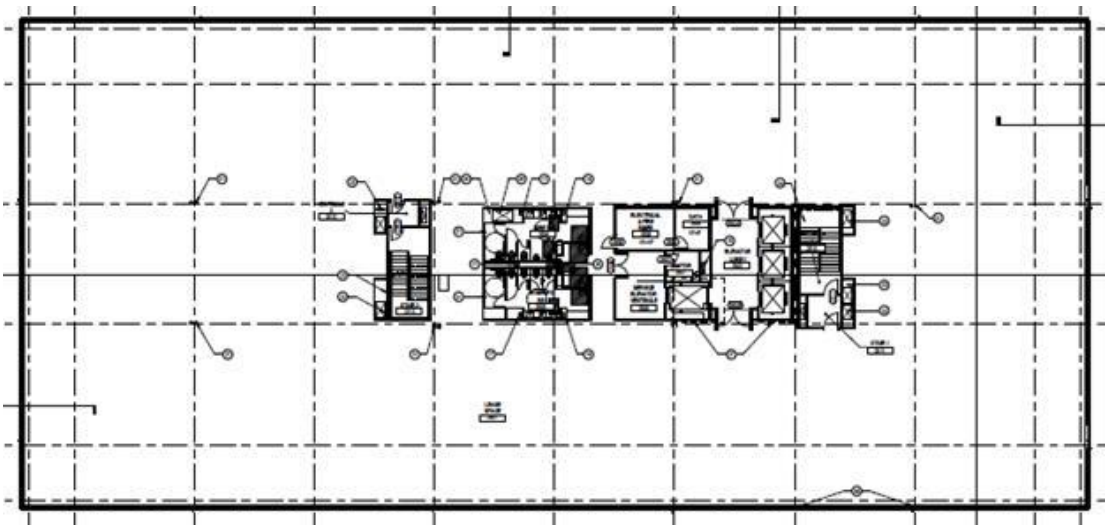
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EXHIBIT A-3

OUTLINE OF PREMISES

The purpose of this Exhibit is to show the approximate configuration and location of the Premises within the Building. It shall not be deemed to be a warranty, representation or agreement on the part of Landlord that the Premises will be, or will remain, as depicted hereon, or that the tenants shown hereon (if any) are now, or will be, in occupancy at any time during the Lease Term.

Fifth Floor:



Fourth Floor:

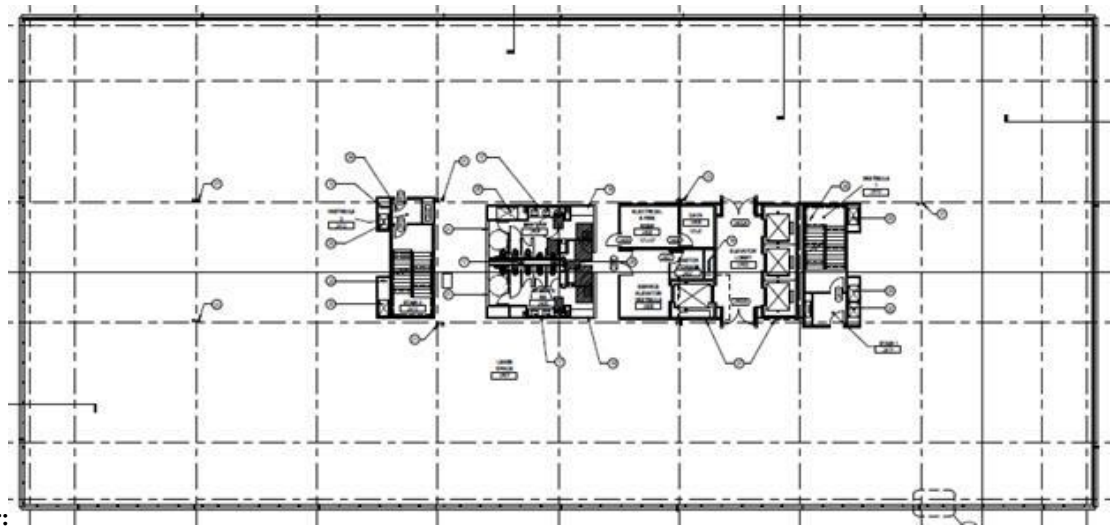


EXHIBIT B

ONE PASEO

WORK LETTER

This Work Letter shall set forth the terms and conditions relating to the construction of the Premises. This Work Letter is essentially organized chronologically and addresses the issues of the construction of the Premises, in sequence, as such issues will arise during the actual construction of the Premises. All references in this Work Letter to Articles or Sections of "this Lease" shall mean the relevant portions of Articles 1 through 29 of the Office Lease to which this Work Letter is attached as **Exhibit B** and of which this Work Letter forms a part, and all references in this Work Letter to Sections of "this Work Letter" shall mean the relevant portion of Sections 1 through 5 of this Work Letter.

SECTION 1

LANDLORD'S INITIAL CONSTRUCTION OF BASE BUILDING

1.1 **Construction of Base Building**. Landlord shall construct, at its sole cost and expense, and without deduction from the Improvement Allowance, the base, shell, and core of the Building (to the extent necessary to obtain and retain a CofO (as defined in Section 1.2 below) for the Premises for the Permitted Use) (collectively, the "Base, Shell and Core" and/or "**Base Building**")), in material conformance with the description and specifications referenced in **Schedule 2**, attached hereto (the "**Base Building Plans**"). Landlord hereby reserves the right to modify the Base Building Plans, provided that such modifications (A) are required to comply with Applicable Laws, or (B) will not (i) materially and adversely affect Tenant's permitted use of the Premises and the Project, (ii) result in the use of materials, systems or components which are not of a materially equivalent or better quality than the materials, systems and components set forth in the Base Building Plans, or (iii) materially increase the cost of the Improvements. Notwithstanding the foregoing, Landlord may make, without regard to item (B)(i), (B)(ii) or (B)(iii), above, modifications or revisions to Common Areas outside of the Buildings, except to the extent otherwise specifically addressed in the Lease.

1.2 **Final Condition**. The "**Final Condition**" shall mean that (i) the Base, Shell and Core of the Building has been substantially completed in material conformance with the Base Building Plans (as the same may be modified in accordance with the TCCs of this Work Letter) to the extent necessary for Landlord to obtain a certificate of occupancy or temporary certificate of occupancy, or legal equivalent (each, a "**CofO**"), for the Base, Shell and Core, except to the extent Landlord's inability to obtain the CofO is caused by the Improvements not being designed per Code or because the Substantial Completion of the Improvements has not yet occurred, as those terms are defined below, (ii) the Common Areas have been substantially completed in accordance with the Base Building Plans (as the same may be modified in accordance with the TCCs of this Work Letter) to the extent necessary for Landlord to obtain a CofO for the Building, with the exception of any punch list items (the "**Base Building Punch List Items**").

1.3 **Construction Milestones**. Landlord's non-binding estimated construction schedule milestones are set forth on **Schedule 3** attached hereto. For purposes of this Lease and this Work Letter, the dates listed on such construction schedule milestones shall be deemed the "**Estimated Construction Dates**" and are set forth herein for information purposes only.

1.4 **LEED Compliance**. Landlord and Tenant hereby acknowledge and agree that Landlord designed the Base Building to be compliant with certain LEED requirements. Landlord has provided Tenant with the LEED compliance checklist delineating the credits Landlord intends to obtain. Landlord agrees to reasonably cooperate with Tenant and Tenant's consultants to provide the required information, plans, specifications, documents, etc., for Tenant to obtain LEED certification with respect to the Improvements; provided, however, while Tenant is not required to cause the Premises to obtain LEED certification with respect to the Improvements, Tenant shall not design the Improvements, nor use particular systems within the Premises, that would jeopardize any LEED certification for the Building.

SECTION 2

IMPROVEMENTS

2.1 Improvement Allowance. Tenant shall be entitled to a one-time improvement allowance (the "**Improvement Allowance**") in the amount of […***…] per rentable square foot of the Premises for the costs relating to the initial design and construction of the improvements which are permanently affixed to the Premises (the "**Improvements**"). In no event shall Landlord be obligated to make disbursements pursuant to this Work Letter in the event that Tenant fails to immediately pay any portion of the "Over-Allowance Amount," as defined in Section 4.2.1, nor shall Landlord be obligated to pay a total amount which exceeds the Improvement Allowance. Notwithstanding the foregoing or any contrary provision of this Lease, all Improvements shall be deemed Landlord's property under the terms of this Lease. Any unused portion of the Improvement Allowance remaining one (1) year after of the Lease Commencement Date (the "**Allowance Deadline**"), shall remain with Landlord and Tenant shall have no further right thereto.

In addition to the Improvement Allowance, Tenant shall be entitled to a one-time additional allowance in an amount not to exceed […***…] per rentable square foot of the Premises (the "**Additional Improvement Allowance**"") to be used toward the Improvement Allowance Items. In the event that Tenant elects to use all or any portion of the Additional Improvement Allowance, Tenant shall notify Landlord thereof in writing on or before the Allowance Deadline and Tenant's notice shall include the amount of the Additional Improvement Allowance which Tenant elects to use (the "**Elected Amount Of The Additional Improvement Allowance**""). In the event Tenant timely exercises its right to use all or any portion of the Additional Improvement Allowance, then the monthly Base Rent for the Premises shall be increased by an amount equal to the "**Additional Monthly Base Rent**"" as that term is defined below, in order to repay the Elected Amount Of The Additional Improvement Allowance to Landlord. The "**Additional Monthly Base Rent**"" shall be determined as the missing component of an annuity, which annuity shall have (i) the Elected Amount Of The Additional Improvement Allowance as the present value amount, (ii) 120, as the number of payments (with consideration given to the fact that Tenant's repayment of the Elected Amount Of The Additional Improvement Allowance will occur over a 129 month period, excluding the […***…] Base Rent Abatement Period pursuant to Section 3.2 of this Lease), (iii) 0.6667%, which is equal to eight percent (8%) divided by twelve (12) months per year, as the monthly interest factor and (iv) the Additional Monthly Base Rent as the missing component of the annuity. In the event Tenant elects to utilize all or a portion of the Additional Improvement Allowance, then (a) all references in this Work Letter to the "Improvement Allowance", shall be deemed to include the Elected Amount Of The Additional Improvement Allowance, (b) the parties shall promptly execute an amendment (the "**Amendment**"") to this Lease setting forth the new amount of the Base Rent and Improvement Allowance computed in accordance with this Section 2.1, and (c) the additional amount of monthly Base Rent owing in accordance with this Section 2.1 for the first full month of the Lease Term which occurs after the expiration of any free rent period shall be paid by Tenant to Landlord at the time of Tenant's execution of the Amendment.

2.2 Disbursement of the Improvement Allowance. Except as otherwise set forth in this Work Letter, the Improvement Allowance shall be disbursed by Landlord (each of which disbursements shall be made pursuant to Landlord's disbursement process, including, without limitation, Landlord's receipt of invoices for all costs and fees described herein) for costs related to the construction of the Improvements and for the following items and costs (collectively, the "**Improvement Allowance Items**"):

2.2.1 Payment of (i) the fees of the "Architect" and the "Engineers**,**" as those terms are defined in Section 3.1 of this Work Letter, (ii) the Tenant-retained project manager, and (iii) permitting fees, but only to the extent such fees do not exceed an aggregate amount equal to Seven and No/100 Dollars ($7.00) per rentable square foot of the Premises, and payment of the fees incurred by, and the cost of documents and materials supplied by, Landlord and Landlord's consultants in connection with the preparation and review of the "Construction Drawings," as that term is defined in Section 3.1 of this Work Letter;

2.2.2 The cost of any changes in the Base Building when such changes are required by the Construction Drawings;

2.2.3 The cost of any changes to the Construction Drawings or Improvements required by all applicable building codes (the "**Code**"); and

2.2.4 The "Landlord Supervision Fee", as that term is defined in Section 4.3.2 of this Work Letter, if any.

2.3 Building Standards. Prior to the date of this Lease, Landlord has established specifications for certain Building standard components to be used in the construction of the Improvements in the Premises and delivered a copy thereof to Tenant. The quality of Improvements shall be equal to or of greater quality than the quality of such Building standards. Landlord may make reasonably changes to said specifications for Building standards from time to time. Removal requirements for Improvements are addressed in Article 8 of this Lease, provided that Landlord, at the time Landlord reviews the Final Working Drawings, may specify that Tenant will be required to remove certain initial Improvements that materially deviate from Building standards and are not consistent with general office use (as so timely and appropriately identified, the "**Non-Conforming Improvements**"). As identified in Section 1.4, above, Tenant shall not design the Improvements nor install particular systems in the Premises that would jeopardize any LEED certifications for the Building.

SECTION 3

CONSTRUCTION DRAWINGS

3.1 Selection of Architect/Construction Drawings. Tenant shall select and retain a qualified architect/space planner to the extent reasonably approved by Landlord (the "**Architect**") to prepare the "Construction Drawings," as that term is defined in this Section 3.1. Tenant shall retain the engineering consultants reasonably designated by Landlord (the "Engineers") to prepare all plans and engineering working drawings relating to the structural, mechanical, electrical, plumbing and HVAC work of the Improvements; provided, however, any such reasonable designation determination shall factor in a competitive pricing component, taking into account the nature and particular requirements implicated in connection with the Construction Drawings and the experience and competency of such Engineer. The plans and drawings to be prepared by Architect and the Engineers hereunder shall be known collectively as the "**Construction Drawings.**" All Construction Drawings shall comply with the drawing format and specifications as determined by Landlord, and shall be subject to Landlord's approval. Tenant and Architect shall verify, in the field, the dimensions and conditions as shown on the relevant portions of the base Building plans, and Tenant and Architect shall be solely responsible for the same, and Landlord shall have no responsibility in connection therewith. Landlord's review of the Construction Drawings as set forth in this Section 3, shall be for its sole purpose and shall not imply Landlord's review of the same, or obligate Landlord to review the same, for quality, design, Code compliance or other like matters. Accordingly, notwithstanding that any Construction Drawings are reviewed by Landlord or its space planner, architect, engineers and consultants, and notwithstanding any advice or assistance which may be rendered to Tenant by Landlord or Landlord's space planner, architect, engineers, and consultants, Landlord shall have no liability whatsoever in connection therewith and shall not be responsible for any omissions or errors contained in the Construction Drawings, and Tenant's waiver and indemnity set forth in this Lease shall specifically apply to the Construction Drawings.

3.2 Final Space Plan. On or before the date set forth in Schedule 1, attached hereto, Tenant and the Architect shall prepare the final space plan for Improvements in the Premises (collectively, the "**Final Space Plan**"), which Final Space Plan shall include a layout and designation of all offices, rooms and other partitioning, their intended use, and equipment to be contained therein, and shall deliver four (4) hard copies signed by Tenant to Landlord for Landlord's approval, and concurrently with Tenant's delivery of such hard copies, Tenant shall send to Landlord via electronic mail one (1) .pdf electronic copy of such Final Space Plan.

3.3 Final Working Drawings. On or before the date set forth in Schedule 1, Tenant, the Architect and the Engineers shall complete the architectural and engineering drawings for the Premises, and the final architectural working drawings in a form which is complete to allow subcontractors to bid on the work and to obtain all applicable permits (collectively, the "**Final Working Drawings**") and shall submit four (4) hard copies signed by Tenant of the Final Working Drawings to Landlord for Landlord's approval, and concurrently with Tenant's delivery of such

hard copies, Tenant shall send to Landlord via electronic mail one (1) .pdf electronic copy of such Final Working Drawings.

3.4 Permits. The Final Working Drawings shall be approved by Landlord (the "**Approved Working Drawings**") prior to the commencement of the construction of the Improvements. Tenant shall immediately submit the Approved Working Drawings to the appropriate municipal authorities for all applicable building and other permits necessary to allow "Contractor**,**" as that term is defined in Section 4.1, below, to commence and fully complete the construction of the Improvements (the "**Permits**"), and, in connection therewith, Tenant shall coordinate with Landlord in order to allow Landlord, at its option, to take part in all phases of the permitting process and shall supply Landlord, as soon as possible, with all plan check numbers and dates of submittal and obtain the Permits on or before the date set forth in Schedule 1. Notwithstanding anything to the contrary set forth in this Section 3.4, Tenant hereby agrees that neither Landlord nor Landlord's consultants shall be responsible for obtaining any building permit or certificate of occupancy for the Premises and that the obtaining of the same shall be Tenant's responsibility; provided however that Landlord shall, in any event, cooperate with Tenant in executing permit applications and performing other ministerial acts reasonably necessary to enable Tenant to obtain any such permit or certificate of occupancy. No changes, modifications or alterations in the Approved Working Drawings may be made without the prior written consent of Landlord, which consent shall not be unreasonably withheld, conditioned or delayed, provided, however, it shall be deemed reasonable for Landlord to condition its approval on Tenant's agreement that any requested changes in the Approved Working Drawings constitute a Tenant delay, as set forth in Section 5.2 below, to the extent the requested changes directly or indirectly delay the "Substantial Completion" of the Premises as that term is defined in Section 5.1 of this Work Letter.

3.5 Time Deadlines. Tenant shall use its best, good faith, efforts and all due diligence to cooperate with the Architect, the Engineers, and Landlord to complete all phases of the Construction Drawings and the permitting process and to receive the permits, and with Contractor for approval of the "Cost Proposal," as that term is defined in Section 4.2 of this Work Letter, as soon as possible after the execution of the Lease, and, in that regard, shall meet with Landlord on a scheduled basis to be determined by Landlord, to discuss Tenant's progress in connection with the same. The applicable dates for approval of items, plans and drawings as described in this Section 3, Section 4, below, and in this Work Letter are set forth and further elaborated upon in Schedule 1 (the "**Time Deadlines**"), attached hereto. Tenant agrees to comply with the Time Deadlines.

3.6 Electronic Approvals. Notwithstanding any provision to the contrary contained in the Lease or this Work Letter, Landlord may, in Landlord's sole and absolute discretion, transmit or otherwise deliver any of the approvals required under this Work Letter via electronic mail to Tenant's representative identified in Section 5.1 of this Work Letter, or by any of the other means identified in Section 29.18 of this Lease.

SECTION 4

CONSTRUCTION OF THE IMPROVEMENTS

4.1 Contractor. Tenant shall select not less than three (3) contractors from the list of "Approved Contractors", as that term is defined hereinbelow, to bid on the construction of the Improvements ("**Bidding Contractors**") Tenant shall select one of the Bidding Contractors to be the contractor for the construction of the Improvements; provided, however, Tenant shall first inform Landlord of, and review with Landlord in reasonable detail the comparison factors identified hereinbelow, 'Tenant's selection and the basis therefor, and such selected Bidding Contractor shall be referred to herein as the "**Contractor**". Tenant shall select the Contractor in consideration of the following factors: the qualified bid amount (after adjustment for inconsistent qualifications, clarifications and exclusions to reflect an "**apples to apples**" comparison), the completeness of the bid, contract terms and conditions and such Bidding Contractor's ability and commitment to adhere to 'the construction schedule for the Improvements. "**Approved Contractors**" shall mean any of the following: a. Bycor; Pacific Building Group (PBG); Commercial Builders Inc (CBI); Diversified Construction Technologies (DCT); Prevost; Johnson & Jennings; Whitting Turner; Burger; Crew Builders; Rudolf and Sletton; and any other contractor that Landlord and Tenant hereafter mutually and reasonably agree be added.

4.2 Cost Proposal. After the Approved Working Drawings are signed by Landlord and Tenant, Landlord shall provide Tenant with a cost proposal in accordance with the Approved Working Drawings, which cost proposal shall include, as nearly as possible, the cost of all Improvement Allowance Items to be incurred by Tenant in connection with the design and construction of the Improvements (the "**Cost Proposal**", which Cost Proposal shall include a detailed breakdown, by trade, of the final costs to be incurred (or which have been incurred), as set forth more particularly in Sections 2.2.1.1 through 2.2.1.5, above, in connection with the design and construction of the Improvements to be performed by or at the direction of Tenant or the Contractor, which costs form a basis for the amount of the Contract (the "**Final Costs**")). Tenant shall approve and deliver the Cost Proposal to Landlord within ten (10) business days of the receipt of the same, and upon receipt of the same by Landlord, Landlord shall be released by Tenant to purchase the items set forth in the Cost Proposal and Final Costs and to commence the construction relating to such items. The date by which Tenant must approve and deliver the Cost Proposal to Landlord shall be known hereafter as the "**Cost Proposal Delivery Date**".

4.3 Construction of Improvements by Contractor under the Supervision of Landlord.

4.3.1 Over-Allowance Amount. The difference between the amount of the Final Costs and the amount of the Improvement Allowance (less any portion thereof already disbursed by Landlord, or in the process of being disbursed by Landlord, on or before the commencement of construction of the Improvements) is referred to herein as the "**Over-Allowance Amount**". In the event that an Over-Allowance Amount exists in connection with the construction of the Improvements, then Tenant shall pay a percentage of each amount requested by Contractor or otherwise disbursed under this Work Letter, which percentage shall be equal to the Over-Allowance Amount divided by the amount of the Final Costs (after deducting from the Final Costs any amounts then expended from the Improvement Allowance, if any, in connection with the preparation of the Construction Drawings, and the cost of other Improvement Allowance Items incurred prior to the commencement of construction of the Improvements) and such payments by Tenant (the "**Over-Allowance Payments**") shall be a condition to Landlord's obligation to pay any amounts from the Tenant Improvement Allowance. In the event that, after the Final Costs have been delivered by Tenant to Landlord, the costs relating to the design and construction of the Improvements shall change, any additional costs necessary to such design and construction in excess of the Final Costs, shall be in accordance with the terms of the immediately preceding sentence and the amounts to be disbursed by Landlord pursuant to the terms of this Work Letter thereafter shall be accordingly adjusted so that Landlord's disbursements in the aggregate pursuant to the terms of this Work Letter and Tenant's Over-Allowance Payments are each proportionate to the adjusted Final Costs. In connection with any Over-Allowance Payment made by Tenant pursuant to this Section 4.2.1, Tenant shall provide Landlord with the documents described in Sections 2.2.2.1(i), (ii), (iii) and (iv) of this Work Letter, above, for Landlord's approval, prior to Tenant paying such costs. In addition, if the Final Working Drawings or any amendment thereof or supplement thereto shall require alterations in the Base Building (as contrasted with the Improvements), and if Landlord in its sole and exclusive discretion agrees to any such alterations, and notifies Tenant of the need and cost for such alterations, then Tenant shall pay the cost of such required changes (the "**Change-Order**") in advance upon receipt of notice thereof. Tenant shall pay all direct architectural and/or engineering fees in connection with such Change-Order, plus seven percent (7%) of such direct architectural and/or engineering fees for Landlord's servicing and overhead.

4.3.2 Landlord's Retention of Contractor. Landlord shall independently retain Contractor to construct the Improvements in accordance with the Approved Working Drawings and the Cost Proposal and Landlord shall supervise the construction by Contractor, and Tenant shall pay a construction supervision and management fee (the "**Landlord Supervision Fee**") to Landlord in an amount equal to the product of (i) three percent (3%) and (ii) an amount equal to the sum of the Improvement Allowance and any Additional Improvement Allowance.

4.3.3 Contractor's Warranties and Guaranties. Landlord hereby assigns to Tenant all warranties and guaranties by Contractor relating to the Improvements, and Tenant hereby waives, upon Substantial Completion of the Premises, all claims against Landlord relating to, or arising out of the construction of, the Improvements, other than any punch list items as set forth in Section 1.1.1 of this Lease.

4.3.4 Tenant's Covenants. Tenant hereby indemnifies Landlord for any loss, claims, damages or delays arising from the actions of Architect on the Premises or in the Building.

Within fifteen (15) days after completion of construction of the Improvements, Tenant shall cause Contractor and Architect to cause a Notice of Completion to be recorded in the office of the County Recorder of the county in which the Building is located in accordance with Section 8182 of the Civil Code of the State of California or any successor statute and furnish a copy thereof to Landlord upon recordation, failing which, Landlord may itself execute and file the same as Tenant's agent for such purpose. In addition, immediately after the Substantial Completion of the Premises, Tenant shall have prepared and delivered to the Building a copy of the "**as built**" plans and specifications (including all working drawings) for the Improvements.

SECTION 5

COMPLETION OF THE IMPROVEMENTS;
LEASE COMMENCEMENT DATE

5.1 Ready for Occupancy. The Premises shall be deemed "**Ready for Occupancy**" upon the Substantial Completion of the Improvements. For purposes of this Lease, "**Substantial Completion**" of the Improvements shall occur upon the completion of construction of the Improvements in the Premises pursuant to the Approved Working Drawings and issuance of a certificate of occupancy, a temporary certificate of occupancy for the Premises, or the legal equivalent thereof permitting Tenant's lawful occupancy of the Premises, with the exception of any punch list items and any tenant fixtures, work-stations, built-in furniture, or equipment to be installed by Tenant or under the supervision of Contractor.

5.2 Delay of the Substantial Completion of the Premises. Except as provided in this Section 5.2, the Lease Commencement Date shall occur as set forth in the Lease and Section 5.1, above. If there shall be a delay or there are delays in the Substantial Completion of the Improvements or in the occurrence of any of the other conditions precedent to the Lease Commencement Date, as set forth in the Lease, as a direct, indirect, partial, or total result of:

5.2.1 Tenant's failure to comply with the Time Deadlines;

5.2.2 Tenant's failure to timely approve any matter requiring Tenant's approval;

5.2.3 A breach by Tenant of the terms of this Work Letter or the Lease;

5.2.4 Changes in any of the Construction Drawings after disapproval of the same by Landlord or because the same do not comply with Code or other applicable laws;

5.2.5 Tenant's request for changes in the Approved Working Drawings;

5.2.6 Tenant's requirement for specialty materials, components, finishes or improvements which are not available in a commercially reasonable time given the anticipated date of Substantial Completion of the Improvements, as set forth in the Lease, or which are different from, or not included in Landlord's Building standards;

5.2.7 Changes to the Base Building required by the Approved Working Drawings;

5.2.8 Tenant's use of specialized or unusual improvements and/or delays in obtaining Permits due thereto;

5.2.9 Any failure by Tenant to timely pay to Landlord any portion of the Over Allowance Amount; or

5.2.10 Any other acts or omissions of Tenant, or its agents, or employees; then, notwithstanding anything to the contrary set forth in the Lease or this Work Letter and regardless of the actual date of the Substantial Completion of the Improvements, the Lease Commencement Date shall be deemed to be the date the Lease Commencement Date would have occurred if no Tenant delay or delays, as set forth above, had occurred.

SECTION 6

MISCELLANEOUS

6.1 Freight Elevators and Parking. Landlord shall, consistent with its obligations to other tenants of the Building, make the freight elevator and parking reasonably available to Tenant in connection with construction of the Improvements and decorating, furnishing and moving into the Premises at no additional cost.

6.2 Tenant's Representative. Tenant has designated Lynne Buhlas its sole representative with respect to the matters set forth in this Work Letter (whose e-mail address for the purposes of this Work Letter is lbuhl@ACADIA-pharm.com, who, until further notice to Landlord, shall have full authority and responsibility to act on behalf of the Tenant as required in this Work Letter.

6.3 Landlord's Representatives. Landlord has designated Mr. Robert Chambers as "**Project Manager**" (whose e-mail address for the purposes of this Work Letter is […***…]), who shall be responsible for the implementation of all Improvements to be performed by Landlord in the Premises. With regard to all matters involving such Improvements, Tenant shall communicate with the Project Managers rather than with the Contractor. Landlord shall not be responsible for any statement, representation or agreement made between Tenant and the Contractor or any subcontractor. It is hereby expressly acknowledged by Tenant that such Contractor is not Landlord's agent and has no authority whatsoever to enter into agreements on Landlord's behalf or otherwise bind Landlord. The Project Managers will furnish Tenant with notices of substantial completion, cost estimates for above standard Improvements, Landlord's approvals or disapprovals of all documents to be prepared by Tenant pursuant to this Work Letter and changes thereto.

6.4 Tenant's Agents. All subcontractors and laborers retained directly by Tenant for the Improvements shall all be union labor in compliance with the then existing master labor agreements, if any.

6.5 Time is of the Essence. Time is of the essence under this Work Letter. Unless otherwise indicated, all references herein to a "number of days" shall mean and refer to calendar days. In all instances where Tenant is required to approve or deliver an item, if no written notice of approval is given or the item is not delivered within the stated time period, at Landlord's sole option, at the end of such period the item shall automatically be deemed approved or delivered by Tenant and the next succeeding time period shall commence.

6.6 Tenant's Lease Default. Notwithstanding any provision to the contrary contained in the Lease or this Work Letter, if any default by Tenant under the Lease or this Work Letter (including, without limitation, any failure by Tenant to fund any portion of the Over-Allowance Amount) occurs at any time on or before the Substantial Completion of the Improvements, then (i) in addition to all other rights and remedies granted to Landlord pursuant to the Lease, Landlord shall have the right to withhold payment of all or any portion of the Improvement Allowance and/or Landlord may, without any liability whatsoever, cause the cessation of construction of the Improvements (in which case, Tenant shall be responsible for any delay in the Substantial Completion of the Improvements and any costs occasioned thereby), and (ii) all other obligations of Landlord under the terms of the Lease and this Work Letter shall be forgiven until such time as such default is cured pursuant to the terms of this Lease.

SCHEDULE 1

TIME DEADLINES

Dates	Actions to be Performed
A. August 1, 2019	Final Space Plan to be completed by Tenant and delivered to Landlord.
B. November 1, 2019	Tenant to deliver Final Working Drawings to Landlord.
C. January 1, 2020	Tenant to deliver Permits to Contractor.
D. Five (5) business days after the receipt of the Cost Proposal by Tenant	Tenant to approve Cost Proposal and deliver Cost Proposal to Landlord.

SCHEDULE 2

BASE BUILDING PLANS

General Description

Owner intends to develop and construct a Class A mixed use campus project including an above and below ground office parking structure and two Class A commercial office buildings. The parking garage will consist of one level of below grade and seven levels of above grade parking containing approximately 946 parking spaces. The Class A Commercial office building 2 shall contain approximately 231,561 sf. and is anticipated to be to be Type I-B, Fully-Sprinklered. The list of construction drawings for the Building is attached to and made a part of this **Schedule 2** and the applicable portions of such construction drawings for the Building shall be made available to Tenant and its architects, engineers, and contractors as reasonably required for the design and subsequent construction of the Improvements.

Landlord, at its sole cost and expense, shall improve the Base Building to a typical shell and core office building finish. The Building shell and core ("Building Shell & Core" or "Base, Shell and Core") shall include the following:

LEED Classification

The building is pursuing a LEED Core & Shell Gold certification under LEED v3.

Structural Components

Codes, Applicable Specifications and Standards

- The governing building code is the California Building Code (CBC), 2016 edition.
- ASCE/SEI 7-10: Minimum Design Loads for Buildings and Other Structures.
- Structural Steel: Load and Resistance Factor Design Specification for Structural Steel
- Buildings, 14th Edition, American Institute of Steel Construction (AISC 360-10).
- Seismic Design Manual, 2nd Edition, American Institute of Steel Construction.
- Seismic Provisions for Structural Steel Buildings AISC 341-10 AISC 341-10.
- Prequalified Connections for Special and Intermediate Steel Moment Frames for
- Seismic Applications AISC 358-10 and AISC 358s1-11.
- AISC/CISC, Floor Vibrations Due to Human Activity, Steel Design Guide Series 11.
- RCSC Specification: The 2009 RCSC Specification for Structural Joints Using High-Strength Bolts.
- AWS D1.1: Structural Welding Code - Steel, AWS D1.1:2010 (AWS, 2010).
- ACI Building Code and Commentary (ACI 318-2014).
- ACI 530-13/ASCE 5-13/TMS 402-13, Building Code Requirements for Masonry Structures.

The floor loading criteria is as follows:

Live Loads:

- Typical Office 100 psf (reducible)

- Exit Corridors 100 psf (reducible)
- Exit Stairs 100 psf (non-reducible)
- Roof 20 psf (reducible, unoccupied)
- 100 psf (non-reducible, occupied)
- MEP Equipment Room 150 psf (non-reducible) or actual
- Equipment weight and pad.
- Heavy Storage/File Room 250 psf (non-reducible)
- Lobby/Public Assembly 100 psf (non-reducible)

Dead Loads:

- General: Includes estimated weight of construction material
- Roof: Includes estimated weight of construction material and actual weight of roof mounted miscellaneous equipment.

Deflections/Serviceability

The structural framing members and system will be designed to have adequate stiffness to limit the deflections and lateral drift in conformance to requirements of section 1604.3 of the 2016 CBC and ASCE/SEI 7-10: Minimum Design Loads for Buildings and Other Structures.

Structural Building Description

General

The office building 2 structure extends six (6) stories above Level 1. Typical floor to floor height between Level 1 to Roof is 14'-6". The Level 2 to roof typical floor to floor height is 14'-6". The building longitudinal dimension is 265'-0" and the transverse dimension is 118'-0". From three (3) sides office building 2 is surrounded with podium structure, with 6inch seismic separation joint. In addition, from one (1) side office building 2 is surrounded with the site retaining wall with 6inch seismic separation joint. For the plan work and building section information please refer to architectural and structural drawings.

The composite structural deck system consists of 3" metal deck and 3.25" light weight concrete (total slab thickness is 6.25") with ¾" shear studs spaced at 12" o.c. max., connected to wide flange beams and girders. Composite deck is supported by steel beams and girders spanning between steel columns. The columns are supported on pad foundations.

The lateral bracing system consists of Steel Special Moment Frames along the

perimeter of the building.

Please refer to the attached typical floor plan for structural framing configuration and

structural design information.

Concrete floor and slab flatness and levelness shall meet or exceed ASTM E 115 and are not to exceed 1/8" variance in 10'-0"

Roofing System

The roofs of Office Buildings 1 & 2 implement the following primary materials:

- Single-ply (80 MIL) thermoplastic polyvinyl chloride membrane (Johns Manville JM PVC-80 MIL MIN, or equal), over;
- One (1) layer 5/8" roof board (Georgia Pacific DensDeck Prime, or equal), over;
- Two (2) layers of 2.6" thick polyiso rigid insulation (GAF EnergyGuard, 25PSI, or equal), achieving an LTTR insulative value of 30 or better, over;
- One (1) layer 1/4" roof board (Georgia Pacific DensDeck Prime, or equal), over;
- Cast-in-place concrete o/ structural metal OR over structural metal deck only

Roofing system shall meet the requirements of FM Listing 1A-90, with an exterior fire resistance exposure of Class A.

The roofing system shall provide an initial Solar Reflectance Index of not less than 78 when calculated according to ASTM E 1980 and an initial Thermal Emittance of not less than 0.85.

Roofing walk pads shall provide a runway surface for the buildings window washing equipment and walk paths around the roofs perimeter and egress pathways.

Exterior Wall

The exterior closure (weather closure) of Office Buildings 1 & 2 implement the following primary materials:

- Extruded aluminum curtainwall & storefront systems
- Various combinations of high-performance, insulated glazing (both vision & spandrel)
- Aluminum panels & break-shapes with two-coat Kynar finishes
- Wood composite cladding
- Factory-finished, shaped metal panels at the rooftop mechanical screen enclosures

Exterior Terraces

The building includes accessible terraces in a number of locations, which will be accessed from the tenant spaces via glass doors. Guardrails will be provided at each terrace. Furnishing of the terraces will be part of the Tenant Improvement scope and will be required to conform to the Landlord's site amenities standards.

Ground Floor Lobbies and Entries

Fully built out class A.

Men's and Women's Toilet Rooms

The men's and women's restrooms on each floor are complete and in substantial compliance with ADA requirements and include solid surface countertops, partial ceramic tile walls and ceramic tile floors, lavatory mirrors, lighting in ceilings, toilet partitions and associated toilet room accessories.

Low consumption water closets are equipped with automatic flush valves. Waterless Urinals are included in the Men's restrooms.

The number of fixtures in each Restroom is based on the square footage of the corresponding floor in accordance with the applicable code as adopted by the City of Los Angeles.

Exit Stair Towers

The building is served by two pressurized emergency stair towers located on each floor with concrete filled metal pan stairs. Stairwells shall include all code required lighting, exit hardware and required handrails. The doors from the stair towers into the individual floors shall be prepped for future full floor Tenant provided card readers and electrified hardware. Full floor Tenants will be required to connect these devices to their own security system upon lease commencement.

Elevators/Elevator Lobby

There are two (2) passenger elevators and one (1) passenger-service (swing) elevator serving the building. All elevators shall service every floor of the building including travel to all parking levels of the subterranean parking structure. Each individual car shall be provisioned with card readers for access control and digital position indicators and display.

Passenger elevators have a load capacity of 3,500 pounds, and shall comply with ADA requirements.

Passenger-swing elevator shall have a load capacity of 4,500 pounds and shall comply with ADA requirements.

Each elevator includes elevator doors, frames, call buttons with faceplates and hall lantern directional indicators.

The elevator lobbies of Floors 2-6 are in raw shell condition with Fire Life Safety devices and temporary egress lighting as required by code.

Balance of Core

Interior core walls are drywall fire taped and ready for finish to be installed as a part of the Tenant Improvements. Columns and underside of the overhead structure will be exposed concrete. Further finishing will be part of the tenant improvements. At the perimeter exterior wall condition,

spandrel glass areas will have the insulation installed as part of the shell and have receivers for installation of finishes as part of the tenant improvements.

All exposed core doors are paint grade wood doors complete with hollow metal frames and hardware in a satin chrome finish.

The core and shell condition shall include exit signs and fire extinguishers as required by applicable laws.

Electrical Service and Distribution Systems

Codes, Standards and Regulations

- The building shall comply with the requirements of the latest adopted editions of the International Building Code (IBC), the National Electrical Code (NEC), City of San Diego requirements, and the International Fire Code.
- The design, products, and installation shall comply with the following electrical industry standards:

a. Electronic Industries Association (EIA) Standard 570

b. Illumination Engineering Society of North America (IES) Lighting Standards

c. Institute of Electrical and Electronic Engineers (IEEE) Standards

d. National Electrical Manufacturers' Association (NEMA)

e. Insulated Power Cable Engineers' Association (IPCEA)

f. Certified Ballast Manufacturers' Association (CBMA)

g. Underwriters Laboratories, Inc. (UL)

h. California Administrative Code, Title 24, Part 6

i. National Fire Protection Association (NFPA)

j. National Electrical Code (NEC)

k. American National Standards Institute (ANSI)

l. All other Authorities Having Jurisdiction (AHJ)

Power Service Entrance

- Building 2 shall be furnished with (2) 2500A 480Y/277V 3PH 4W 65kAIC NEMA 1 electrical services fed from an adjacent SDG&E pad-mounted transformer. The house service shall have a single house meter to support all house loads. The tenant service shall have a bus riser system for individual tenant meters on each floor.

Power Distribution

- All feeder and branch circuit wiring in interior exposed spaces shall be Type THHN copper conductors in EMT conduit. Type MC cable may be used in concealed locations (within walls and above accessible ceilings) for final equipment connections.
- HVAC equipment, elevators, and miscellaneous motor loads shall be served independently from building power and lighting panelboards.

- Convenience power will be provided with a minimum of two receptacles per office, including switched receptacles in compliance with Title 24 requirements.
- HVAC equipment shall be circuited at 480V 3-PH where possible.
- Power branch circuits shall be supplied from new panelboards.

Emergency Power

- Emergency generator shall be provided as part of the core and shell scope.
- The generator shall be 500kW/625kVA 480Y/277V 3PH 4W NEMA 3R with a sub-base fuel tank providing 8-hours of runtime.

Telephone Services

The project MPOE shall contain a variety of twisted copper phone lines, high band width fiber and cable T.V. infrastructure for the Tenants use.

Tenant's telephone and communication equipment shall be located in Tenant's leased space and the Landlord shall deliver a mutually agreed upon sufficient number of reserved phone lines for the Tenant's use to the Tenant's specified location within the demised premises. Cross connection between the Tenant's phone lines and the Landlords D-Mark shall be provided by the Landlord's vendor at the Tenant's sole cost and expense.

Local service can provide POTS lines, DSL, ISDN, T-1 and DS3 services to the building. They can also provide Gigabit solution if ordered.

DTV Riser Platform

The building shall be equipped with a DTV riser platform ready for connection to future Tenants via a riser structure and patch panels located at every third floor.

Window Coverings

Window coverings as designated by the Landlord's Building Standard shall be a Tenant Improvement Allowance Item.

Lighting

Interior lighting

- LED exit lighting shall be provided throughout the facility roughly every 50 feet on the path of egress as defined by the Architect and at each exit door.
- All fixtures shall be LED and dimmable.
- The lighting control system shall be capable of accepting demand response controls.
- All fixtures in the primary and secondary daylight zones shall be independently controlled via daylight sensors.
- All lighting shall be designed to meet the latest California Title 24 requirements.

Exterior lighting

Decorative entry and plaza lighting shall be provided and circuited to each building as appropriate.

- Lighting control
- Lighting control system shall be designed based upon the distributed control architecture of the WattStopper DLM system.

Emergency Lighting

- Egress lighting shall be provided as required by code.

- The code required emergency power source for the egress fixtures shall be supplied via a central lighting inverter for Building 1 and via the emergency generator for Building 2.

Life Safety System

The life safety system is installed and completed in accordance with applicable building codes for a shell condition. An Addressable Fire Alarm System with Digital Voice Evacuation Capability includes required smoke detectors, evacuation speakers and strobes installed in compliance with ADA, Title 24, and City of San Diego Fire Marshal requirements for core and shell condition. The

floors shall be equipped with terminal cabinets for future tenant improvements. All tenant improvement connections to the base system shall be a future Tenant Improvement Item.

Landlord will be assigning a proprietary vendor for the Fire Life Safety systems for use by the tenant.

HVAC and Mechanical Equipment

The building primary HVAC systems shall be composed of an array of Variable Refrigeration Flow (VRF) Split Systems with Landlord supplied condenser units located on the roof and Tenant supplied Concealed Fan Coil Units distributed through out the premises as required by the Tenant specific improvements.

All VRF systems shall be manufactured by LG or a Landlord approved equal.

The HVAC system allows for one Concealed Fan Coil Units for every 400 square feet of premises space. The Heat Recovery Units (HRUs) will be part of the future tenant improvements and will be sized according to the tenant unit size. Concealed Fan Units are to be installed as a part of the future Tenant Improvements and will connect to the buildings installed energy management system.

The outdoor **Air Cooled Compressor Condenser Heat Recovery Unit**. The outdoor unit shall be factory assembled and pre-wired with all necessary electronic and refrigerant controls. The refrigeration circuit of the condensing unit shall consist of scroll compressors, motors, fans, condenser coil, electronic expansion valves, solenoid valves, 4-way valve, distribution headers, capillaries, filters, shut off valves, oil separators, service ports and refrigerant regulator. High pressure gas line, low pressure gas line and liquid lines must be individually insulated between the outdoor and indoor units.

The following safety devices shall be included on the condensing unit; high pressure switch, control circuit fuses, crankcase heaters, fusible plug, high pressure switch, overload relay, inverter overload protector, thermal protectors for compressor and fan motors, over current protection for the inverter and anti-recycling timers. To ensure the liquid refrigerant does not flash when supplying to the various fan coil units, the circuit shall be provided with a sub-cooling feature.

The unit shall incorporate an auto-charging feature and a refrigerant charge check function. The outdoor unit shall be completely weatherproof and corrosion resistant and constructed from rust-proofed mild steel coated panels.

Heat Recovery Units (HRU's) are designed specifically for use with LG Multi V 4 series heat recovery system components and shall be factory assembled, wired, and piped. These selector boxes must be mounted indoors. These units shall have a galvanized steel plate casing. Each cabinet shall house solenoid valves for refrigerant control. And shall contain a tube in tube heat exchanger. The unit shall have sound absorption thermal insulation material made of flame and heat resistant foamed polyethylene.

Concealed Fan Units (CFU's) shall be LG Multi V horizontal model BHA2, BGA2, BRA2 or B8A2 concealed fan coils units or TQC2, TRC2, TPC2, TNC2 or TMC2 ceiling cassette fan coils unit operable with R-410A refrigerant. Unit shall be completely factory assembled and tested. Included in the unit is factory wiring, piping, electronic expansion valve, control circuit board, fan motor thermal protector, flare connections, condensate drain pan, self-diagnostics, auto-restart function, 3-minute fused time delay, and test run switch. BHA2, BGA2, BRA2 or B8A2 units shall be equipment with automatically adjusting external static pressure logic selectable during commissioning.

The CFU shall be direct-drive DC (ECM) type fan, statically and dynamically balanced impeller with two or three fan speeds available. Units shall have automatically adjusting external static pressure logic selectable during commissioning. The fan motor shall operate on

208/230 volts, 1 phase, 60 Hertz. The fan motor shall be thermally protected and shall be equipped as standard with adjustable external static pressure (ESP) settings. A separate power supply will be required of 208/230 volts, 1 phase, 60 Hertz. The acceptable voltage range shall be 187 to 253 volts.

The CFU shall have controls provided by LG to perform input functions necessary to operate the system. Computerized PID control shall be used to maintain room temperature within 1 degree F. The unit shall be equipped with a programmed drying mechanism that dehumidifies while inhibiting changes in room temperature when used with LG remote control PREMTB10U.

LG Touch Screen Central Controller (AC Smart Premium), Centralized Controller shall be provided to allow operation of entire system and individual zones from a central controller and through the web via Ethernet connection.

The controller system shall be a neutral color plastic material and shall include a minimum 10.2 inch WSVGA TFT LCD Touch Screen. 18 gauge, 2 conductor, twisted and shielded communication wire shall be daisy chained from the master condenser of each to the AC Smart Premium. Up to 128 fan coils can be controlled by each AC Smart Premium.

Landlord has assigned a proprietary vendor for Additional Mechanical Direct Digital Controls.

Future Tenant Plumbing Systems

Individual floors have been prepped for future plumbing systems with the following accommodations.

- 1" Valved Domestic Water stub ins for future sinks and tank type water closets
- 2" Capped Vent Riser stub ins.
- 4" Capped Waste Riser stub ins.

Sprinklers

Manual Wet-Type, Class I Standpipe System including hose connections.

All work shall be installed in accordance with the 2016 Edition of NFPA 13 as modified by 2016 CBC Chapter 35 and City of San Diego Technical Bulletins. The standpipe systems are required to comply with the 2013 Edition of NFPA 14 as modified by CBC Chapter 35.

Sprinkler system shall be sized and spaced in accordance with 2016 edition of NFPA 13 with California Amendments.

The fire sprinkler system includes main floor shut-off valves, water flow alarms, heads and primary loop piping distribution for a core and shell condition.

Modifications to the base system shall be a Tenant Improvement Item.

Ventilation

The public restrooms are ventilated by exhaust fans located on the roof of the building.

Access to a base building General Exhaust riser shall be provided at each floor to facilitate exhausting of tenant spaces requiring direct exhaust.

END OF DOCUMENT

SCHEDULE 3

CONSTRUCTION MILESTONES

August 2018	Building Permits
August 2019	Parking Structure Main Electrical Room Energized
November 2019	Building 2 Main Electrical Room Energized
December 2019	Parking Structure Substantial Completion
December 2019	Building 1 Main Electrical Room energized
January 2020	Parking Structure Final Completion
April 2020	Building 1 Substantial Completion
May 2020	Building 2 Substantial Completion
May 2020	Building 1 Final Completion
May 2020	Building 2 Final Completion
May 2020	Project Completion

EXHIBIT C

ONE PASEO

NOTICE OF LEASE TERM DATES

To:_____

_____
_____
_____

Re: Office Lease dated _____, 20__ (the "**Lease**"), by and between _____, a _____ ("**Landlord**"), and _____, a _____ ("**Tenant**"), for [approximately] _____ rentable square feet of space commonly known as Suite _____ (the "**Premises**"), located on the _____ (___) floor of that certain office building located at _____, _____, _____ (the "**Building**").

Dear _____:

Notwithstanding any provision to the contrary contained in the Lease, this letter is to confirm and agree upon the following:

1. Tenant has accepted the above-referenced Premises as being delivered in accordance with the Lease, and there is no deficiency in construction.

2. The Lease Term shall commence on or has commenced on _____ for a term of _____ ending on _____.

3. Rent commenced to accrue on _____, in the amount of _____.

4. If the Lease Commencement Date is other than the first day of the month, the first billing will contain a pro rata adjustment. Each billing thereafter shall be for the full amount of the monthly installment as provided for in the Lease.

5. Your rent checks should be made payable to _____ at _____.

6. The rentable and usable square feet of the Premises are _____ and _____, respectively.

7. Tenant's Share of Direct Expenses with respect to the Premises is _____% of the Project.

8. Capitalized terms used herein that are defined in the Lease shall have the same meaning when used herein. Tenant confirms that the Lease has not been modified or altered except as set forth herein, and the Lease is in full force and effect. Landlord and Tenant acknowledge and agree that to each party's actual knowledge, neither party is in default or violation of any covenant, provision, obligation, agreement or condition in the Lease.

If the provisions of this letter correctly set forth our understanding, please so acknowledge by signing at the place provided below on the enclosed copy of this letter and returning the same to Landlord.

The parties hereto consent and agree that this letter may be signed and/or transmitted by facsimile, e-mail of a .pdf document or using electronic signature technology (e.g., via DocuSign or similar electronic signature technology), and that such signed electronic record shall be valid and as effective to bind the party so signing as a paper copy bearing such party's handwritten signature. The parties further consent and agree that (1) to the extent a party signs this letter using electronic signature technology, by clicking "SIGN", such party is signing this letter electronically,

and (2) the electronic signatures appearing on this letter shall be treated, for purposes of validity, enforceability and admissibility, the same as handwritten signatures.

“Landlord”:

,
a

By:
Name:
Its:

By
Name:
Its:

Agreed to and Accepted
as of _____, 20__.

“Tenant”:

,
a

By:
Name:
Its:

By:
Name:
Its:

./
-/// -2- KILROY REALTY, L.P.

[ACADIA Pharmaceuticals Inc.]

EXHIBIT D

ONE PASEO

RULES AND REGULATIONS

Tenant shall faithfully observe and comply with the following Rules and Regulations. Landlord shall not be responsible to Tenant for the nonperformance of any of said Rules and Regulations by or otherwise with respect to the acts or omissions of any other tenants or occupants of the Project. In the event of any conflict between the Rules and Regulations and the other provisions of this Lease, the latter shall control.

1. Tenant shall not alter any lock or install any new or additional locks or bolts on any doors or windows of the Premises without obtaining Landlord's prior written consent. Tenant shall bear the cost of any lock changes or repairs required by Tenant. Two keys will be furnished by Landlord for the Premises, and any additional keys required by Tenant must be obtained from Landlord at a reasonable cost to be established by Landlord. Upon the termination of this Lease, Tenant shall restore to Landlord all keys of stores, offices, and toilet rooms, either furnished to, or otherwise procured by, Tenant and in the event of the loss of keys so furnished, Tenant shall pay to Landlord the cost of replacing same or of changing the lock or locks opened by such lost key if Landlord shall deem it necessary to make such changes.

2. All doors opening to public corridors shall be kept closed at all times except for normal ingress and egress to the Premises.

3. Landlord reserves the right to close and keep locked all entrance and exit doors of the Building during such hours as are customary for comparable buildings in the San Diego, California area. Tenant, its employees and agents must be sure that the doors to the Building are securely closed and locked when leaving the Premises if it is after the normal hours of business for the Building. Any tenant, its employees, agents or any other persons entering or leaving the Building at any time when it is so locked, or any time when it is considered to be after normal business hours for the Building, may be required to sign the Building register. Access to the Building may be refused unless the person seeking access has proper identification or has a previously arranged pass for access to the Building. Landlord will furnish passes to persons for whom Tenant requests same in writing. Tenant shall be responsible for all persons for whom Tenant requests passes and shall be liable to Landlord for all acts of such persons. The Landlord and his agents shall in no case be liable for damages for any error with regard to the admission to or exclusion from the Building of any person. In case of invasion, mob, riot, public excitement, or other commotion, Landlord reserves the right to prevent access to the Building or the Project during the continuance thereof by any means it deems appropriate for the safety and protection of life and property.

4. No furniture, freight or equipment of any kind shall be brought into the Building without prior notice to Landlord. All moving activity into or out of the Building shall be scheduled with Landlord and done only at such time and in such manner as Landlord designates. Landlord shall have the right to prescribe the weight, size and position of all safes and other heavy property brought into the Building and also the times and manner of moving the same in and out of the Building. Safes and other heavy objects shall, if considered necessary by Landlord, stand on supports of such thickness as is necessary to properly distribute the weight. Landlord will not be responsible for loss of or damage to any such safe or property in any case. Any damage to any part of the Building, its contents, occupants or visitors by moving or maintaining any such safe or other property shall be the sole responsibility and expense of Tenant.

5. No furniture, packages, supplies, equipment or merchandise will be received in the Building or carried up or down in the elevators, except between such hours, in such specific elevator and by such personnel as shall be designated by Landlord.

6. The requirements of Tenant will be attended to only upon application at the management office for the Project or at such office location designated by Landlord. Employees of Landlord shall not perform any work or do anything outside their regular duties unless under special instructions from Landlord.

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7. No sign, advertisement, notice or handbill shall be exhibited, distributed, painted or affixed by Tenant on any part of the Premises or the Building without the prior written consent of the Landlord. Tenant shall not disturb, solicit, peddle, or canvass any occupant of the Project and shall cooperate with Landlord and its agents of Landlord to prevent same.

8. The toilet rooms, urinals, wash bowls and other apparatus shall not be used for any purpose other than that for which they were constructed, and no foreign substance of any kind whatsoever shall be thrown therein. The expense of any breakage, stoppage or damage resulting from the violation of this rule shall be borne by the tenant who, or whose servants, employees, agents, visitors or licensees shall have caused same.

9. Tenant shall not overload the floor of the Premises, nor mark, drive nails or screws, or drill into the partitions, woodwork or drywall or in any way deface the Premises or any part thereof without Landlord's prior written consent. Tenant shall not purchase spring water, ice, towel, linen, maintenance or other like services from any person or persons not approved by Landlord.

10. Except for vending machines intended for the sole use of Tenant's employees and invitees, no vending machine or machines other than fractional horsepower office machines shall be installed, maintained or operated upon the Premises without the written consent of Landlord.

11. Tenant shall not use or keep in or on the Premises, the Building, or the Project any kerosene, gasoline, explosive material, corrosive material, material capable of emitting toxic fumes, or other inflammable or combustible fluid chemical, substitute or material. Tenant shall provide material safety data sheets for any hazardous material or substance used or kept on the Premises.

12. Tenant shall not without the prior written consent of Landlord use any method of heating or air conditioning other than that supplied by Landlord.

13. Tenant shall not use, keep or permit to be used or kept, any foul or noxious gas or substance in or on the Premises, or permit or allow the Premises to be occupied or used in a manner offensive or objectionable to Landlord or other occupants of the Project by reason of noise, odors, or vibrations, or interfere with other tenants or those having business therein, whether by the use of any musical instrument, radio, phonograph, or in any other way. Tenant shall not throw anything out of doors, windows or skylights or down passageways.

14. Tenant shall not bring into or keep within the Project, the Building or the Premises any firearms, animals, birds, aquariums, or, except in areas designated by Landlord, bicycles or other vehicles.

15. No cooking shall be done or permitted on the Premises, nor shall the Premises be used for the storage of merchandise, for lodging or for any improper, objectionable or immoral purposes. Notwithstanding the foregoing, Underwriters' laboratory-approved equipment and microwave ovens may be used in the Premises for heating food and brewing coffee, tea, hot chocolate and similar beverages for employees and visitors, provided that such use is in accordance with all applicable federal, state, county and city laws, codes, ordinances, rules and regulations.

16. The Premises shall not be used for manufacturing or for the storage of merchandise except as such storage may be incidental to the use of the Premises provided for in the Summary. Tenant shall not occupy or permit any portion of the Premises to be occupied as an office for a messenger-type operation or dispatch office, public stenographer or typist, or for the manufacture or sale of liquor, narcotics, or tobacco in any form, or as a medical office, or as a barber or manicure shop, or as an employment bureau without the express prior written consent of Landlord. Tenant shall not engage or pay any employees on the Premises except those actually working for such tenant on the Premises nor advertise for laborers giving an address at the Premises.

17. Landlord reserves the right to exclude or expel from the Project any person who, in the judgment of Landlord, is intoxicated or under the influence of liquor or drugs, or who shall in any manner do any act in violation of any of these Rules and Regulations.

18. Tenant, its employees and agents shall not loiter in or on the entrances, corridors, sidewalks, lobbies, courts, halls, stairways, elevators, vestibules or any Common Areas for the

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purpose of smoking tobacco products or for any other purpose, nor in any way obstruct such areas, and shall use them only as a means of ingress and egress for the Premises.

19. Tenant shall not waste electricity, water or air conditioning and agrees to cooperate fully with Landlord to ensure the most effective operation of the Building's heating and air conditioning system, and shall refrain from attempting to adjust any controls. Tenant shall participate in recycling programs undertaken by Landlord.

20. Tenant shall store all its trash and garbage within the interior of the Premises. No material shall be placed in the trash boxes or receptacles if such material is of such nature that it may not be disposed of in the ordinary and customary manner of removing and disposing of trash and garbage in San Diego, California without violation of any law or ordinance governing such disposal. All trash, garbage and refuse disposal shall be made only through entry-ways and elevators provided for such purposes at such times as Landlord shall designate. If the Premises is or becomes infested with vermin as a result of the use or any misuse or neglect of the Premises by Tenant, its agents, servants, employees, contractors, visitors or licensees, Tenant shall forthwith, at Tenant's expense, cause the Premises to be exterminated from time to time to the satisfaction of Landlord and shall employ such licensed exterminators as shall be approved in writing in advance by Landlord.

21. Tenant shall comply with all safety, fire protection and evacuation procedures and regulations established by Landlord or any governmental agency.

22. Any persons employed by Tenant to do janitorial work shall be subject to the prior written approval of Landlord, and while in the Building and outside of the Premises, shall be subject to and under the control and direction of the Building manager (but not as an agent or servant of such manager or of Landlord), and Tenant shall be responsible for all acts of such persons.

23. No awnings or other projection shall be attached to the outside walls of the Building without the prior written consent of Landlord, and no curtains, blinds, shades or screens shall be attached to or hung in, or used in connection with, any window or door of the Premises other than Landlord standard drapes. All electrical ceiling fixtures hung in the Premises or spaces along the perimeter of the Building must be fluorescent and/or of a quality, type, design and a warm white bulb color approved in advance in writing by Landlord. Neither the interior nor exterior of any windows shall be coated or otherwise sunscreened without the prior written consent of Landlord. Tenant shall be responsible for any damage to the window film on the exterior windows of the Premises and shall promptly repair any such damage at Tenant's sole cost and expense. Tenant shall keep its window coverings closed during any period of the day when the sun is shining directly on the windows of the Premises. Prior to leaving the Premises for the day, Tenant shall draw or lower window coverings and extinguish all lights. Tenant shall abide by Landlord's regulations concerning the opening and closing of window coverings which are attached to the windows in the Premises, if any, which have a view of any interior portion of the Building or Building Common Areas.

24. The sashes, sash doors, skylights, windows, and doors that reflect or admit light and air into the halls, passageways or other public places in the Building shall not be covered or obstructed by Tenant, nor shall any bottles, parcels or other articles be placed on the windowsills.

25. Tenant must comply with requests by the Landlord concerning the informing of their employees of items of importance to the Landlord.

26. Tenant must comply with applicable "NO-SMOKING" ordinances and all related, similar or successor ordinances, rules, regulations or codes. If Tenant is required under the ordinance to adopt a written smoking policy, a copy of said policy shall be on file in the office of the Building. In addition, no smoking of any substance shall be permitted within the Project except in specifically designated outdoor areas. Within such designated outdoor areas, all remnants of consumed cigarettes and related paraphernalia shall be deposited in ash trays and/or waste receptacles. No cigarettes shall be extinguished and/or left on the ground or any other surface of the Project. Cigarettes shall be extinguished only in ashtrays. Furthermore, in no event shall Tenant, its employees or agents smoke tobacco products or other substances (x) within any interior areas of the Project, or (y) within two hundred feet (200') of the main entrance of the Building or

the main entrance of any of the adjacent buildings, or (z) within seventy-five feet (75') of any other entryways into the Building.

27. Tenant hereby acknowledges that Landlord shall have no obligation to provide guard service or other security measures for the benefit of the Premises, the Building or the Project. Tenant hereby assumes all responsibility for the protection of Tenant and its agents, employees, contractors, invitees and guests, and the property thereof, from acts of third parties, including keeping doors locked and other means of entry to the Premises closed, whether or not Landlord, at its option, elects to provide security protection for the Project or any portion thereof. Tenant further assumes the risk that any safety and security devices, services and programs which Landlord elects, in its sole discretion, to provide may not be effective, or may malfunction or be circumvented by an unauthorized third party, and Tenant shall, in addition to its other insurance obligations under this Lease, obtain its own insurance coverage to the extent Tenant desires protection against losses related to such occurrences. Tenant shall cooperate in any reasonable safety or security program developed by Landlord or required by law.

28. All office equipment of any electrical or mechanical nature shall be placed by Tenant in the Premises in settings approved by Landlord, to absorb or prevent any vibration, noise and annoyance.

29. Tenant shall not use in any space or in the public halls of the Building, any hand trucks except those equipped with rubber tires and rubber side guards.

30. No auction, liquidation, fire sale, going-out-of-business or bankruptcy sale shall be conducted in the Premises without the prior written consent of Landlord.

31. No tenant shall use or permit the use of any portion of the Premises for living quarters, sleeping apartments or lodging rooms.

32. Tenant shall not purchase spring water, towels, janitorial or maintenance or other similar services from any company or persons not approved by Landlord. Landlord shall approve a sufficient number of sources of such services to provide Tenant with a reasonable selection, but only in such instances and to such extent as Landlord in its judgment shall consider consistent with the security and proper operation of the Building.

33. Tenant shall install and maintain, at Tenant's sole cost and expense, an adequate, visibly marked and properly operational fire extinguisher next to any duplicating or photocopying machines or similar heat producing equipment, which may or may not contain combustible material, in the Premises.

Landlord reserves the right at any time to change or rescind any one or more of these Rules and Regulations, or to make such other and further reasonable Rules and Regulations as in Landlord's judgment may from time to time be necessary for the management, safety, care and cleanliness of the Premises, Building, the Common Areas and the Project, and for the preservation of good order therein, as well as for the convenience of other occupants and tenants therein. Landlord may waive any one or more of these Rules and Regulations for the benefit of any particular tenants, but no such waiver by Landlord shall be construed as a waiver of such Rules and Regulations in favor of any other tenant, nor prevent Landlord from thereafter enforcing any such Rules or Regulations against any or all tenants of the Project. Tenant shall be deemed to have read these Rules and Regulations and to have agreed to abide by them as a condition of its occupancy of the Premises.

EXHIBIT E

ONE PASEO

FORM OF TENANT'S ESTOPPEL CERTIFICATE

The undersigned as Tenant under that certain Office Lease (the "Lease") made and entered into as of _____, 20 by and between _____ as Landlord, and the undersigned as Tenant, for Premises on the _____ floor(s) of the office building located at _____, _____, California _____, certifies as follows:

1. Attached hereto as Exhibit A is a true and correct copy of the Lease and all amendments and modifications thereto. The documents contained in Exhibit A represent the entire agreement between the parties as to the Premises.

2. The undersigned currently occupies the Premises described in the Lease, the Lease Term commenced on _____, and the Lease Term expires on _____, and the undersigned has no option to terminate or cancel the Lease or to purchase all or any part of the Premises, the Building and/or the Project.

3. Base Rent became payable on _____.

4. The Lease is in full force and effect and has not been modified, supplemented or amended in any way except as provided in Exhibit A.

5. Tenant has not transferred, assigned, or sublet any portion of the Premises nor entered into any license or concession agreements with respect thereto except as follows:

6. Tenant shall not modify the documents contained in Exhibit A without the prior written consent of Landlord's mortgagee.

7. All monthly installments of Base Rent, all Additional Rent and all monthly installments of estimated Additional Rent have been paid when due through _____. The current monthly installment of Base Rent is $_____.

8. All conditions of the Lease to be performed by Landlord necessary to the enforceability of the Lease have been satisfied and Landlord is not in default thereunder. In addition, the undersigned has not delivered any notice to Landlord regarding a default by Landlord thereunder.

9. No rental has been paid more than thirty (30) days in advance and no security has been deposited with Landlord except as provided in the Lease.

10. As of the date hereof, there are no existing defenses or offsets, or, to the undersigned's knowledge, claims or any basis for a claim, that the undersigned has against Landlord.

11. If Tenant is a corporation or partnership, each individual executing this Estoppel Certificate on behalf of Tenant hereby represents and warrants that Tenant is a duly formed and existing entity qualified to do business in California and that Tenant has full right and authority to execute and deliver this Estoppel Certificate and that each person signing on behalf of Tenant is authorized to do so.

12. There are no actions pending against the undersigned under the bankruptcy or similar laws of the United States or any state.

13. Other than in compliance with all applicable laws and incidental to the ordinary course of the use of the Premises, the undersigned has not used or stored any hazardous materials or substances in the Premises.

14. To the undersigned's knowledge, all improvement work to be performed by Landlord under the Lease has been completed in accordance with the Lease and has been accepted by the undersigned and all reimbursements and allowances due to the undersigned under the Lease in connection with any improvement work have been paid in full.

The undersigned acknowledges that this Estoppel Certificate may be delivered to Landlord or to a prospective mortgagee or prospective purchaser, and acknowledges that said prospective mortgagee or prospective purchaser will be relying upon the statements contained herein in making the loan or acquiring the property of which the Premises is a part and that receipt by it of this certificate is a condition of making such loan or acquiring such property.

Executed at _____ on the ____ day of _____, 20_ .

"Tenant":

,
a

By:
Name:
Its:

By:
Name:
Its:

EXHIBIT F

ONE PASEO

RECORDING REQUESTED BY
AND WHEN RECORDED RETURN TO:

ALLEN MATKINS LECK GAMBLE
MALLORY & NATSIS LLP
1901 Avenue of the Stars, 18th Floor
Los Angeles, California 90067
Attention: Anton N. Natsis, Esq.

**RECOGNITION OF COVENANTS,
CONDITIONS, AND RESTRICTIONS**

This Recognition of Covenants, Conditions, and Restrictions (this "**Agreement**") is entered into as of the __ day of _____, 20___, by and between _____ ("Landlord"), and _____ ("Tenant"), with reference to the following facts:

A. Landlord and Tenant entered into that certain Office Lease dated _____, 20__ (the "**Lease**"). Pursuant to the Lease, Landlord leased to Tenant and Tenant leased from Landlord space (the "**Premises**") located in an office building on certain real property described in **Exhibit A** attached hereto and incorporated herein by this reference (the "**Property**").

B. The Premises is located in an office building located on real property which is part of an area owned by Landlord containing approximately ___ (__) acres of real property located in the City of _____, California (the "**Project**"), as more particularly described in **Exhibit B** attached hereto and incorporated herein by this reference.

C. Landlord, as declarant, has previously recorded, or proposes to record concurrently with the recordation of this Agreement, a Declaration of Covenants, Conditions, and Restrictions (the "**Declaration**"), dated _____, 20___, in connection with the Project.

D. Tenant is agreeing to recognize and be bound by the terms of the Declaration, and the parties hereto desire to set forth their agreements concerning the same.

NOW, THEREFORE, in consideration of (a) the foregoing recitals and the mutual agreements hereinafter set forth, and (b) for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows,

1. Tenant's Recognition of Declaration. Notwithstanding that the Lease has been executed prior to the recordation of the Declaration, Tenant agrees to recognize and by bound by all of the terms and conditions of the Declaration.

2. Miscellaneous.

2.1 This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, estates, personal representatives, successors, and assigns.

2.2 This Agreement is made in, and shall be governed, enforced and construed under the laws of, the State of California.

2.3 This Agreement constitutes the entire understanding and agreements of the parties with respect to the subject matter hereof, and shall supersede and replace all prior understandings and agreements, whether verbal or in writing. The parties confirm and acknowledge that there are no other promises, covenants, understandings, agreements, representations, or warranties with respect to the subject matter of this Agreement except as expressly set forth herein.

2.4 This Agreement is not to be modified, terminated, or amended in any respect, except pursuant to any instrument in writing duly executed by both of the parties hereto.

2.5 In the event that either party hereto shall bring any legal action or other proceeding with respect to the breach, interpretation, or enforcement of this Agreement, or with respect to any dispute relating to any transaction covered by this Agreement, the losing party in such action or proceeding shall reimburse the prevailing party therein for all reasonable costs of litigation, including reasonable attorneys' fees, in such amount as may be determined by the court or other tribunal having jurisdiction, including matters on appeal.

2.6 All captions and heading herein are for convenience and ease of reference only, and shall not be used or referred to in any way in connection with the interpretation or enforcement of this Agreement.

2.7 If any provision of this Agreement, as applied to any party or to any circumstance, shall be adjudged by a court of competent jurisdictions to be void or unenforceable for any reason, the same shall not affect any other provision of this Agreement, the application of such provision under circumstances different from those adjudged by the court, or the validity or enforceability of this Agreement as a whole.

2.8 Time is of the essence of this Agreement.

2.9 The Parties agree to execute any further documents, and take any further actions, as may be reasonable and appropriate in order to carry out the purpose and intent of this Agreement.

2.10As used herein, the masculine, feminine or neuter gender, and the singular and plural numbers, shall each be deemed to include the others whenever and whatever the context so indicates.

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SIGNATURE PAGE OF RECOGNITION OF
COVENANTS, CONDITIONS AND RESTRICTIONS

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the day and year first above written.

"Landlord":

_____,
a _____

By:
Its:

"Tenant":

,
a

By:
Its:

By:
Its:

./
-/// -3- KILROY REALTY, L.P.

[ACADIA Pharmaceuticals Inc.]

EXHIBIT G

ONE PASEO

FORM OF LETTER OF CREDIT

(Letterhead of a money center bank acceptable to the Landlord)

IRREVOCABLE STANDBY LETTER OF CREDIT NUMBER _____

ISSUE DATE: _____

ISSUING BANK:
SILICON VALLEY BANK
3003 TASMAN DRIVE
2ND FLOOR, MAIL SORT HF210
SANTA CLARA, CALIFORNIA 95054

BENEFICIARY:
KILROY REALTY, L.P.
C/O KILROY REALTY CORPORATION
12200 W. OLYMPIC BLVD., SUITE 200
LOS ANGELES, CA 90064

APPLICANT:
ACADIA PHARMACEUTICALS INC
3611 VALLEY CENTRE DRIVE, SUITE 300
SAN DIEGO CA 92130

AMOUNT: […***…]

EXPIRATION DATE: ONE YEAR FROM ISSUE DATE

PLACE OF EXPIRATION: ISSUING BANK'S COUNTERS AT ITS ABOVE ADDRESS

LADIES AND GENTLEMEN:

WE HEREBY ESTABLISH OUR IRREVOCABLE STANDBY LETTER OF CREDIT NO. _____ IN YOUR FAVOR FOR THE ACCOUNT OF ACADIA PHARMACEUTICALS INC, UP TO THE AGGREGATE AMOUNT OF […***…] EFFECTIVE IMMEDIATELY AND EXPIRING ON _____, 2019. THIS LETTER OF CREDIT IS AVAILABLE UPON PRESENTATION OF YOUR DRAFT(S) AT SIGHT DRAWN ON SILICON VALLEY BANK WHEN ACCOMPANIED BY THE FOLLOWING DOCUMENTS:

1. THE ORIGINAL OF THIS LETTER OF CREDIT AND ALL AMENDMENT(S), IF ANY.

2. BENEFICIARY'S SIGNED STATEMENT SIGNED BY AN AUTHORIZED SIGNATORY OF THE BENEFICIARY STATING THE FOLLOWING:

(A) "THE UNDERSIGNED HEREBY CERTIFIES THAT THE LANDLORD, EITHER: (A) UNDER THE LEASE (DEFINED BELOW), OR (B) AS A RESULT OF THE TERMINATION

OF SUCH LEASE, HAS THE RIGHT TO DRAW DOWN THE AMOUNT OF US$ [INSERT AMOUNT IN NUMERALS AND WORDS] IN ACCORDANCE WITH THE TERMS OF THAT CERTAIN OFFICE LEASE DATED _____[INSERT DATE], AS THE SAME MAY HAVE BEEN AMENDED FROM TIME TO TIME (COLLECTIVELY, THE "LEASE"), OR SUCH AMOUNT CONSTITUTES DAMAGES OWING BY THE TENANT TO BENEFICIARY RESULTING FROM THE BREACH OF SUCH LEASE BY THE TENANT THEREUNDER, OR THE TERMINATION OF SUCH LEASE, AND SUCH AMOUNT REMAINS UNPAID AT THE TIME OF THIS DRAWING."

OR

(B) "THE UNDERSIGNED HEREBY CERTIFIES THAT WE HAVE RECEIVED A WRITTEN NOTICE OF SILICON VALLEY BANK'S ELECTION NOT TO EXTEND ITS STANDBY LETTER OF CREDIT NO. _____ AND WE HAVE NOT RECEIVED A REPLACEMENT LETTER OF CREDIT WITHIN AT LEAST SIXTY (60) DAYS PRIOR TO THE PRESENT EXPIRATION DATE."

OR

(C) "THE UNDERSIGNED HEREBY CERTIFIES THAT BENEFICIARY IS ENTITLED TO DRAW DOWN THE FULL AMOUNT OF IRREVOCABLE STANDBY LETTER OF CREDIT NO. _____ AS THE RESULT OF THE FILING OF A VOLUNTARY PETITION UNDER THE U.S. BANKRUPTCY CODE OR A STATE BANKRUPTCY CODE BY THE TENANT UNDER THAT CERTAIN OFFICE LEASE DATED [INSERT DATE], AS THE SAME MAY HAVE BEEN AMENDED (COLLECTIVELY, THE "LEASE"), WHICH FILING HAS NOT BEEN DISMISSED AT THE TIME OF THIS DRAWING."

OR

(D) "THE UNDERSIGNED HEREBY CERTIFIES THAT BENEFICIARY IS ENTITLED TO DRAW DOWN THE FULL AMOUNT OF IRREVOCABLE STANDBY LETTER OF CREDIT NO. _____ AS THE RESULT OF AN INVOLUNTARY PETITION HAVING BEEN FILED UNDER THE U.S. BANKRUPTCY CODE OR A STATE BANKRUPTCY CODE AGAINST THE TENANT UNDER THAT CERTAIN OFFICE LEASE DATED [INSERT DATE], AS THE SAME MAY HAVE BEEN AMENDED (COLLECTIVELY, THE "LEASE"), WHICH FILING HAS NOT BEEN DISMISSED AT THE TIME OF THIS DRAWING."

OR

(E) "THE UNDERSIGNED HEREBY CERTIFIES THAT BENEFICIARY IS ENTITLED TO DRAW DOWN THE FULL AMOUNT OF IRREVOCABLE STANDBY LETTER OF CREDIT NO. _____ AS THE RESULT OF THE REJECTION, OR DEEMED REJECTION, OF THAT CERTAIN OFFICE LEASE DATED _____[INSERT DATE], AS THE SAME MAY HAVE BEEN AMENDED FROM TIME TO TIME, UNDER SECTION 365 OF THE U.S. BANKRUPTCY CODE."

SPECIAL CONDITIONS:

PARTIAL DRAWINGS AND MULTIPLE PRESENTATIONS MAY BE MADE UNDER THIS STANDBY LETTER OF CREDIT, PROVIDED, HOWEVER, THAT EACH SUCH DEMAND THAT IS PAID BY US SHALL REDUCE THE AMOUNT AVAILABLE UNDER THIS STANDBY LETTER OF CREDIT.

ALL BANKING CHARGES ARE FOR THE APPLICANT'S ACCOUNT. ALL SIGNATURES MUST BE MANUALLY EXECUTED IN ORIGINALS.

WE AGREE THAT WE SHALL HAVE NO DUTY OR RIGHT TO INQUIRE AS TO THE BASIS UPON WHICH BENEFICIARY HAS DETERMINED THAT THE AMOUNT IS DUE AND OWING OR HAS DETERMINED TO PRESENT TO US ANY DRAFT UNDER THIS LETTER OF CREDIT, AND THE PRESENTATION OF SUCH DRAFT IN COMPLIANCE WITH THE TERMS AND CONDITIONS OF THIS LETTER OF CREDIT SHALL AUTOMATICALLY RESULT IN PAYMENT TO THE BENEFICIARY.

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THIS LETTER OF CREDIT SHALL BE AUTOMATICALLY EXTENDED FOR AN ADDITIONAL PERIOD OF ONE YEAR, WITHOUT AMENDMENT, FROM THE PRESENT OR EACH FUTURE EXPIRATION DATE UNLESS AT LEAST SIXTY (60) DAYS PRIOR TO THE THEN CURRENT EXPIRATION DATE WE SEND YOU A NOTICE BY REGISTERED MAIL OR OVERNIGHT COURIER SERVICE AT THE ABOVE ADDRESS (OR ANY OTHER ADDRESS INDICATED BY YOU, IN A WRITTEN NOTICE TO US THE RECEIPT OF WHICH WE HAVE ACKNOWLEDGE, AS THE ADDRESS TO WHICH WE SHOULD SEND SUCH NOTICE) THAT THIS LETTER OF CREDIT WILL NOT BE EXTENDED BEYOND THE CURRENT EXPIRATION DATE. IN NO EVENT SHALL THIS LETTER OF CREDIT BE AUTOMATICALLY EXTENDED BEYOND A FINAL EXPIRATION DATE OF _____[insert date 120 days from the Lease Expiration Date].

THE DATE THIS LETTER OF CREDIT EXPIRES IN ACCORDANCE WITH THE ABOVE PROVISION IS THE "FINAL EXPIRATION DATE". UPON THE OCCURRENCE OF THE FINAL EXPIRATION DATE THIS LETTER OF CREDIT SHALL FULLY AND FINALLY EXPIRE AND NO PRESENTATIONS MADE UNDER THIS LETTER OF CREDIT AFTER SUCH DATE WILL BE HONORED.

THIS LETTER OF CREDIT IS TRANSFERABLE ONE OR MORE TIMES, BUT IN EACH INSTANCE ONLY TO A SINGLE BENEFICIARY AS TRANSFEREE AND ONLY UP TO THE THEN AVAILABLE AMOUNT, ASSUMING SUCH TRANSFER TO SUCH TRANSFEREE WOULD BE IN COMPLIANCE WITH THEN APPLICABLE LAW AND REGULATION, INCLUDING BUT NOT LIMITED TO THE REGULATIONS OF THE U. S. DEPARTMENT OF TREASURY AND U. S. DEPARTMENT OF COMMERCE. AT THE TIME OF TRANSFER, THE ORIGINAL LETTER OF CREDIT AND ORIGINAL AMENDMENT(S), IF ANY, MUST BE SURRENDERED TO US AT OUR ADDRESS INDICATED IN THIS LETTER OF CREDIT TOGETHER WITH OUR TRANSFER FORM ATTACHED HERETO AS EXHIBIT "A" DULY EXECUTED. THE CORRECTNESS OF THE SIGNATURE AND TITLE OF THE PERSON SIGNING THE TRANSFER FORM MUST BE VERIFIED BY BENEFICIARY'S BANK. PROVIDED THAT IN LIEU OF SUCH BANK AUTHENTICATION, BENEFICIARY MAY PROVIDE THE ISSUING BANK WITH ALTERNATIVE DOCUMENTATION TO EVIDENCE THE SIGNER'S AUTHORITY TO EXECUTE THE TRANSFER INSTRUMENT ON BEHALF OF THE BENEFICIARY, SUCH AS AN INCUMBENCY CERTIFICATE OR OTHER DOCUMENTATION AS MAY BE REASONABLY SATISFACTORY TO THE ISSUING BANK. APPLICANT SHALL PAY OUR TRANSFER FEE OF US$1,000.00 UNDER THIS LETTER OF CREDIT. PAYMENT OF ANY TRANSFER FEES AND/OR ANY TRANSFER COST SHALL NOT BE A CONDITION PRECEDENT TO TRANSFER. EACH TRANSFER SHALL BE EVIDENCED BY OUR ENDORSEMENT ON THE REVERSE OF THE LETTER OF CREDIT AND WE SHALL FORWARD THE ORIGINAL OF THE LETTER OF CREDIT SO ENDORSED TO THE TRANSFEREE.

ALL DRAFTS REQUIRED UNDER THIS STANDBY LETTER OF CREDIT MUST BE MARKED: "DRAWN UNDER SILICON VALLEY BANK STANDBY LETTER OF CREDIT NO. _____."

WE HEREBY AGREE WITH YOU THAT IF DRAFTS ARE PRESENTED TO SILICON VALLEY BANK UNDER THIS LETTER OF CREDIT AT OR PRIOR TO 11:00 AM CALIFORNIA TIME, ON A BUSINESS DAY, AND PROVIDED THAT SUCH DRAFTS PRESENTED CONFORM TO THE TERMS AND CONDITIONS OF THIS LETTER OF CREDIT, PAYMENT SHALL BE INITIATED BY US IN IMMEDIATELY AVAILABLE FUNDS BY OUR CLOSE OF BUSINESS ON THE SUCCEEDING BUSINESS DAY. IF DRAFTS ARE PRESENTED TO SILICON VALLEY BANK UNDER THIS LETTER OF CREDIT AFTER 11:00 AM CALIFORNIA TIME, ON A BUSINESS DAY, AND PROVIDED THAT SUCH DRAFTS CONFORM TO THE TERMS AND CONDITIONS OF THIS LETTER OF CREDIT, PAYMENT SHALL BE INITIATED BY US IN IMMEDIATELY AVAILABLE FUNDS BY OUR CLOSE OF BUSINESS ON THE SECOND SUCCEEDING BUSINESS DAY. AS USED IN THIS LETTER OF CREDIT, "BUSINESS DAY" SHALL MEAN ANY DAY OTHER THAN A SATURDAY, SUNDAY OR A DAY ON WHICH BANKING INSTITUTIONS IN THE STATE OF CALIFORNIA ARE AUTHORIZED OR REQUIRED BY LAW TO CLOSE. IF THE EXPIRATION DATE FOR THIS LETTER OF CREDIT SHALL

EVER FALL ON A DAY WHICH IS NOT A BUSINESS DAY THEN SUCH EXPIRATION DATE SHALL AUTOMATICALLY BE EXTENDED TO THE DATE WHICH IS THE NEXT BUSINESS DAY.

PRESENTATION OF A DRAWING UNDER THIS LETTER OF CREDIT MAY BE MADE ON OR PRIOR TO THE THEN CURRENT EXPIRATION DATE HEREOF BY HAND DELIVERY, COURIER SERVICE, OVERNIGHT MAIL, OR FACSIMILE. PRESENTATION BY FACSIMILE TRANSMISSION SHALL BE BY TRANSMISSION OF THE ABOVE REQUIRED SIGHT DRAFT DRAWN ON US TOGETHER WITH BENEFICIARY'S SIGNED STATEMENT AS SPECIFIED ABOVE TO OUR FACSIMILE NUMBER, (408) 496-2418, 2418 OR (408) 969-6510; ATTENTION: STANDBY LETTER OF CREDIT NEGOTIATION SECTION, WITH TELEPHONIC CONFIRMATION OF OUR RECEIPT OF SUCH FACSIMILE TRANSMISSION AT OUR TELEPHONE NUMBER (408)654-6274 OR (408) 654-7716 OR TO SUCH OTHER FACSIMILE OR TELEPHONE NUMBERS, AS TO WHICH YOU HAVE RECEIVED WRITTEN NOTICE FROM US AS BEING THE APPLICABLE SUCH NUMBER. WE AGREE TO NOTIFY YOU IN WRITING, BY NATIONALLY RECOGNIZED OVERNIGHT COURIER SERVICE SUCH AS UPS OR FED-EX, OF ANY CHANGE IN SUCH DIRECTION. SHOULD BENEFICIARY WISH TO MAKE PRESENTATIONS UNDER THIS LETTER OF CREDIT ENTIRELY BY FACSIMILE TRANSMISSION IT NEED NOT TRANSMIT THIS LETTER OF CREDIT AND AMENDMENT(S), IF ANY. EACH FACSIMILE TRANSMISSION SHALL BE MADE AT OUR FACSIMILE NUMBERS SHOWN ABOVE WITH ORIGINALS TO FOLLOW BY OVERNIGHT COURIER SERVICE; PROVIDED, HOWEVER, THE BANK WILL DETERMINE HONOR OR DISHONOR ON THE BASIS OF PRESENTATION BY FACSIMILE ALONE, AND WILL NOT EXAMINE THE ORIGINALS. IN ADDITION, ABSENCE OF THE AFORESAID TELEPHONE ADVICE SHALL NOT AFFECT OUR OBLIGATION TO HONOR ANY DRAW REQUEST.

WE HEREBY ENGAGE WITH YOU THAT ALL DOCUMENT(S) DRAWN UNDER AND IN COMPLIANCE WITH THE TERMS OF THIS STANDBY LETTER OF CREDIT WILL BE DULY HONORED IF DRAWN AND PRESENTED FOR PAYMENT AT OUR OFFICE LOCATED AT SILICON VALLEY BANK, 3003 TASMAN DRIVE, 2ND FLOOR, MAIL SORT HF210, SANTA CLARA, CALIFORNIA 95054, ATTENTION: GLOBAL TRADE FINANCE - STANDBY LETTER OF CREDIT DEPARTMENT (THE "BANK'S OFFICE") ON OR BEFORE THE EXPIRATION DATE OF THIS CREDIT OR ANY AUTOMATICALLY EXTENDED EXPIRATION DATE.

IF ANY INSTRUCTIONS ACCOMPANYING A DRAWING UNDER THIS LETTER OF CREDIT REQUEST THAT PAYMENT IS TO BE MADE BY TRANSFER TO YOUR ACCOUNT WITH ANOTHER BANK, WE WILL ONLY EFFECT SUCH PAYMENT BY FEDWIRE TO A U.S. REGULATED BANK, AND WE AND/OR SUCH OTHER BANK MAY RELY ON AN ACCOUNT NUMBER SPECIFIED IN SUCH INSTRUCTIONS EVEN IF THE NUMBER IDENTIFIES A PERSON OR ENTITY DIFFERENT FROM THE INTENDED PAYEE.

IN THE EVENT THAT THE ORIGINAL OF THIS STANDBY LETTER OF CREDIT IS LOST, STOLEN, MUTILATED, OR OTHERWISE DESTROYED, WE HEREBY AGREE TO ISSUE A CERTIFIED TRUE COPY OF THIS LETTER OF CREDIT UPON RECEIPT OF A WRITTEN REQUEST FROM THE BENEFICIARY OR TRANSFEREE, AS APPLICABLE, TOGETHER WITH A DULY EXECUTED INDEMNITY LETTER IN THE FORM ATTACHED HERETO AS EXHIBIT "B" SIGNED BY AN AUTHORIZED SIFNATORY OF THE BENEFICIARY OR TRANSFEREE, AS APPLICABLE, FOLLOWED BY HIS/HER PRINTED NAME AND DESIGNATED SIGNATURE AUTHORITY.

EXCEPT SO FAR AS OTHERWISE EXPRESSLY STATED HEREIN, THIS STANDBY LETTER OF CREDIT IS SUBJECT TO THE "INTERNATIONAL STANDBY PRACTICES" (ISP 98) INTERNATIONAL CHAMBER OF COMMERCE (PUBLICATION NO. 590).

_____ _____

AUTHORIZED SIGNATURE AUTHORIZED SIGNATURE

EXHIBIT A
TRANSFER FORM

DATE: _____

TO: SILICON VALLEY BANK
3003 TASMAN DRIVE RE: IRREVOCABLE STANDBY LETTER OF CREDIT
SANTA CLARA, CA 95054 NO. _____ ISSUED BY
ATTN:INTERNATIONAL DIVISION. SILICON VALLEY BANK, SANTA CLARA
STANDBY LETTERS OF CREDIT L/C AMOUNT: _____

GENTLEMEN:

FOR VALUE RECEIVED, THE UNDERSIGNED BENEFICIARY HEREBY IRREVOCABLY TRANSFERS TO:

_____
(NAME OF TRANSFEREE)

_____
(ADDRESS)

ALL RIGHTS OF THE UNDERSIGNED BENEFICIARY TO DRAW UNDER THE ABOVE LETTER OF CREDIT UP TO ITS AVAILABLE AMOUNT AS SHOWN ABOVE AS OF THE DATE OF THIS TRANSFER.

BY THIS TRANSFER, ALL RIGHTS OF THE UNDERSIGNED BENEFICIARY IN SUCH LETTER OF CREDIT ARE TRANSFERRED TO THE TRANSFEREE. TRANSFEREE SHALL HAVE THE SOLE RIGHTS AS BENEFICIARY THEREOF, INCLUDING SOLE RIGHTS RELATING TO ANY AMENDMENTS, WHETHER INCREASES OR EXTENSIONS OR OTHER AMENDMENTS, AND WHETHER NOW EXISTING OR HEREAFTER MADE. ALL AMENDMENTS ARE TO BE ADVISED DIRECTLY TO THE TRANSFEREE WITHOUT NECESSITY OF ANY CONSENT OF OR NOTICE TO THE UNDERSIGNED BENEFICIARY.

THE ORIGINAL OF SUCH LETTER OF CREDIT IS RETURNED HEREWITH, AND WE ASK YOU TO ENDORSE THE TRANSFER ON THE REVERSE THEREOF, AND FORWARD IT DIRECTLY TO THE TRANSFEREE WITH YOUR CUSTOMARY NOTICE OF TRANSFER.

SIGNATURE AUTHENTICATED
The names(s), title(s), and signature(s) conform to that/those on file with us for the company and the signature(s) is/are authorized to execute this instrument.

_____
(Name of Bank)

_____
(Address of Bank)

_____
(City, State, Zip Code)

_____
(Print Authorized Name and Title)

_____
(Authorized Signature)

_____
(Telephone Number)

_____
(BENEFICIARY'S NAME)
By:_____
Printed Name:_____
Title:_____

IRREVOCABLE STANDBY LETTER OF CREDIT NUMBER _____

EXHIBIT B

_____, 20___

Silicon Valley Bank
3003 Tasman Drive
Santa Clara, CA 95054
Attn: Standby Letters of Credit Department

Re: Irrevocable Standby Letter of Credit No. SVBSF_____

Ladies and Gentlemen:

The undersigned ("Beneficiary") is the beneficiary under Irrevocable Standby Letter of Credit **No. SVBSF_____** issued by Silicon Valley Bank ("Bank") upon the request of _____ (together with all amendments issued to such letter of credit, the "Standby L/C"). Beneficiary cannot locate the executed original of the Standby L/C (the "Original Standby L/C") and has requested that Bank issue a certified true copy of the Standby L/C ("Certified True Copy") to replace the Original Standby L/C. Beneficiary understands that Bank is willing to grant Beneficiary's request to issue the Certified True Copy so long as Beneficiary agrees to execute this letter agreement for Bank's benefit.

In consideration of Bank's willingness to issue the Certified True Copy, Beneficiary agrees as follows:

1. If Beneficiary locates the Original Standby L/C, it will not draw any draft(s) or make any demand(s) upon Bank thereunder, but will promptly deliver to Bank the Original Standby L/C, marked "CANCELED", and signed and dated by its duly authorized representative, for disposition by Bank.

2. Beneficiary represents and warrants that it has not encumbered, assigned, or otherwise transferred its interest in the Standby L/C or delivered the Original Standby L/C to any other person or entity.

3. Beneficiary will indemnify and save Bank harmless from and against any and all claims, judgments, demands, losses, damages, actions, liabilities, costs and expenses, including, without limitation, attorneys' fees, which Bank at any time may suffer, sustain or incur in connection with the missing Original Standby L/C (collectively, "Claims"), including, without limitation, any presentation for payment of any draft(s) or demand(s) drawn under the Original Standby L/C by a holder in due course or a bonafide purchaser for value of the Original Standby L/C, or any other draw requests, presentments or any other claims made on the Original Standby L/C regardless of the party making such draw requests, presentments or any other claims made (including Beneficiary and/or any of its agents, successors and assigns). This indemnity shall include, without limitation, the face amount of the Original Standby L/C if Bank is required by law to pay same to a holder in due course or a bonafide purchaser for value of the Original Standby L/C and/or any presentation thereunder or proceeds thereof. Beneficiary will pay, within thirty (30) days of receipt of written request from Bank, all sums requested by Bank as indemnity for Bank's Claims.

4. Upon the effectiveness of this letter agreement, Beneficiary irrevocably releases Bank from any obligation to it under the Original Standby L/C.

Beneficiary has executed this letter agreement by its duly authorized representative on the date hereof and this letter agreement shall be deemed to be effective as of such date.

Yours truly,

_____

(Beneficiary)
Authorized Signature: _____
Name & Title: _____

SIGNATURE AUTHENTICATED

The signature of Beneficiary conforms to that on file with us in the Signature Specimen Card of the Beneficiary for Loans and Guarantee.

_____
(Name of bank)

By:_____
(Authorized Signature) **

_____
(Title)

_____
(Telephone Number)

_____
(Address of bank)

** VERIFICATION OF BENEFICIARY'S SIGNATURE(S) BY A NOTARY PUBLIC IS UNACCEPTABLE.

EXHIBIT H

ONE PASEO

MARKET RENT DETERMINATION FACTORS

When determining Market Rent, the following rules and instructions shall be followed.

1. **RELEVANT FACTORS**. The "**Market Rent**," as used in this Lease, shall be derived from an analysis (as such derivation and analysis are set forth in this **Exhibit H**) of the "Net Equivalent Lease Rates," of the "Comparable Transactions" (as that term is defined below). The Market Rent, as used in this Lease, shall be equal to the annual Net Equivalent Lease Rate rent per rentable square foot, at which tenants, are, pursuant to transactions consummated within fifteen (15) months prior to the commencement of the Option Term, provided that timing adjustments shall be made to reflect any scheduled changes (i.e., annual rent bumps) in the Market Rent following the date of any particular Comparable Transaction up to the date of the commencement of the applicable Option Term, leasing non-sublease, non-encumbered space comparable in location and quality to the Premises containing a square footage comparable to that of the Premises for a term of at least five (5) years, in an arm's-length transaction, which comparable space is located in "Comparable Buildings" (transactions satisfying the foregoing criteria shall be known as the "**Comparable Transactions**"). The terms of the Comparable Transactions shall be calculated as a "Net Equivalent Lease Rate" pursuant to the terms of this **Exhibit H**, and shall take into consideration only the following terms and concessions (collectively, "**Concessions**"): (i) the rental rate and escalations for the Comparable Transactions, (ii) the amount of parking rent per parking permit paid in the Comparable Transactions, if any, (iii) operating expense and tax protection granted in such Comparable Transactions such as a base year or expense stop (although for each such Comparable Transaction the base rent shall be adjusted to a triple net base rent using reasonable estimates of operating expenses and taxes for each such Comparable Transaction); (iv) rental abatement concessions, if any, being granted such tenants in connection with such comparable space, (v) any ""improvements or allowances provided or to be provided in the Comparable Transactions, taking into account the contributory value of the existing improvements in the Premises, such value to be based upon the age, design, quality of finishes, and layout of the existing improvements, and (vi) all other monetary concessions (including the value of any signage), if any, being granted such tenants in connection with such Comparable Transactions. Notwithstanding any contrary provision hereof, in determining the Market Rent, no consideration shall be given to (A) any period of rental abatement, if any, granted to tenants in Comparable Transactions in connection with the design, permitting and construction of improvements, or (B) any commission paid or not paid in connection with such Comparable Transaction. The square footage of the Premises shall be restated as determined pursuant to the standards of space measurement used in the Comparable Transactions.

2. **TENANT SECURITY**. The Market Rent shall additionally include a determination as to whether, and if so to what extent, Tenant must provide Landlord with financial security, such as an enhanced security deposit, a letter of credit or guaranty, for Tenant's Rent obligations during the Option Term. Such determination shall be made by reviewing the extent of financial security then generally being imposed in Comparable Transactions from tenants of comparable financial condition and credit history to the then existing financial condition and credit history of Tenant (with appropriate adjustments to account for differences in the then-existing financial condition of Tenant and such other tenants, and giving reasonable consideration to Tenant's prior performance history during the Lease Term).

3. **RENEWAL IMPROVEMENT ALLOWANCE**. Notwithstanding anything to the contrary set forth in this **Exhibit H**, once the Market Rent for the Option Term is determined as a Net Equivalent Lease Rate, if, in connection with such determination, it is deemed that Tenant is entitled to an improvement or comparable allowance for the improvement of the Premises, (the total dollar value of such allowance shall be referred to herein as the "**Renewal Allowance**"), Landlord shall pay the Renewal Allowance to Tenant pursuant to a commercially reasonable disbursement procedure determined by Landlord and the terms of Article 8 of this Lease, and, as set forth in Section 5, below, of this **Exhibit H**, the rental rate component of the Market Rent shall be increased to be a rental rate which takes into consideration that Tenant will receive payment of such Renewal Allowance and, accordingly, such payment with interest shall be factored into the base rent component of the Market Rent.

4. **COMPARABLE BUILDINGS**. For purposes of this Lease, the term "**Comparable Buildings**" shall mean first-class multi-tenant occupancy office buildings which are comparable to the Building in terms of age (based upon the date of completion of construction or major renovation), quality of construction, level of services and amenities (including, but not limited to, the type (e.g., surface, covered, subterranean) and amount of parking), size and appearance, and are located in the "**Comparable Area**." For purposes of this Lease, the "Comparable "Comparable Area," shall be the area containing Comparable Buildings which are within an area bounded by State Road 56 on the South side, Del Mar Heights Road on the North side, Camino Del Sur on the East side, and Interstate 5 on the West side; provided, however to the extent there are less than five (5) resulting Comparable Transactions within the Comparable Area, then notwithstanding that the same are not located within the Comparable Area, the buildings located at (i) 4575 La Jolla Village Drive, San Diego CA 92122, and (ii) 4545 La Jolla Village Drive, San Diego CA 92122, shall be deemed to be Comparable Buildings for purposes of identifying Comparable Transactions.

5. **METHODOLOGY FOR REVIEWING AND COMPARING THE COMPARABLE TRANSACTIONS**. In order to analyze the Comparable Transactions based on the factors to be considered in calculating Market Rent, and given that the Comparable Transactions may vary in terms of length of term, rental rate, concessions, etc., the following steps shall be taken into consideration to "adjust" the objective data from each of the Comparable Transactions. By taking this approach, a "Net Equivalent Lease Rate" for each of the Comparable Transactions shall be determined using the following steps to adjust the Comparable Transactions, which will allow for an "apples to apples" comparison of the Comparable Transactions.

5.1 The contractual rent payments for each of the Comparable Transactions should be arrayed monthly or annually over the lease term. All Comparable Transactions should be adjusted to simulate a net rent structure, wherein the tenant is responsible for the payment of all property operating expenses in a manner consistent with this Lease. This results in the estimate of Net Equivalent Rent received by each landlord for each Comparable Transaction being expressed as a periodic net rent payment.

5.2 Any free rent or similar inducements received over time should be deducted in the time period in which they occur, resulting in the net cash flow arrayed over the lease term.

5.3 The resultant net cash flow from the lease should then be discounted (using an 8% annual discount rate) to the lease commencement date, resulting in a net present value estimate.

5.4 From the net present value, up front inducements (improvements allowances and other concessions) should be deducted. These items should be deducted directly, on a "dollar for dollar" basis, without discounting since they are typically incurred at lease commencement, while rent (which is discounted) is a future receipt.

5.5 The resulting net present value, with up front inducements deducted as indicated in Section 5.4 above, should then be amortized back over the lease term as a level monthly or annual net rent payment using the same annual discount rate of 8.0% used in the present value analysis. This calculation will result in a hypothetical level or even payment over the option period, termed the "Net Equivalent Lease Rate" (or constant equivalent in general financial terms).

6. **USE OF NET EQUIVALENT LEASE RATES FOR COMPARABLE TRANSACTIONS**. The Net Equivalent Lease Rates for the Comparable Transactions shall then be used to reconcile to a conclusion of Market Rent which shall be stated as a "NNN" lease rate applicable to each year of the Option Term, which reconciliation shall be performed (i) in a manner usual and customary for a real estate appraisal process, and (ii) to take into account, and adjust for, the three percent (3%) annual increases identified in Section 2.2.2(ii) of the Lease.

EXHIBIT I

FORM OF LEASE AGREEMENT FOR SUBLEASE PREMISES

This LEASE AGREEMENT (this "**Lease**") is made and entered into as of [___] (the "**Effective Date**"), by and between KILROY REALTY, L.P., a Delaware limited partnership ("**Landlord**"), and ACADIA PHARMACEUTICALS INC., a Delaware corporation ("**Tenant**").

R E C I T A L S:

A. Tenant is currently the "Subtenant" under that certain Sublease Agreement dated as of October 17, 2016 (the "**Sublease**"), by and between BRAIN CORPORATION, a California Corporation ("**Brain**"), as Sublandlord, and Tenant, as Subtenant. A copy of the Sublease is attached hereto as **Exhibit A**. Pursuant to the Sublease, Tenant leased the "Sublease Premises" consisting of approximately 26,437 rentable square feet of space, commonly known as Suite 400 and comprising [a portion / the entirety] of the fourth (4th) floor of that certain building located at 3611 Valley Centre Drive, San Diego, California 92130 (the "**Building**").

B. The Sublease was made under that certain Office Lease dated as of October 5, 2012 (as the same may have been amended, the "**Master Lease**") between Landlord and Brain, with respect to certain premises constituting the entirety of such Sublease Premises.

C. The Master Lease is scheduled to expire on May 31, 2020. Landlord and Tenant desire that, immediately upon such expiration, Tenant will lease the Sublease Premises directly from Landlord on the terms and conditions of this Lease.

A G R E E M E N T:

NOW, THEREFORE, in consideration of the foregoing recitals and the mutual covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. **Lease of Premises**. As of Effective Date, Landlord hereby leases to Tenant, and Tenant hereby leases from Landlord, the Sublease Premises (hereinafter referred to as the "**Premises**").

2. **Condition of Premises**. Tenant acknowledges that Tenant has been occupying the Premises pursuant to the Sublease, and accordingly Tenant continues to accept the Premises in its presently existing, "as is" condition. Notwithstanding any contrary provision of the Sublease (or Master Lease, as applicable), Landlord shall not be obligated to provide or pay for any improvement work or services related to the improvement of the Premises. For purposes of Section 1938 of the California Civil Code, Landlord hereby discloses to Tenant, and Tenant hereby acknowledges, that the Project, Building and Premises have not undergone inspection by a Certified Access Specialist (CASp).

As required by Section 1938(e) of the California Civil Code, Landlord hereby states as follows: "A Certified Access Specialist (CASp) can inspect the subject premises and determine whether the subject premises comply with all of the applicable construction-related accessibility standards under state law. Although state law does not require a CASp inspection of the subject premises, the commercial property owner or lessor may not prohibit the lessee or tenant from obtaining a CASp inspection of the subject premises for the occupancy or potential occupancy of the lessee or tenant, if requested by the lessee or tenant. The parties shall mutually agree on the arrangements for the time and manner of the CASp inspection, the payment of the fee for the CASp inspection, and the cost of making any repairs necessary to correct violations of construction-related accessibility standards within the premises." In furtherance of the foregoing, Landlord and Tenant hereby agree as follows: (a) any CASp inspection requested by Tenant shall be conducted, at Tenant's sole cost and expense, by a CASp designated by Landlord, subject to Landlord's reasonable rules and requirements; (b) Tenant, at its sole cost and expense, shall be responsible for making any improvements or repairs within the Premises to correct violations of construction-related accessibility standards identified by such Tenant-requested CASp inspection; and (c) if anything done by or for Tenant in its use or occupancy of the Premises shall require any improvements or repairs to the Building or Project (outside the Premises) to correct violations of construction-related accessibility standards identified by such Tenant-requested CASp inspection,

then Tenant shall reimburse Landlord upon demand, as Additional Rent, for the cost to Landlord of performing such improvements or repairs.

3. **Terms of Lease**. Tenant's lease of the Premises shall be on all of the terms and conditions of the Sublease (and applicable provisions of the Master Lease, as provided under Section 2 of the Sublease), as if Landlord were the Sublandlord and Tenant were the Subtenant thereunder, and as if the Premises were the Sublease Premises, except as otherwise provided in this Lease, and accordingly, the Sublease (and applicable terms of the Master Lease) is hereby incorporated herein by reference. In the event of any conflict between the terms contained in the Sublease (or Master Lease, as applicable) and this Lease, the terms of this Lease shall apply.

4. **Lease Term**. The term of this Lease (the "**Lease Term**") shall commence on the day immediately following the expiration (May 31, 2020) or earlier termination of the Sublease, and expire (unless sooner terminated as set forth in this Lease) on the earlier to occur of (i) December 31, 2020, and (ii) the "Lease Commencement Date" pursuant to that certain Office Lease dated as of even date herewith between Landlord and Tenant (the "**12830 El Camino Real Lease**") with regard to premises (the "**12830 ECR Premises**") more particularly identified in such 12830 El Camino Real Lease and located at the building to be known as 12830 El Camino Real being constructed by Landlord (*i.e., the date thirty (30) days following the date such 12830 ECR Premises are "Ready for Occupancy," as that term is set forth in Section 5.1 of the Work letter attached as **Exhibit B** to such 12830 El Camino Real Lease*); provided, however, to the extent such Lease Commencement Date has not occurred by December 31, 2020 for reasons other than the Tenant-caused delays identified in Section 5.2 of the Work Letter attached as **Exhibit B** to such 12830 El Camino Real Lease, then the Lease Term shall expire on such Lease Commencement Date (as opposed to December 31, 2020).

5. **Base Rental**. During the Lease Term, Tenant shall pay Base Rent to Landlord at a rate of […***…] per rentable square foot per month (i.e., […***…] per month).

6. **Operating Expenses**. Tenant shall continue to be obligated to pay Operating Expenses attributable to the Premises during the Lease Term pursuant to Section 4(c) of the Sublease and Article 4 of the Master Lease.

7. **No Options**. Notwithstanding any contrary provision of the Sublease or Master Lease, Tenant shall have no option or right to expand, contract, extend or terminate the Lease Term.

8. **Notices**. Notwithstanding anything to the contrary set forth in the Lease, effective as of the date of this Lease, any Notices to Landlord or Tenant, as applicable, must be sent, transmitted, or delivered, as the case may be, to the following addresses:

To Landlord: Kilroy Realty, L.P.

c/o Kilroy Realty Corporation
12200 West Olympic Boulevard, Suite 200
Los Angeles, California 90064
Attention: Legal Department

with copies to:
Kilroy Realty Corporation
12200 West Olympic Boulevard, Suite 200
Los Angeles, California 90064
Attention: Mr. John Fucci

and

Kilroy Realty, L.P.
12270 El Camino Real, Suite 250
San Diego, California 92130
Attention: Mr. Nelson Ackerly

and

Allen Matkins Leck Gamble Mallory & Natsis LLP
1901 Avenue of the Stars, Suite 1800
Los Angeles, California 90067
Attention: Anton N. Natsis, Esq.
And, for sustainability-related notices only:

Kilroy Realty Corporation
12200 West Olympic Boulevard, Suite 200
Los Angeles, California 90064
Attention: Sara Neff, SVP, Sustainability

To Tenant: ACADIA Pharmaceuticals Inc.

3611 Valley Center Drive, Suite 400
San Diego, California 92130
Attention: Lynne Buhl
Telephone Number: (858) 320-8643
E-mail: lbuhl@ACADIA-pharm.com
(Prior to Lease Commencement Date)

with a copy to:

ACADIA Pharmaceuticals Inc.
3611 Valley Center Drive, Suite 400
San Diego, California 92130
Attention: Austin Kim, Esq.
Telephone Number: (858) 202-7599
E-mail: akim@ACADIA-pharm.com
(Prior to Lease Commencement Date)

And:

ACADIA Pharmaceuticals Inc.
12830 El Camino Real, Suite 500
San Diego, California 92130
Attention: Lynne Buhl
Telephone Number: (858) 320-8643
E-mail: lbuhl@ACADIA-pharm.com
(After Lease Commencement Date)

with a copy to:

ACADIA Pharmaceuticals Inc.
12830 El Camino Real, Suite 500
San Diego, California 92130
Attention: Austin Kim, Esq.
Telephone Number: (858) 202-7599
E-mail: akim@ACADIA-pharm.com
(After Lease Commencement Date)

9. **Security Deposit**. The terms of Section 5 of the Sublease shall not apply to this Lease, there being no security deposit obligation of Tenant in connection with this Lease.

10. **Brokers**. Landlord and Tenant hereby warrant to each other that they have had no dealings with any real estate broker or agent in connection with the negotiation of this Lease, and that they know of no real estate broker or agent other than Savills Studley, Inc. (representing Tenant) and Cushman & Wakefield (representing Landlord) (collectively, the "**Brokers**") who is entitled to a commission in connection with this Lease. Landlord shall pay the Brokers in connection with this Lease pursuant to a separate commission agreement. Each party agrees to indemnify and defend the other party against and hold the other party harmless from any and all claims, demands, losses, liabilities, lawsuits, judgments, and costs and expenses (including, without limitation, reasonable attorneys' fees) with respect to any leasing commission or equivalent compensation alleged to be owing on account of the indemnifying party's dealings with

any other real estate broker or agent (i.e., other than the Brokers). The terms of this Section 10 shall survive the expiration or earlier termination of this Lease.

11. **Prohibited Persons; Foreign Corrupt Practices Act and Anti-Money Laundering**. Neither Tenant nor any of its affiliates, nor any of their respective members, partners or other equity holders known to Tenant, and none of their respective officers, directors or managers is, nor prior to or during the Lease Term, will they become a person or entity with whom U.S. persons or entities are restricted from doing business under (a) the Patriot Act (as defined below), (b) any other requirements contained in the rules and regulations of the Office of Foreign Assets Control, Department of the Treasury ("**OFAC**") (including any "blocked" person or entity listed in the Annex to Executive Order Nos. 12947, 13099 and 13224 and any modifications thereto or thereof or any other person or entity named on OFAC's Specially Designated Blocked Persons List) or (c) any other U.S. statute, Executive Order (including the September 24, 2001, Executive Order Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit or Support Terrorism) or other governmental action (collectively, "**Prohibited Persons**"). Prior to and during the Second Extended Term, Tenant, and to Tenant's knowledge, its employees and any person acting on its behalf have at all times fully complied with, and are currently in full compliance with, the Foreign Corrupt Practices Act of 1977 and any other applicable anti-bribery or anti-corruption laws. Tenant is not entering into this Lease, directly or indirectly, in violation of any laws relating to drug trafficking, money laundering or predicate crimes to money laundering. As used herein, "**Patriot Act**" shall mean the USA Patriot Act of 2001, 107 Public Law 56 (October 26, 2001) and all other statutes, orders, rules and regulations of the U.S. government and its various executive departments, agencies and offices interpreting and implementing the Patriot Act.

12. **Signatures**. The parties hereto consent and agree that this Lease may be signed and/or transmitted by facsimile, e-mail of a .pdf document or using electronic signature technology (e.g., via DocuSign or similar electronic signature technology), and that such signed electronic record shall be valid and as effective to bind the party so signing as a paper copy bearing such party's handwritten signature. The parties further consent and agree that (1) to the extent a party signs this Lease using electronic signature technology, by clicking "SIGN", such party is signing Lease electronically, and (2) the electronic signatures appearing on this Lease shall be treated, for purposes of validity, enforceability and admissibility, the same as handwritten signatures.

13. **Conflict; No Further Modification**. In the event of any conflict between the Sublease (incorporating the applicable provisions of the Master Lease) and this Lease, the terms and provisions of this Lease shall prevail. Except as specifically set forth in this Lease, all of the terms and provisions of the Sublease (incorporating the applicable provisions of the Master Lease) shall remain unmodified and in full force and effect.

IN WITNESS WHEREOF, this Lease has been executed as of the day and year first above written.

"LANDLORD"

KILROY REALTY, L.P.,
a Delaware limited partnership

By: KILROY REALTY CORPORATION,
a Maryland corporation,
general partner

By:
Name:
Its:

By:
Name:
Its:

"TENANT"

ACADIA PHARMACEUTICALS INC.,
a Delaware corporation

By:
Name:
Its:

By:
Name:
Its:

OFFICE LEASE
KILROY REALTY

ONE PASEO

KILROY REALTY, L.P.,

a Delaware limited partnership,

as Landlord,

and

ACACIA PHARMACEUTICALS INC.,

a Delaware corporation,

as Tenant.

./
-/// KILROY REALTY, L.P.

[ACADIA Pharmaceuticals Inc.]

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CERTAIN CONFIDENTIAL INFORMATION CONTAINED IN THIS DOCUMENT, MARKED BY [***], HAS BEEN OMITTED BECAUSE IT IS BOTH (I) NOT MATERIAL AND (II) IS THE TYPE THAT THE REGISTRANT TREATS AS PRIVATE OR CONFIDENTIAL

Execution Version

ASSET PURCHASE AGREEMENT
BY AND BETWEEN
[***]
AND
ACADIA PHARMACEUTICALS INC.
November 5, 2024

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ASSET PURCHASE AGREEMENT

This ASSET PURCHASE AGREEMENT (this "***Agreement***") is made and entered into as of November 5, 2024 (the "***Effective Date***"), by and between **[***]** ("***Buyer***"), and **ACADIA PHARMACEUTICALS INC.**, a company organized under the laws of the State of Delaware ("***Seller***"). Buyer and Seller may hereinafter be referred to individually as a "***Party***" and collectively as the "***Parties***."

RECITALS

WHEREAS, Seller and Buyer each desire that Buyer purchase from Seller, and Seller sell, transfer and assign to Buyer, the Purchased Assets (as defined below), all on the terms set forth herein (such transaction, the "***Asset Purchase***").

WHEREAS, Seller and Buyer desire to make certain representations, warranties, covenants and other agreements as set forth herein in connection with the Asset Purchase contemplated by this Agreement.

NOW, THEREFORE, in consideration of the foregoing and their mutual undertakings hereinafter set forth, and intending to be legally bound, the Parties agree as follows:

ARTICLE 1
DEFINITIONS

1.1 Certain Definitions. As used in this Agreement, the following capitalized terms shall have the meanings indicated below:

(a) "***Action***" means any claim, audit, examination, action, cause of action or suit (whether in contract or tort or otherwise), litigation (whether at law or in equity, whether civil, criminal, administrative or judicial or whether formal or informal, public or private), assessment, arbitration, mediation, investigation, hearing, charge, complaint, demand, notice or proceeding, commenced, brought, conducted or heard by or before or otherwise involving, any Governmental Entity or arbitrator.

(b) "***Affiliate***" means any Person which, directly or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, a Party to this Agreement, for so long as such control exists, whether such Person is or becomes an Affiliate on or after the Effective Date. A Person shall be deemed to "control" another Person if it: (i) owns, directly or indirectly, beneficially or legally, at least [***] of the outstanding capital stock, voting securities or other ownership interest (or such lesser percentage which is the maximum allowed to be owned by such Person in a particular jurisdiction) of such other Person (or, with respect to a limited partnership or other similar entity, its general partner or controlling entity) or (ii) has the power, whether pursuant to Contract, ownership of securities or otherwise, to direct the management and policies of such other Person.

(c) "***Agreement***" has the meaning set forth in the Preamble.

(d) "***Alternative Transaction***" means, other than the transactions contemplated by this Agreement, any proposal or offer from any Person or group of Persons (other than Buyer or

its Affiliates or their respective Representatives) for any acquisition by, or transfer, assignment, encumbrance, license or other grant of rights or disposition to, such Person or group of Persons of any right, title or interest in or to the Purchased Assets; provided, that "***Alternative Transaction***" shall not include any direct or indirect acquisition of substantially all of Seller's assets or a majority of the direct or indirect equity interests in Seller (whether through a stock purchase, merger, sale of all or substantially all assets or otherwise) so long as such acquisition provides that this Agreement continues to be binding, enforceable and in full force and effect on the same terms in effect as of the Effective Date.

(e) "***Antitrust Approval"*** has the meaning set forth in Section 5.3(b).

(f) "***Approval Letter***" means, the letter, dated March 10, 2023 from the FDA to Seller, reflecting the FDA Approval and the grant of the Priority Review Voucher, attached hereto as Exhibit A.

(g) "***Asset Purchase***" has the meaning set forth in the Recitals.

(h) "***Business Day***" means a day (i) other than Saturday or Sunday and (ii) on which commercial banks are open for business in New York, New York, United States.

(i) "***Buyer Indemnified Party***" has the meaning set forth in Section 8.1(a).

(j) "***Closing***" has the meaning set forth in Section 2.3.

(k) "***Closing Date***" has the meaning set forth in Section 2.3.

(l) "***Confidential Information***" means [***].

(m) "***Confidentiality Agreement***" means that certain Confidential Disclosure Agreement by and between Seller and [***], effective [***].

(n) "***Consent***" means any and all filings, authorizations, consents, approvals, notices, permits, orders, registrations or declarations.

(o) "***Contract***" means any written or oral legally binding contract, agreement, instrument, commitment or undertaking (including leases, licenses, mortgages, notes, guarantees, sublicenses, subcontracts and purchase orders).

(p) "***CPR Mediation Procedure***" has the meaning set forth in Section 9.8.

(q) "***Dispute***" has the meaning set forth in Section 9.8.

(r) "***DOJ***" means the United States Department of Justice.

(s) "***Encumbrance***" means any lien, pledge, charge, mortgage, owner's mortgage, easement, encroachment, imperfection of title, title exception, title defect, right of possession, right of negotiation or refusal, leasehold interest, security interest, encumbrance, adverse claim, interference, or other restriction on transfer, ownership or use.

(t) "***Excluded Liabilities***" has the meaning set forth in Section 2.1(b).

(u) "***FDA***" means the U.S. Food and Drug Administration.

(v) "***FDA Approval***" means the marketing authorization issued by the FDA to Seller relating to NDA 217026 for Daybue (trofinetide) oral solution in accordance with Section 505(b)(1) of the FFDCA on March 10, 2023.

(w) "***FFDCA***" means the United States Federal Food, Drug, and Cosmetic Act, 21 U.S.C. § 301 et seq., as amended from time to time, together with any rules, regulations and requirements promulgated thereunder (including all additions, supplements, extensions, and modifications thereto).

(x) "***FTC***" means the United States Federal Trade Commission.

(y) "***Fundamental Representations***" means the representations and warranties contained in Section 3.1(Organization; Standing and Power), Section 3.2 (Due Authority), Section 3.3(b)(i) (No Contravention), Section 3.5 (Title to Purchased Assets), Section 3.7 (Compliance with Legal Requirements), Section 3.8 (Regulatory Compliance), Section 3.11 (Revocation; Use of Purchased Assets), Section 3.12 (Marketed Product) and Section 3.13 (Brokers).

(z) "***Governmental Entity***" means any supranational, national, state, municipal, local or foreign government, any court, tribunal, arbitrator, administrative agency, commission or other governmental official, authority or instrumentality, in each case whether domestic or foreign, any stock exchange or similar self-regulatory organization or any quasi-governmental, private body or arbitral body with legal authority to exercise any executive, legislative, judicial, quasi-judicial, regulatory, taxing, importing, administrative or other governmental or quasi-governmental authority under applicable Law.

(aa) "***HSR Act***" means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended from time to time, and the rules and regulations promulgated thereunder.

(bb) "***Indemnified Party***" means any of the Buyer Indemnified Parties or Seller Indemnified Parties, as applicable.

(cc) "***Indemnifying Party***" means any Person against whom a claim for indemnification is being asserted under any provision of Article 8.

(dd) "***JVLA***" means the Joint Venture and License Agreement, July 13, 2023, between Neuren Pharmaceuticals Limited and Seller.

(ee) "***Judgment***" means any orders, writs, injunctions, awards, judgments, settlements, stipulations, determinations and decrees entered by or with any Governmental Entity.

(ff) "***Knowledge***" means, [***].

(gg) "***Law***" means any federal, state, foreign, local, municipal or other law, statute, constitution, principle of common law, resolution, ordinance, code, edict, decree, rule,

regulation, ruling or requirement issued, enacted, adopted, promulgated, implemented or otherwise put into effect by or under the authority of any Governmental Entity.

(hh) "***Legal Requirement***" means any Law, or any Judgment, or any license, franchise, authorization of any Governmental Entity or similar right granted under any of the forgoing, or any similar provision having the force or effect of Law applicable to a Party or to any of its assets, properties or businesses. Legal Requirements shall include, with respect to Seller or its Affiliates, any responsibilities, requirements, parameters, conditions or obligations relating to the Priority Review Voucher set forth in (i) the Approval Letter, (ii) any other correspondence received by Seller or its Affiliates from the FDA regarding the Priority Review Voucher, or (iii) the FFDCA, including the FDA's interpretation of the FFDCA as set forth in the FDA's Draft Guidance, "Rare Pediatric Disease Priority Review Vouchers – Guidance for Industry" (July 2019) (**"*Rare Pediatric Disease Priority Review Vouchers Draft Guidance*"**).

(ii) "***Liabilities***" means [***].

(jj) "***Losses***" means [***].

(kk) "***Market,***" "***Marketed***" or "***Marketing***" means to market a drug as described in Section 529(e)(1) of the FFDCA.

(ll) "***Marketing Period***" has the meaning set forth in Section 3.12.

(mm) "***Outside Date***" has the meaning set forth in Section 7.1(b).

(nn) "**Person**" means any natural person, company, corporation, limited liability company, general partnership, limited partnership, trust, proprietorship, joint venture, business organization or Governmental Entity.

(oo) "***PHSA****"* means the United States Public Health Service Act, 42 U.S.C. §201 *et seq.*, as amended from time to time, together with any rules, regulations, and requirements promulgated thereunder (including all additions, supplements, extensions, and modifications thereto).

(pp) "***Pre-Closing Period***" has the meaning set forth in Section 5.1.

(qq) *"****Priority Review***" has the meaning given in Section 529(a)(1) of the FFDCA.

(rr) "***Priority Review Voucher***" means the priority review voucher assigned tracking number PRV NDA 217026 issued by the Secretary of the Department of Health and Human Services pursuant to Section 529(b)(1) of the FFDCA to Seller, as evidenced by the Approval Letter, that entitles the holder to Priority Review of a single human drug application submitted under Section 505(b)(1) of the FFDCA or Section 351(a) of the PHSA.

(ss) "***Purchase Price***" has the meaning set forth in Section 2.2.

(tt) "***Purchased Assets***" means (i) the Priority Review Voucher and (ii) any and all rights, benefits and entitlements with respect thereto afforded to the holder of the Priority Review Voucher.

(uu) ***"Rare Pediatric Disease Priority Review Vouchers Draft Guidance"*** has the meaning set forth in Section 1.1(hh).

(vv) "***Rare Pediatric Disease Product***" means the rare pediatric disease product which is the subject of the Approval Letter and for which the Priority Review Voucher was granted.

(ww) "***Rare Pediatric Disease Product Application***" means the rare pediatric disease product application, as defined in Section 529(a)(4) of the FFDCA, for the Rare Pediatric Disease Product.

(xx) "***Regulatory Change***" means any (i) changed or additional Legal Requirement, amendment, supplement or interpretation to any then-existing Legal Requirement or (ii) additional, amended or supplemented term or condition that is not set forth in the Approval Letter imposed on the Priority Review Voucher or a party seeking to use or transfer the Priority Review Voucher that in either case of (i) or (ii) has been enacted, adopted, approved, or imposed by a Governmental Entity with appropriate jurisdiction over the matter between the Effective Date and the Closing Date and adversely impacts or limits the manner in which Buyer or any subsequent transferee may use, receive, hold, transfer or otherwise exploit the Priority Review Voucher.

(yy) "***Representative***" means, with respect to a particular Person, any director, officer, manager, employee, agent, consultant, advisor, accountant, financial advisor, legal counsel or other representative of that Person.

(zz) ***"SEC"*** has the meaning set forth in Section 5.6.

(aaa) "***Seller Indemnified Party***" has the meaning set forth in Section 8.1(b).

(bbb) "***Tax***" or "***Taxes***" means [***].

(ccc) "***Third Party***" means any Person other than a Party and such Party's Affiliates.

(ddd) "***Third Party Claim***" has the meaning set forth in Section 8.1(a).

(eee) "***Transfer Taxes***" has the meaning set forth in *Section* 2.8.

Other capitalized terms defined elsewhere in this Agreement and not defined in this Section 1.1 shall have the meanings assigned to such terms in this Agreement.

ARTICLE 2

PURCHASE AND SALE; CLOSING

2.1Purchase and Sale of Purchased Assets.

(a) Upon the terms and subject to the conditions of this Agreement, at and as of the Closing, Buyer shall purchase from Seller and Seller shall sell, transfer, convey, assign and deliver to Buyer all of Seller's right, title and interest in and to the Purchased Assets free and clear of all Encumbrances. Seller shall perform all actions necessary to facilitate the transfer of the Purchased Assets to Buyer.

(b) Notwithstanding anything in this Agreement to the contrary, neither Buyer nor any of its Affiliates shall assume, nor shall Buyer or any of its Affiliates be liable for, or otherwise be obligated to pay, perform or discharge, any Liabilities of Seller or its Affiliates, including any Liabilities arising from or related to Seller's ownership prior to the Closing of any rights with respect to the Purchased Assets (other than such obligations as are imposed generally by applicable Legal Requirements solely on the holder of the Priority Review Voucher in respect of its use or transfer following the sale thereof pursuant to this Agreement), including any payments required to be made by Seller or any of its Affiliates pursuant to Section 15.2 of the JVLA (such Liabilities, the "***Excluded Liabilities***"). Seller shall be solely responsible for all such Excluded Liabilities.

2.2Purchase Price. The total consideration to be paid by Buyer for all of the Purchased Assets shall be ONE HUNDRED FIFTY MILLION US DOLLARS (US$150,000,000.00) (the "***Purchase Price***"). Buyer shall pay, or cause to be paid, the Purchase Price to Seller on the Closing Date in United States dollars by wire transfer of immediately available funds to a U.S. bank account specified by Seller and owned solely by Seller (not including Seller Affiliates) in accordance with the written wire instructions provided by Seller to Buyer at least [***] Business Days prior to the expected Closing Date.

2.3Closing. The closing of the transactions contemplated hereby (the "***Closing***") shall take place remotely via the electronic exchange of documents and signatures, at 10:00a.m. New York Time on the [***] Business Day following the date on which all of the conditions precedent set forth in Article 6 have been satisfied or waived (other than conditions to be satisfied only by the delivery of certificates or other documents at the Closing, but subject to the satisfaction or waiver of such conditions at the Closing), or at such other time and place as the Parties may mutually agree in writing. The date on which the Closing actually takes place is referred to in this Agreement as the "***Closing Date***."

2.4Title Passage; Delivery of Purchased Assets.

(a) *Title Passage*. Upon the Closing, all of the right, title and interest in and to the Purchased Assets shall pass to Buyer free and clear of all Encumbrances.

(b) *Filings; Notifications*. Buyer and Seller agree to reasonably cooperate and assist each other with respect to all filings or notifications to the FDA related to the transfer and assignment of the Purchased Assets. Within [***] Business Days following the Closing, Seller agrees, without prejudice to the immediately following provision of this Section 2.4(b), that it shall (on behalf of Buyer) submit the separate notifications referred to in Section 2.5(b) and Section 2.6(c) to the Rare Pediatric Disease Product Application through the FDA's Electronic Submissions Gateway under the cover letter in the form attached as Exhibit 2.4(b) and, reasonably promptly

thereafter, Seller shall provide Buyer with a copy of such submission and confirmation from the FDA of successful submission.

2.5Closing Deliveries by Seller. At the Closing, Seller shall deliver to Buyer the following:

(a) a duly executed counterpart of the Bill of Sale substantially in the form attached hereto as Exhibit 2.5(a);

(b) an executed copy of the notification of the purchase and sale of the Priority Review Voucher pursuant to this Agreement to be submitted to the FDA by Seller pursuant to Section 2.4(b), which notification shall be in the form of Exhibit 2.5(b) or such other form as the FDA may require as of the Closing Date;

(c) a certificate of Seller dated as of the Closing Date, in the form set forth in Exhibit 2.5(c), duly executed by Seller, certifying as to the satisfaction of the conditions set forth in Sections 6.2(a) and 6.2(b);

(d) a certificate of Seller dated as of the Closing Date, in the form set forth in Exhibit 2.5(d), duly executed by Seller, certifying as to the resolutions of the Board of Directors of Seller authorizing the execution, delivery and performance of this Agreement, the transactions contemplated hereunder and authorizing the person or persons executing this Agreement on behalf of Seller or any instrument delivered, or to be delivered, hereunder to so execute and deliver such instrument; and

(e) a properly completed, validly executed, true and correct Internal Revenue Service Form W-9 certifying that Seller is not subject to backup withholding for United States federal income tax purposes.

2.6Closing Deliveries by Buyer. At the Closing, Buyer shall deliver to Seller the following:

(a) payment of the Purchase Price in accordance with Section 2.2;

(b) a duly executed counterpart of the Bill of Sale substantially in the form attached hereto as Exhibit 2.5(a);

(c) an executed copy of the notification of the purchase and sale of the Priority Review Voucher pursuant to this Agreement to be submitted to the FDA by Seller pursuant to Section 2.4(b), which notification shall be in the form of Exhibit 2.6(c) or such other form as the FDA may require as of the Closing Date; and

(d) a certificate of Buyer dated as of the Closing Date, in the form set forth in Exhibit 2.6(d), duly executed by Buyer, certifying as to the satisfaction of the conditions set forth in Sections 6.1(a) and 6.1(b).

2.7Withholding. Buyer (and any agent or Affiliate of Buyer) shall be entitled to deduct and withhold from the amounts payable pursuant to this Agreement to Seller all amounts that such

Person is required to deduct and withhold under any Legal Requirement; provided, however, that the Parties shall use commercially reasonable efforts to reduce and minimize any such withholding or deduction, or to obtain, at Seller's cost, a refund of previously withheld amounts, to the maximum extent permitted by Legal Requirements; *provided*, *further*, that Buyer shall not be required to submit any confidential information of Buyer in connection with any of the foregoing activities. Amounts so deducted and withheld under this Section 2.7 shall be treated for all purposes of this Agreement as having been delivered and paid to Seller under this Agreement. Buyer shall promptly remit any amounts withheld and deducted on account of taxes to the appropriate taxing authority. Notwithstanding the foregoing, Buyer acknowledges and agrees that if the Seller provides the form required under Section 2.5(e), and all amounts are paid under this Agreement in 2024, then no withholding will be imposed on amounts payable pursuant to this Agreement to Seller.

2.8Transfer Taxes and Fees. Any and all transfer, conveyance, recordation and similar Taxes, fees or duties assessed or incurred by reason of the sale by Seller or the purchase by Buyer of the Purchased Assets hereunder ("***Transfer Taxes***"). Such Transfer Taxes shall be economically borne [***] by Seller and [***] by Buyer. All such Transfer Taxes shall be paid to the appropriate taxing authority by the Party that is legally responsible in the first instance under applicable Legal Requirements, and the Parties shall promptly reimburse each other as necessary such that [***] of all Transfer Taxes are borne by Seller and [***] of all Transfer Taxes are borne by Buyer. Buyer and Seller shall reasonably cooperate in preparing and timely filing any tax returns required to be filed in respect of any Transfer Taxes. Notwithstanding the foregoing, the Parties agree that no Transfer Taxes will apply to the sale by Seller or the purchase by Buyer of the Purchased Assets hereunder.

2.9Broker and Other Party Fees and Royalties. Notwithstanding any other provision in this Agreement to the contrary, Seller shall bear and pay any and all fees, royalties, expenses and other payments that may become payable by Seller or its Affiliates in connection with any arrangements or other agreements made by Seller or its Affiliates with any broker, finder, investment banker or other party in connection with the purchase and sale of the Purchased Assets hereunder or any of the other transactions contemplated by this Agreement, including any payments required to be made by Seller or any of its Affiliates pursuant to Section 15.2 of the JVLA.

ARTICLE 3
REPRESENTATIONS AND WARRANTIES OF SELLER

Seller hereby represents and warrants to Buyer, as of the Effective Date and the Closing Date (or in the case of representations and warranties that are made as of a specified date, as of such specified date) as follows:

3.1Organization, Standing and Power. Seller is a company duly organized, validly existing and in good standing under the laws of the State of Delaware. Seller has the requisite corporate power and authority to own, operate and lease its properties and to carry on its business as presently conducted and is duly qualified or licensed to do business and is in good standing in each jurisdiction where the character of its properties owned or leased or the nature of its activities make such qualification or licensing necessary, except where the failure to be so qualified or licensed would not, individually or in the aggregate, reasonably be expected to adversely affect any of the Purchased Assets or Seller's ability to consummate the transactions contemplated by this

Agreement. Seller is not in violation of its organizational or governing documents, in each case, as amended to date.

3.2Due Authority. Seller has all requisite power and authority to execute and deliver, perform its obligations under, and consummate the transactions contemplated by, this Agreement. The execution, delivery and performance of this Agreement, and the consummation of the Asset Purchase, have been duly and validly authorized by all necessary corporate action on the part of Seller. This Agreement has been duly executed and delivered by Seller. This Agreement, upon due execution and delivery by the Parties, will constitute a valid and binding obligation of Seller enforceable against Seller in accordance with its terms, subject only to the effect, if any, of (a) applicable bankruptcy and other similar Laws affecting the rights of creditors generally and (b) rules of Law governing specific performance, injunctive relief and other equitable remedies (whether considered in an action at Law or in equity).

3.3No Contravention. The execution and delivery by Seller of this Agreement does not, and the consummation of the transactions contemplated hereby, including the transfer of title to, ownership in, and possession of the Purchased Assets, will not, (a) result in the creation of any Encumbrance on the Purchased Assets or (b) conflict with, or result in any violation of or default under (with or without notice or lapse of time, or both), or give rise to a right of termination, revocation, suspension, cancellation or acceleration of any obligation or loss of any benefit under, or require any consent, approval or waiver from any Person pursuant to, (i) any provision of the organizational or governing documents of Seller, in each case as amended to date, (ii) the Priority Review Voucher or the Approval Letter; (iii) any Contract to which Seller or any Affiliate of Seller is a party or bound which involves or affects in any way any of the Purchased Assets, or (iv) any Legal Requirements applicable to Seller or any Affiliate of Seller or any of the Purchased Assets (except, in the case of clauses (iii) and (iv) above, as would not, individually or in the aggregate, have an adverse effect on the ability of Seller to consummate the sale of the Purchased Assets at Closing and perform its other obligations under this Agreement).

3.4No Consents. Except for (a) the Antitrust Approval (as defined in Section 5.3(b)) required by the HSR Act and (b) the letters referenced in Section 2.5(b) and 2.6(c), no Consent of a Governmental Entity or any other Person, is necessary or required in connection with the execution, delivery and performance by Seller of this Agreement, and the consummation by Seller or its Affiliates of the transactions contemplated hereby.

3.5Title to Purchased Assets. Seller is the sole and exclusive owner of all right, title and interest in and to the Purchased Assets and owns good and transferable title to the Purchased Assets free and clear of any Encumbrances. Seller has performed all actions necessary to perfect its ownership of, and its ability to transfer, the Purchased Assets. Seller has the full right to sell, transfer, convey, assign and deliver the Purchased Assets to Buyer at the Closing free and clear of all Encumbrances and, at the Closing, will sell, transfer, convey, assign and deliver to Buyer good and transferable title to the Purchased Assets free and clear of any Encumbrances.

3.6Contracts. Except for this Agreement, there is no Contract to which Seller or any of its Affiliates is a party to or bound by that involves or affects the issuance of, ownership of, transfer or licensing of, title to, or use of any of the Purchased Assets, or that otherwise assigned, transferred,

licensed, conveyed or encumbered, or granted or allowed to exist any Encumbrance with respect to, any of Seller's right, title or interest in, to or under the Purchased Assets.

3.7Compliance with Legal Requirements. Seller and its Affiliates are, and at all times have been, in compliance in all material respects with all Legal Requirements that are or were applicable to the Purchased Assets. None of Seller or any of its Affiliates has received any written notice or, to Seller's knowledge, oral notice or other communication from any Person regarding any actual or alleged, possible or potential material violation of, or failure to comply with, any such Legal Requirement in any material respect.

3.8Regulatory Compliance. As it relates to the Rare Pediatric Disease Product Application, the FDA Approval, the Approval Letter, the Priority Review Voucher or the activities giving rise to such FDA Approval, the Approval Letter or the Priority Review Voucher, neither Seller, any Affiliate of Seller, nor to the Knowledge of Seller, any Representative of Seller or any Affiliate of Seller, has made an untrue statement of material fact or a fraudulent statement to the FDA or any other Governmental Entity, failed to disclose a material fact or a fraudulent statement to the FDA or any other Governmental Entity or committed an act, made a statement or failed to make a statement that, at the time such disclosure was made, would reasonably be expected to provide a basis for the FDA to invoke its policy respecting "Fraud, Untrue Statements of Material Facts, Bribery, and Illegal Gratuities," set forth in 56 Fed. Reg. 46191 (September 10, 1991) or for any other Governmental Entity to invoke any similar policy and which could reasonably be expected to result in a revocation of the Priority Review Voucher or otherwise have an adverse impact on Buyer's use of the Purchased Assets to obtain Priority Review or on Buyer's subsequent transfer of the Purchased Assets, in each case, following the Closing.

3.9Legal Proceedings. There is no pending or, to Seller's Knowledge, threatened, Action involving Seller or any of its Affiliates, nor has there been an Action involving Seller or any of its Affiliates, and neither Seller nor any of its Affiliates are a party or subject to the provisions of any Judgment, (a) that involves or affects (or may involve or affect) the issuance of, continued validity of, ownership of, transfer or license of, title to, or use of any of the Purchased Assets, including any such Action or Judgment that seeks to prohibit or limit in any respect, or place any conditions on, the ownership or use by Buyer or its Affiliates of any of the Purchased Assets, in each case as a result of the transactions contemplated by this Agreement, (b) that otherwise challenges or seeks to restrain, prohibit, prevent, enjoin, alter or delay the consummation of the transactions contemplated by this Agreement, or (c) that seeks to obtain from Buyer or any of its Affiliates in connection with the transactions contemplated by this Agreement any damages or which would result in the transactions contemplated hereby being rescinded following consummation. To the Knowledge of Seller, there is no fact or circumstance that would reasonably be expected to serve as a basis for any of the foregoing Actions.

3.10Governmental Authorizations. Neither Seller nor any of its Affiliates is required to hold any license, registration, or permit issued by any Governmental Entity to own, use or transfer the Purchased Assets, other than such licenses, registrations or permits that have already been obtained.

3.11Revocation; Use of Purchased Assets. The Priority Review Voucher was awarded to Seller by the FDA in respect of Seller's sponsorship of a Rare Pediatric Disease Product

Application pursuant to Section 529(b)(1) of the FFDCA. The Priority Review Voucher has been duly granted and issued and has not been terminated, redeemed, transferred, suspended, cancelled or revoked and, to Seller's Knowledge, there are no facts or circumstances that could reasonably be expected to (with or without notice or lapse of time, or both) result in the termination, suspension, cancellation or revocation of the Priority Review Voucher by a Governmental Entity, give rise to a right of the FDA to revoke the Priority Review Voucher, result in the redemption or (other than pursuant to transactions contemplated by this Agreement) transfer of the Priority Review Voucher, or that could reasonably be expected to preclude or interfere with the sale and transfer of the Purchased Assets to Buyer or Buyer's use of the Purchased Assets following the Closing to obtain Priority Review or any other benefits associated with the Purchased Assets. The Priority Review Voucher has not been transferred to any Person, including any Affiliate of Seller, and the transfer contemplated by this Agreement constitutes the first and only transfer of the Priority Review Voucher. To the Knowledge of Seller, there is no term or condition imposed by the FDA on the Priority Review Voucher that is not set forth in the Approval Letter or provided for under applicable Law. Seller has provided to Buyer true and complete copies of the Approval Letter and all other correspondence submitted or received by Seller or any of its respective Affiliates regarding the Priority Review Voucher on or prior to the Effective Time. Neither Seller nor any of its Affiliates has notified the FDA, or permitted any Third Party to notify the FDA, pursuant to Section 529(b)(4)(B)(i) of the FFDCA or otherwise, of an intent to use the Priority Review Voucher.

3.12Marketed Product. Seller and its Affiliates Marketed the Rare Pediatric Disease Product in the United States within the [***] day period beginning on the date of FDA Approval (such period, the "***Marketing Period***").

3.13Brokers. Except for Jefferies, LLC, no broker, finder or investment banker is entitled to any brokerage or finder's fee in connection with the purchase and sale of the Purchased Assets hereunder or any of the other transactions contemplated by this Agreement based upon arrangements made by or on behalf of Seller or its Affiliates.

3.14Solvency. Seller is not entering into this Agreement with the actual intent to hinder, delay, or defraud any creditor of Seller or any Affiliate of Seller. The remaining assets of Seller after the Closing will not be unreasonably small in relation to the business in which Seller will engage after the Closing. After the Closing, Seller will not be insolvent and will have the ability to pay its debts as they become due.

3.15Non-Reliance. In making its decision to execute and deliver this Agreement and to consummate the Asset Purchase, Seller has relied solely upon the representations and warranties of Buyer expressly set forth in ARTICLE 4 and has not relied upon any other information provided by, for or on behalf of Buyer or its Representatives, to Seller or any of its Affiliates or any of their Representatives in connection with the Asset Purchase.

3.16No Other Representations. Neither Seller nor any of its Representatives is making any representation or warranty of any kind or nature whatsoever, oral or written, express or implied, except as otherwise expressly set forth in this ARTICLE 3, and Seller hereby disclaims any such other representations and warranties.

ARTICLE 4
REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer hereby represents and warrants to Seller as of the Effective Date and as of the Closing Date as follows:

4.1 Organization, Standing and Power. Buyer is a corporation duly organized, validly existing and in good standing under the laws of the [***]. Buyer has the requisite corporate power and authority to own, operate and lease its properties and to carry on its business as presently conducted and is duly qualified or licensed to do business and is in good standing in each jurisdiction where the character of its properties owned or leased or the nature of its activities make such qualification or licensing necessary, except where the failure to be so qualified or licensed would not, individually or in the aggregate, reasonably be expected to materially adversely affect Buyer's ability to consummate the transactions contemplated by this Agreement. Buyer is not in violation of its organizational or governing documents, in each case, as amended to date.

4.2 Authority. Buyer has all requisite corporate power and authority to execute and deliver, perform its obligations under, and consummate the transactions contemplated by, this Agreement. The execution, delivery and performance of, and the consummation of the transactions contemplated by, this Agreement have been duly and validly approved and authorized by all necessary corporate action on the part of Buyer. This Agreement has been duly executed and delivered by Buyer. This Agreement, upon due execution and delivery by the Parties, will constitute a valid and binding obligation of Buyer, enforceable against Buyer in accordance with its terms, subject only to the effect, if any, of (a) applicable bankruptcy and other similar Laws affecting the rights of creditors generally and (b) rules of Law governing specific performance, injunctive relief and other equitable remedies (whether considered in an action at Law or in equity).

4.3 No Contravention. The execution and delivery by Buyer of this Agreement does not, and the consummation of the transactions contemplated hereby will not, conflict with, or result in any violation of or default under (with or without notice or lapse of time, or both), or give rise to a right of termination, cancellation or acceleration of any obligation or loss of any benefit under, or require any consent, approval or waiver from any Person pursuant to, (a) any provision of the organizational or governing documents of Buyer, in each case as amended to date, (b) any Contract to which Buyer or any Affiliate of Buyer is a party or bound by or by which it or its assets or properties are bound or under which Buyer or any Affiliate of Buyer has material rights or benefits, or (c) except as may be required to comply with the HSR Act, any Legal Requirements applicable to Buyer, except, in the case of clauses (b) and (c), as would not reasonably, individually or in the aggregate, be expected to adversely affect the ability of Buyer to timely consummate the transactions contemplated by this Agreement.

4.4 No Consents. Except for (a) any Antitrust Approval (as defined in Section 5.3(b)) required by the HSR Act and (b) the letters referenced in Section 2.5(b) and Section 2.6(c), no Consent of any Governmental Entity or any other Person is necessary or required in connection with the execution, delivery and performance by Buyer of this Agreement or the consummation by Buyer or its Affiliates of the transactions contemplated hereby.

4.5Brokers. No broker, finder or investment banker is entitled to any brokerage or finder's fee in connection with the purchase and sale of the Purchased Assets hereunder or any of the other transactions contemplated by this Agreement based upon arrangements made by or on behalf of Buyer or its Affiliates.

4.6Financing. Buyer has, and will at Closing have, sufficient funds to consummate the transactions contemplated by this Agreement.

4.7Non-Reliance. Except for the representations and warranties expressly set forth in ARTICLE 3 or in any other certificate or document delivered by or on behalf of Seller or any of its Affiliates pursuant to this Agreement, neither Seller nor any of its Affiliates or their respective Representatives makes, or has made any representation or warranty, oral or written, express or implied, relating to Seller, the Purchased Assets or otherwise in connection with the Asset Purchase, and Seller and its Affiliates and their respective Representatives expressly disclaim any liability with respect thereto. Except for the representations and warranties expressly set forth in ARTICLE 3 or in any other certificate or document delivered by or on behalf of Seller or any of its Affiliates pursuant to this Agreement, Buyer has not relied, and is not relying, on any representation or warranty of Seller or any of its Affiliates relating to Seller, the Purchased Assets or otherwise in connection with the Asset Purchase.

4.8No Other Representations. Neither Buyer nor any of its Representatives is making any representation or warranty of any kind or nature whatsoever, oral or written, express or implied, except as otherwise expressly set forth in this ARTICLE 4, and Buyer hereby disclaims any such other representations and warranties.

ARTICLE 5
COVENANTS

5.1Efforts. During the period from the Effective Date and continuing until the earlier of the termination of this Agreement or the Closing Date (the "***Pre-Closing Period***"), except as otherwise expressly contemplated by this Agreement or with such other Party's prior written consent, which consent shall not be unreasonably withheld, conditioned or delayed, each Party shall not, and shall cause its Affiliates not to, knowingly take or permit any action that, or omit to take any action the absence of which, could reasonably be expected to prevent or materially delay the satisfaction of the conditions set forth in Article 6. The Parties shall use their commercially reasonable efforts to take, or cause to be taken, all actions and to do, or cause to be done, all things necessary or desirable under applicable Legal Requirements to satisfy the conditions set forth in Article 6 and consummate the transactions contemplated by this Agreement as promptly as reasonably practicable.

5.2No Solicitation.

(a) During the Pre-Closing Period, Seller shall not, nor shall it authorize, instruct or permit any of its Affiliates or its or their Representatives, to (i) solicit, initiate, facilitate or encourage any inquiries, proposals or offers with respect to, or the submission of, any Alternative Transaction by any Person (other than Buyer or its Affiliates or their respective Representatives) or

any inquiry, proposal or offer that is reasonably likely to lead to an Alternative Transaction, (ii) engage, continue or participate in any discussions or negotiations regarding, or take any other action intended or reasonably expected to facilitate the making of any inquiry, proposal or offer to Seller that constitutes, or may reasonably be expected to lead to, any Alternative Transaction by any Person (other than Buyer or its Affiliates or their respective Representatives) other than to state that they are not permitted to have discussions, (iii) accept any inquiry, proposal or offer from any Person (other than Buyer) in respect of an Alternative Transaction, or (iv) resolve to propose or agree to do any of the foregoing.

(b) If, during the Pre-Closing Period, Seller or any of its Representatives receives any inquiries, proposals or offers with respect to or that could reasonably be expected to lead to, or the submission of, any Alternative Transaction by any Person (other than Buyer or its Affiliates or their respective Representatives), Seller shall promptly (and, in any event, within [***]) advise Buyer orally and in writing of any such inquiry, proposal or offer, and subject to any existing confidentiality obligations, the terms and conditions thereof. During the Pre-Closing Period, subject to any existing confidentiality obligations, Seller shall keep Buyer fully informed as to the material details (including material amendments or proposed amendments) of any such inquiry, proposal or offer, and promptly upon receipt or delivery thereof (and, in any event, within [***]), provide Buyer with copies of all documents and written or electronic communications relating to any such inquiry, proposal or offer exchanged between Seller or its Representatives, on the one hand, and the person making any such inquiry, proposal or offer or such person's Representatives, on the other hand. Seller's covenant under Section 5.2(a) shall not be relieved or diminished upon the receipt of any such inquiry, proposal or offer.

(c) Without limiting Section 5.2(a), it is understood that any violation of the restrictions set forth in Section 5.2(a) by any Person covered by Section 5.2(a), whether or not such Person is purporting to act on behalf of Seller, shall be deemed to be a breach of Section 5.2(a) by Seller.

5.3 Antitrust Notification.

(a) Subject to the limitations set forth in this Agreement (including in Section 5.3(b)), Buyer and Seller shall use reasonable best efforts to cause the prompt expiration or termination of any applicable waiting period (or any extensions thereof, including any timing agreements, understandings, or commitments entered into or made to the FTC or DOJ to extend any waiting period or not consummate the Agreement) and to consummate the transactions contemplated hereunder, including within [***] Business Days after the Effective Date, filing with the FTC and the DOJ the premerger notification and report form required as a result of the contemplated purchase and sale of the Purchased Assets and the other transactions contemplated hereby. Any such filing, notification and report form and supplemental information shall be in substantial compliance with the requirements of the HSR Act. The Parties shall reasonably consult and cooperate with each other and shall furnish to one another such necessary information and reasonable assistance as the other may request in connection with its preparation of any filing or submission which is necessary under the HSR Act. The parties may, as they deem advisable and necessary, designate any competitively sensitive materials provided to the other under this Section 5.3 as "outside counsel only." Such materials and the information contained therein shall be given only to outside counsel of the recipient and shall not be disclosed by such outside counsel to any

other representatives of the recipient without the advance written consent of the party providing such materials. The Parties shall use reasonable best efforts to (i) cooperate with one another and promptly inform the other Party of any communications with, and any inquiries or requests for additional information from, the FTC, the DOJ or any other applicable Governmental Entity, (ii) comply promptly with any such reasonable inquiry or request, allowing the other to review in advance of submission, and considering in good faith the views of the other, in connection with any substantive responses, analyses, appearances, presentations, memoranda, briefs, arguments and proposals, (iii) not participate, or permit its Affiliates to participate, in any substantive meeting or discussion with any Governmental Entity in respect of any filings, investigation or inquiry concerning this Agreement unless it consults with the other Party in advance and, to the extent permitted by such Governmental Entity, gives the other Party the opportunity to attend and participate thereat, and (iv) with the exception of business documents designated and deemed highly confidential or competitively sensitive by the possessing Party (including documents submitted as attachments to the Party's notification and report form under the HSR Act), furnish the other Party or the other Party's outside counsel with copies of all substantive correspondence, filings, and communications (and memoranda setting forth the substance thereof) between a Party or its Affiliates, on the one hand, and any Governmental Entity, on the other hand, with respect to the transactions contemplated hereunder or any investigation with respect to the transactions contemplated hereunder, provided that the Parties may as they deem advisable and necessary, redact as necessary to remove legally privileged content, valuation details or to comply with contractual arrangements. Notwithstanding anything herein to the contrary, Buyer shall have, except where prohibited by applicable Law, sole and complete responsibility for determining the strategy for obtaining consents and approvals of any Governmental Entity, having in good faith considered comments made by Seller. Buyer shall pay all filing fees for the filing under the HSR Act.

(b) From and after the date on which the filings are made pursuant to Section 5.3(a), Buyer and Seller shall use reasonable best efforts to obtain any clearance required under the HSR Act (the "***Antitrust Approval***"), including replying as soon as reasonably practicable and advisable to any requests for information received from the FTC or DOJ pursuant to the HSR Act. Notwithstanding the foregoing, in connection with and as a result of any Antitrust Approval granted during the Pre-Closing Period, nothing in this Agreement shall require, or be construed to require, the Parties or any of their respective Affiliates to offer or agree to (i) (A) sell, hold, separate, divest, license, discontinue, or limit any assets, businesses, equity, holdings, intellectual property, or other interests or (B) any conditions relating to, or changes or restrictions in, the conduct of the Parties or their Affiliates, including the operation or use of any such assets, businesses, equity holdings, intellectual property or interests (including but not limited to any requirements to enter into new Contracts or modify or terminate existing Contracts), including with respect to the Purchased Assets and use of the Priority Review Voucher to obtain Priority Review of a product candidate of Buyer or its Affiliates or any other benefit associated with the Purchased Assets or (ii) any material modification or waiver of the terms and conditions of this Agreement.

5.4Expenses. Whether or not the purchase and sale of the Purchased Assets and the other transactions contemplated by this Agreement are consummated, and except as otherwise set forth in this Agreement, each of the Parties shall bear its own fees and expenses incurred or owed in connection with the purchase and sale of the Purchased Assets, this Agreement and the transactions contemplated hereby.

5.5Further Assurances. During the Pre-Closing Period, and from and after the Closing, the Parties shall cooperate reasonably with each other in connection with any steps required to be taken as part of their respective obligations under this Agreement, including without limitation any notifications or filings required to be made to the FDA in connection with the transfer of the Purchased Assets, and shall, at no expense to the other Party, (a) furnish upon request to each other such further information, (b) execute and deliver to each other such other documents, and (c) do such other acts and things, all as the other Party may reasonably request for the purpose of carrying out the intent of this Agreement and the transactions contemplated by this Agreement, including the use of the Purchased Assets to obtain Priority Review, and a future transfer of the Priority Review Voucher by Buyer after the Closing Date. The Parties agree that (i) Seller and its Affiliates shall exclusively bear their out-of-pocket costs and expenses incurred in connection with any actions taken pursuant to clauses (a) and (b) in the preceding sentence, and (ii) with respect to actions taken by Seller and its Affiliates pursuant to clause (c) in the preceding sentence, (A) Seller and its Affiliates shall exclusively bear their out-of-pocket costs and expenses incurred in connection with any actions taken to comply with any Legal Requirement that came into existence before the Closing Date and (B) Buyer shall reimburse Seller and its Affiliates for their reasonable, documented out-of-pocket costs and expenses incurred in connection with any actions taken at Buyer's request to comply with any Legal Requirement that came into existence on or after the Closing Date. The Parties agree that the user fees to be paid in connection with the use of the Priority Review Voucher by Buyer or any subsequent transferee of the Priority Review Voucher, and all other user fees under the FFDCA applicable to the human drug application for which the Priority Review Voucher is redeemed, shall be borne exclusively by Buyer or any such subsequent transferee of the Priority Review Voucher.

5.6Public Announcements. Except as may be required by applicable Law or as may be required to comply with the requirements of any applicable stock exchange or any Governmental Entity, including the U.S. Securities and Exchange Commission (the "***SEC***"**),** neither Party shall (i) disclose the existence or terms of this Agreement (other than disclosures to Representatives on a need-to-know basis and who are bound by confidentiality terms substantially no less stringent than the terms of the Confidentiality Agreement) or (ii) other than with respect to a press release substantially in the form of Exhibit 5.6, issue any press release publication or other public announcement relating to this Agreement, the performance of this Agreement, or that otherwise identifies the other Party as a party to this Agreement, in each case without the prior written consent of the other Party (such consent not to be unreasonably withheld, conditioned or delayed). To the extent practicable, the disclosing Party shall use reasonable efforts to give advance notice of any disclosure to the non-disclosing Party (including a copy of the proposed disclosure), and the non-disclosing Party may provide any comments on the proposed disclosure (which comments shall be considered in good faith by the disclosing Party) during the foregoing time period; *provided*, that such disclosing Party shall be under no obligation to accept any such comments provided by the non-disclosing Party. The Parties acknowledge that Seller may be obligated to file a copy of this Agreement with the SEC. Without limiting the foregoing, Seller shall provide Buyer with a reasonable opportunity to review the proposed filing and, if requested by Buyer, Seller shall request, and use reasonable efforts to obtain, confidential treatment of this Agreement pursuant to applicable rules under the Securities Exchange Act of 1934, as amended, and the Freedom of Information Act and the rules promulgated thereunder to permit the filing of a redacted exhibit; *provided* that Buyer acknowledges that there is no assurance that such redactions will be permitted by the SEC and the SEC may require filing of the Agreement in full.

5.7Use of Name. Except as expressly provided herein, neither Party shall mention or otherwise use the name, logo, or trademark of the other Party or any of its Affiliates (or any abbreviation or adaptation thereof) in any publication, press release, marketing, and promotional material, or other form of publicity or filing that is publicly available, without the prior written approval of such other Party in each instance. The restrictions imposed by this Section 5.6 shall not prohibit either Party from making any disclosure identifying the other Party that, based on the advice of the disclosing Party's counsel, is required by applicable Law or the rules of a stock exchange on which the securities of the disclosing Party are listed; *provided* that such disclosing Party shall submit the proposed disclosure identifying the other Party in writing to the other Party as far in advance as reasonably practicable (and in no event less than [***] Business Days prior to the anticipated date of disclosure) so as to provide a reasonable opportunity to comment thereon.

5.8Compliance with Legal Requirements. Seller shall, and shall cause its Affiliates and each of their respective successors in interest and assigns to the Rare Pediatric Disease Product Application, to comply at all times with all Legal Requirements applicable to such Persons (as the sponsor of such Rare Pediatric Disease Product Application and the initial recipient and owner of the Priority Review Voucher, as applicable), in any case relating to the Purchased Assets, including any and all Legal Requirements applicable to the validity, maintenance, use or transfer of the Priority Review Voucher. From and after the Effective Date, Seller shall promptly forward to Buyer any written communications or notices (and shall promptly notify Buyer of any oral communications or notices) it or its Affiliates receive from any Governmental Entity to the extent relating to or otherwise materially impacting the Purchased Assets; *provided* that Seller may redact any portion of such written communications or other notices that is not relevant to the Purchased Assets. Without limiting the generality of the foregoing, to the extent required, now or in the future, under applicable Legal Requirements or otherwise by the FDA for the maintenance, use or transfer of the Priority Review Voucher, or to avoid revocation of the Priority Review Voucher, Seller shall, and shall cause its Affiliates and each of their respective successors in interest and assigns to the Rare Pediatric Disease Product Application, to submit a post-approval production report to the FDA not later than [***] years after the FDA Approval in accordance with Section 529(e)(2) of the FFDCA.

5.9Intentionally omitted.

5.10Certain Other Covenants. During the Pre-Closing Period, (i) Seller shall, and shall cause each of its Affiliates to, maintain the Priority Review Voucher in full force and effect and provide Buyer with prompt written notice of any Regulatory Change, (ii) Seller shall not, and shall cause each of its Affiliates not to, (A) enter into any Contract with respect to the Purchased Assets or (B) take or permit, or omit to take any action that would reasonably be expected to adversely affect any of the Purchased Assets, Seller's or any of its Affiliates' ability to consummate the transactions contemplated by this Agreement or Buyer's ownership and rights with respect to any of the Purchased Assets after the Closing, and (iii) Seller shall, and shall cause each of its Affiliates to, provide Buyer with prompt written notice of the occurrence or non-occurrence of any event the occurrence or non-occurrence of which has caused or would reasonably be expected to cause any condition to the obligations of Seller to effect the Closing or the failure of Seller to comply with or satisfy in any material respect any covenant to be complied with or satisfied by Seller pursuant to this Agreement; *provided* the failure by Seller to give notice of any such occurrence as required pursuant to this Section 5.10 with respect to a breach of or inaccuracy in a representation or warranty contained herein shall not, in and of itself, render such breach or inaccuracy to become a failure to

comply with a covenant. Such notices provided pursuant to this Section 5.10 shall not be deemed to amend, modify or supplement any representation or warranty provided by Seller in this Agreement or any certificate or document delivered hereunder and shall not operate as a waiver or otherwise affect or impair any of Buyer's rights under this Agreement (including with respect to Article 7 and Article 8).

5.11Confidentiality.

(a) With respect to Confidential Information received by any Party, such Party shall (i) keep such Confidential Information confidential, (ii) not use such Confidential Information for any reason other than to carry out the intent and purpose of this Agreement, and (iii) not disclose such Confidential Information to any Person, except in each case, as otherwise expressly permitted by this Agreement or with the prior written consent of the disclosing Party.

(b) A Party may disclose Confidential Information only to its Representatives on a need-to-know basis and shall (i) enforce the terms of this Section 5.11 as to its Representatives, (ii) take such action to the extent necessary to cause its Representatives to comply with the terms and conditions of this Section 5.11 and (iii) be responsible and liable for any breach of this Section 5.11 by it or its Representatives.

(c) If a Party becomes compelled by a court or is requested by a Governmental Entity to make any disclosure that is prohibited or otherwise constrained by this Section 5.11, such Party shall provide the disclosing Party with prompt written notice of such compulsion or request so that it may seek an appropriate protective order or other appropriate remedy or waive compliance with the provisions of this Section 5.11. In the absence of a protective order or other remedy, the Party subject to the requirement to disclose may disclose that portion (and only that portion) of the Confidential Information that, based upon advice of its counsel, it is legally compelled to disclose or that has been requested by such Governmental Entity; *provided, however*, that such Party shall use reasonable efforts to obtain reliable assurance that confidential treatment will be accorded by any Person to whom any Confidential Information is so disclosed. For the avoidance of doubt, this Section 5.11(c) does not apply to those disclosures concerning this Agreement to which Section 5.6 applies.

(d) Nothing herein shall prohibit or otherwise restrict the disclosure of any Confidential Information by or on behalf of Buyer or its Affiliates to the FDA or other Governmental Entity to the extent required by the FDA or such other Governmental Entity to enable the use or transfer of the Priority Review Voucher; provided, that Buyer, its Affiliates and their respective Representatives shall use commercially reasonable efforts to obtain confidential treatment for any such disclosures.

5.12Disclosure Concerning Use of the Priority Review Voucher. In the event that Buyer or any of its Affiliates uses (or notifies the FDA of its intent to use) the Priority Review Voucher in connection with a human drug application, Buyer or such Affiliate may, in any press release, public announcement or other disclosure relating to its filing (or proposed filing) of the relevant human drug application, disclose that the Priority Review Voucher acquired from Seller has been used (or is intended to be used) in connection with such human drug application. Buyer agrees that in no

event shall Buyer or any of its Affiliates use, or notify the FDA of its intent to use, the Priority Review Voucher in connection with a human drug application prior to the Closing.

ARTICLE 6
CONDITIONS PRECEDENT TO CLOSING

6.1 Conditions Precedent to Seller's Obligation. The obligation of Seller to consummate the transactions contemplated by this Agreement is subject to the satisfaction or waiver on or prior to the Closing Date of the following conditions:

(a) Representations and Warranties of Buyer. Each of the representations and warranties of Buyer made in Article 4 shall be true and correct (without giving effect to any limitation or qualification as to "materiality" (including the word "material") or "material adverse effect" set forth therein) in all material respects as of the Effective Date and as of the Closing Date (or in the case of representations and warranties that are made as of a specified date, such representations and warranties shall be true and correct as of such specified date).

(b) Compliance with Agreements and Covenants. Buyer and its Affiliates shall have performed in all material respects all obligations and agreements and complied in all material respects with all covenants and conditions required by this Agreement to be performed or complied with by Buyer or any such Affiliate on or before the Closing Date.

(c) Antitrust. Any waiting period (or extension thereof, including any timing agreements, understandings, or commitments entered into or made to the FTC or DOJ to extend any waiting period or not consummate the Agreement) applicable to the transactions contemplated by this Agreement under the HSR Act shall have been terminated or shall have expired.

(d) No Injunction or Legal Restraint. No Governmental Entity shall have enacted, issued, promulgated, enforced or entered any Law nor shall any temporary restraining order, preliminary or permanent injunction or other order or decree have been issued or be pending by any court of competent jurisdiction that is in effect and which has the effect of, or that if in effect would have the effect of, making the transactions contemplated by this Agreement illegal or otherwise preventing, prohibiting or restraining the consummation of the transactions contemplated by this Agreement.

(e) Closing Deliveries. Buyer shall have made the deliveries contemplated under Section 2.6.

6.2 Conditions Precedent to Buyer's Obligation. The obligation of Buyer to consummate the transactions contemplated by this Agreement is subject to the satisfaction or waiver on or prior to the Closing Date of the following conditions:

(a) Representations and Warranties of Seller. Each of the representations and warranties of Seller made in Article 3, other than the Fundamental Representations, shall be true and correct (without giving effect to any limitation or qualification as to "materiality" (including the word "material") or "material adverse effect" set forth therein) in all material respects as of the Effective Date and as of the Closing Date (or in the case of representations and warranties that are made as of a specified date, such representations and warranties shall be true and correct as of such

specified date). The Fundamental Representations shall be true and correct in all respects as of the Effective Date and as of the Closing Date (or in the case of representations and warranties that are made as of a specified date, such representations and warranties shall be true and correct as of such specified date).

(b) Compliance with Agreements and Covenants. Seller and its Affiliates shall have performed in all material respects all obligations and agreements and complied in all material respects with all covenants and conditions required by this Agreement to be performed or complied with by Seller or any such Affiliate on or before the Closing Date.

(c) Antitrust. Any waiting period (or extension thereof, including any timing agreements, understandings, or commitments entered into or made to the FTC or DOJ to extend any waiting period or not consummate the Agreement) applicable to the transactions contemplated by this Agreement under the HSR Act shall have been terminated or shall have expired.

(d) No Injunction or Legal Restraint. No Governmental Entity shall have enacted, issued, promulgated, enforced or entered any Law nor shall any temporary restraining order, preliminary or permanent injunction or other order or decree have been issued or be pending by any court of competent jurisdiction that is in effect and which has the effect of, or that if in effect would have the effect of, making the transactions contemplated by this Agreement illegal or otherwise preventing, prohibiting or restraining the consummation of the transactions contemplated by this Agreement.

(e) Absence of Governmental Litigation. No Action commenced by a Governmental Entity shall be pending or threatened that seeks a Judgment, nor shall there be any Judgment in effect as a result of any Action commenced by a Governmental Entity, (i) challenging or seeking to restrain, prohibit, prevent, enjoin, alter, or delay the consummation of the transactions contemplated by this Agreement or seeking to obtain from Buyer or any of its Affiliates in connection with the transactions contemplated by this Agreement any damages, (ii) that would result in the transactions contemplated hereby being rescinded following consummation, (iii) seeking to prohibit or limit in any respect, or place any conditions on, the ownership or use by Buyer or its Affiliates of any of the Purchased Assets, or to compel buyer or its Affiliates to dispose of or hold separate any material portion of the business or assets of Buyer or its Affiliates, in each case as a result of the transactions contemplated by this Agreement, or (iv) seeking to impose limitations on the ability of buyer or any of its Affiliates to acquire or hold, or exercise full rights of ownership or use of, the Purchased Assets, including the right to use the Purchased Assets to obtain Priority Review of a product candidate of Buyer or its Affiliates or any other benefit associated with the Purchased Assets.

(f) No Regulatory Change. There shall not have occurred and remain in effect any Regulatory Change.

(g) Closing Deliveries. Seller shall have made the deliveries contemplated under Section 2.5.

ARTICLE 7
TERMINATION

7.1 Termination. This Agreement may be terminated, and the transactions contemplated hereby may be abandoned, at any time prior to Closing:

(a) by mutual written consent of Buyer and Seller;

(b) by Buyer or Seller, if the Closing has not occurred by 11:59 p.m. Eastern time on December 27, 2024 (the "***Outside Date***"); provided, that the right to terminate this Agreement shall not be available to any Party whose breach of any provision set forth in this Agreement is the primary cause of the failure of the Closing to occur on or before the Outside Date;

(c) by Buyer or Seller, if (i) any Law having the effect referred to in Section 6.1(d) or Section 6.2(d), as applicable, has been enacted, issued, promulgated, enforced or entered or (ii) any order, injunction or decree having the effect referred to in Section 6.1(d) or Section 6.2(d), as applicable, is in effect and has become final and non-appealable;

(d) by Buyer, if Buyer is not in material breach of its obligations under this Agreement and there has been a violation or breach by Seller of any of its representations, warranties, covenants or other agreements contained in this Agreement, which has prevented or would prevent the satisfaction of any condition to the obligations of Buyer at the Closing set forth in Section 6.2, and (i) such violation or breach has not been waived by Buyer, (ii) Buyer has provided written notice to Seller of such violation or breach setting forth the allegations of violation or breach in reasonable detail, and (iii) such violation or breach cannot be or has not been cured by Seller within [***] Business Days after receiving written notice thereof from Buyer (*provided* that in no event shall such [***] Business Day extend beyond the Outside Date); or

(e) by Seller, if Seller is not in material breach of its obligations under this Agreement and there has been a violation or breach by Buyer of any of its representations, warranties, covenants or other agreements contained in this Agreement, which has prevented or would prevent the satisfaction of any condition to the obligations of Seller at the Closing set forth in Section 6.1 and (i) such violation or breach has not been waived by Seller, (ii) Seller has provided written notice to Buyer of such violation or breach setting forth the allegations of violation or breach in reasonable detail, and (iii) such violation or breach cannot be or has not been cured by Buyer within [***] Business Days after receiving written notice thereof from Seller (provided that in no event shall such [***] Business Day extend beyond the Outside Date).

7.2 Effect of Termination. If this Agreement is terminated and the transactions contemplated hereby are abandoned as described in this Article 7, this Agreement shall become void and of no further force or effect, except that (i) the provisions of this Section 7.2, Sections 5.4 and 5.6, and Article 1 and Article 9 shall survive the termination of this Agreement and shall remain in full force and effect and (ii) the Confidentiality Agreement shall survive termination in accordance with its terms, and there shall be no liability on the part of Buyer or Seller except for damages from any material breach by such Party of this Agreement prior to the effective date of such termination.

ARTICLE 8
INDEMNIFICATION AND LIMITATIONS OF LIABILITY

8.1 Indemnification.

(a) Indemnification by Seller. From and after the Closing, Seller shall indemnify, defend and hold Buyer and its Affiliates and its and their respective directors, officers, employees, agents, Representatives, successors and assigns (each, a "***Buyer Indemnified Party***") harmless for, from and against any and all Losses, whether or not arising from, relating to or otherwise in connection with a claim of a Third Party (each, a "***Third Party Claim***"), which any Buyer Indemnified Party may suffer, incur, sustain or become subject to, to the extent arising from, relating to or otherwise in connection with (i) any breach of or inaccuracy in any representations and warranties of Seller made under this Agreement or any certificate or document delivered hereunder; (ii) any breach of or failure to perform any covenants or obligations of Seller made under this Agreement or any certificate or document delivered hereunder; (iii) all Excluded Liabilities; and (iv) any fraud or intentional misrepresentation of Seller in connection with this Agreement.

(b) Indemnification by Buyer. From and after the Closing, Buyer shall indemnify, defend and hold harmless Seller and its Affiliates, and its and their respective directors, officers, employees, agents, Representatives, successors and assigns (each, a "***Seller Indemnified Party***") from and against any and all Losses, whether or not arising from, relating to or otherwise in connection with a Third Party Claim, which any Seller Indemnified Party may suffer, incur, sustain or become subject to, to the extent arising from, relating to or otherwise in connection with (i) any breach of or inaccuracy in any representations and warranties of Buyer made under this Agreement or any certificate or document delivered hereunder; (ii) any breach of or failure to perform any covenants or obligations of Buyer made under this Agreement or any certificate or document delivered hereunder; (iii) any fraud or intentional misrepresentation of Buyer in connection with this Agreement or (iv) (except to the extent arising from, relating to or otherwise in connection with, a breach or inaccuracy in, or a breach of or failure to perform any, representations, warranties, covenants or obligations of Seller hereunder) Buyer's, its Affiliates' or any subsequent transferee's use or ownership of the Purchased Assets.

8.2 Notice of Loss.

(a) In order for an Indemnified Party to be entitled to any indemnification provided for under Section 8.1(a) or 8.1(b) in respect of, arising out of or involving a Third Party Claim, such Indemnified Party must notify the applicable Indemnifying Party in writing of the Third Party Claim (including in such notice a brief description of the applicable claim(s), including damages sought or estimated, to the extent actually known by such Indemnified Party) within [***] business days after receipt by such Indemnified Party of actual notice of the Third Party Claim; *provided*, *however*, that failure to give such notification shall not affect the indemnification provided under Section 8.1(a) or 8.1(b) except to the extent the Indemnifying Party has been actually and materially prejudiced as a result of such failure.

(b) If the Indemnifying Party has acknowledged in writing to the Indemnified Party the Indemnifying Party's responsibility for defending and indemnifying the Indemnified Party with respect to such Third Party Claim (subject to the limitations set forth in Section 8.6), the Indemnifying Party shall have the right to defend (with counsel reasonably selected by the Indemnifying Party and approved by the Indemnified Party, such approval not to be unreasonably withheld, conditioned or delayed), at its sole cost and expense, such Third Party Claim (other than

a class action, a criminal matter or a claim in which non-monetary equitable or injunctive relief against the Indemnified Party is sought) by all appropriate proceedings, which proceedings shall be prosecuted diligently by the Indemnifying Party to a final conclusion or settled at the discretion of the Indemnifying Party; *provided, however*, that the Indemnifying Party may not enter into any compromise or settlement unless (i) such compromise or settlement includes as an unconditional term thereof, the giving by each claimant or plaintiff to the Indemnified Party of a release from all liability in respect of such Third Party Claim; and (ii) the Indemnified Party consents in writing to such compromise or settlement, which consent shall not be withheld or delayed unless such compromise or settlement involves (A) any admission of legal wrongdoing by the Indemnified Party, (B) any payment by the Indemnified Party that is not indemnified hereunder or (C) the imposition of any equitable relief against the Indemnified Party, in which case for clauses (A) - (C) above, the Indemnified Party may withhold its consent in its sole discretion. If the Indemnifying Party does not elect to assume control of the defense of a Third Party Claim or if a good faith and diligent defense is not being or ceases to be materially conducted by the Indemnifying Party, the Indemnified Party shall have the right, at the expense of the Indemnifying Party, upon at least [***] Business Days' prior written notice to the Indemnifying Party of its intent to do so, to undertake the defense of such Third Party Claim for the account of the Indemnifying Party (with counsel reasonably selected by the Indemnified Party and approved by the Indemnifying Party, such approval not to be unreasonably withheld or delayed), provided, that the Indemnified Party shall keep the Indemnifying Party apprised of all material developments with respect to such Third Party Claim and promptly provide the Indemnifying Party with copies of all correspondence and documents exchanged by the Indemnified Party and the opposing party(ies) to such litigation. The Indemnified Party may not compromise or settle such litigation without the prior written consent of the Indemnifying Party, such consent not to be unreasonably withheld or delayed.

(c) The Indemnified Party may participate in, but not control, any defense or settlement of any Third Party Claim controlled by the Indemnifying Party pursuant to this Section 8.2 and shall bear its own costs and expenses with respect to such participation; provided, however, that the Indemnifying Party shall bear such costs and expenses if counsel for the Indemnifying Party shall have reasonably determined that such counsel may not properly represent both the Indemnifying Party and the Indemnified Party.

(d) In order for an Indemnified Party to be entitled to any indemnification provided for under this Agreement other than in respect of, arising out of or involving, a Third Party Claim, such Indemnified Party shall deliver notice of such claim with reasonable promptness to the Indemnifying Party (including in such notice a brief description of the applicable claim(s), including damages sought or estimated, to the extent actually known by such Indemnified Party, and the Section(s) of this Agreement upon which such claim for indemnification is then based); *provided, however*, that failure to give such notification shall not affect the indemnification provided under Section 8.1(a) or 8.1(b) except to the extent the Indemnifying Party has been actually and materially prejudiced as a result of such failure.

8.3 Survival. The representations and warranties of Seller and Buyer under this Agreement, and liability for the breach thereof, shall survive the Closing Date and shall remain in full force and effect for a period of [***] years following the Closing Date; *provided, however*, that all covenants, the Fundamental Representations and any claims for fraud or intentional misrepresentation shall survive the Closing Date and shall remain in full force and effect until the

later of (a) [***] years following the Closing Date and (b) the expiration of the applicable statute of limitations. No claim for breach of any representation, warranty, covenant or agreement may be brought after expiration of the survival periods set forth in this Section 8.3. Notwithstanding the foregoing, if written notice of a claim has been given in the manner required by Section 8.2 prior to the expiration of the applicable survival period by the Party seeking indemnification for such claim, then the relevant covenants, representations and warranties of the other Party shall survive as to such claim until such claim has been finally resolved pursuant to this Article 8.

8.4Additional Indemnification Matters. The right of indemnification provided under this Section 8.1(a)(i) shall not be affected by any knowledge acquired (or capable of being acquired) at any time, whether before or after the Effective Date, with respect to the accuracy or inaccuracy of, or compliance or noncompliance with, any representation, warranty, covenant or agreement contained herein. Notwithstanding anything to the contrary herein, for the purposes of this ARTICLE 8, in determining the existence of any breach of a representation or warranty made by either Party or for the purposes of determining Losses, each representation or warranty made by a Party will be deemed made without any qualifications or limitations as to materiality and, without limiting the foregoing, the word "material" and words of similar import will be deemed deleted from any such representation or warranty.

8.5Adjustments. Any amount paid under this Article 8 shall be treated as an adjustment to the Purchase Price for all Tax purposes unless otherwise required by applicable Law.

8.6Additional Limitations of Liability. Notwithstanding anything to the contrary set forth in this Agreement, except in the case of fraud, the maximum aggregate amount of indemnifiable Losses that may be recovered from Seller by the Buyer Indemnified Parties on the one hand, or by Buyer from the Seller Indemnified Parties on the other hand, shall equal the Purchase Price. NOTWITHSTANDING ANYTHING TO THE CONTRARY SET FORTH IN THIS AGREEMENT, EXCEPT TO THE EXTENT ACTUALLY AWARDED AGAINST A BUYER INDEMNIFIED PARTY OR A SELLER INDEMNIFIED PARTY PURSUANT TO A JUDGMENT WITH RESPECT TO A THIRD PARTY CLAIM, NO PARTY HERETO SHALL HAVE ANY LIABILITY FOR (I) ANY PUNITIVE, EXEMPLARY, OR SPECIAL DAMAGES, (II) ANY MULTIPLIED, INDIRECT, CONSEQUENTIAL, LOST PROFITS, OR LOST REVENUE DAMAGES, EXCEPT IN THE CASE OF THIS CLAUSE (II), TO THE EXTENT SUCH DAMAGES ARE A REASONABLY FORESEEABLE RESULT OF THE BREACH OF THIS AGREEMENT THAT GIVE RISE THERETO, OR (III) EXCEPT PURSUANT TO THIS ARTICLE 8, ANY PAYMENT OR REIMBURSEMENT FOR ANY ATTORNEYS COST OR PREJUDGMENT INTEREST. The limitations specified in this Section 8.6 will survive the termination of the Agreement.

8.7Exclusive Remedy. From and after the Closing, this Article 8 will provide the exclusive remedy against either Party for any breach of any representation, warranty, covenant or other claim arising out of or relating to this Agreement and/or the transactions contemplated hereby, except nothing in this Agreement will prevent or otherwise limit either Party from seeking or obtaining injunctive or other equitable relief for any breach of any covenant or agreement set forth herein or making any claim in the event of fraud. The Parties hereto agree that the provisions in this Agreement relating to indemnification, and the limits imposed on Buyer's remedies with respect to this Agreement and the transactions contemplated hereby, were specifically bargained for between

sophisticated parties and were specifically taken into account in the determination of the amounts to be paid to Seller hereunder.

ARTICLE 9
GENERAL PROVISIONS

9.1Notice Requirements. Any notice, request, demand, waiver, consent, approval, or other communication permitted or required under this Agreement shall be in writing, shall refer specifically to this Agreement and shall be deemed given and received only if (a) delivered by hand, (b) sent by internationally recognized overnight delivery service that maintains records of delivery, addressed to the Parties at their respective addresses specified in this Section 9.1 or to such other address as the Party to whom notice is to be given may have provided to the other Party in accordance with this Section 9.1, or (c) sent by email as a PDF attachment. Such notice shall be deemed to have been given (a) as of the date delivered by hand, (b) on the [***] Business Day (at the place of delivery) after deposit with an internationally recognized overnight delivery service, or (c) the [***] Business Day following transmission by email if no automated notice of delivery failure is received by the sender. Any notice delivered by email shall be confirmed by a hard copy delivered as soon as practicable thereafter.

If to Buyer, to:

[***]
with a copy (which shall not constitute notice) to:

[***]

Covington & Burling LLP
The New York Times Building
620 Eighth Avenue
New York, NY 10018
Attention: Stephen A. Infante
Email: sinfante@cov.com

If to Seller, to:

Acadia Pharmaceuticals Inc.
12830 El Camino Real
San Diego, CA 92130
Attention: Chief Legal Officer

with a copy (which shall not constitute notice) to:

Latham & Watkins LLP
10250 Constellation Blvd. Suite 1100
Los Angeles, CA 90067
Attention: Andrew Clark

Email: Andrew.Clark@lw.com

9.2Construction. Except where the context otherwise requires, wherever used, the singular shall include the plural, the plural the singular, the use of any gender shall be applicable to all genders and the word "or" is used in the inclusive sense (and/or). Whenever this Agreement refers to a number of days, unless otherwise specified, such number refers to calendar days. The captions of this Agreement are for convenience of reference only and in no way define, describe, extend, or limit the scope or intent of this Agreement or the intent of any provision contained in this Agreement. The term "including," "include," or "includes" as used herein shall mean "including, but not limited to," and shall not limit the generality of any description preceding such term. The words "will" and "shall" have the same meaning. "Extent" in the phrase "to the extent" means the degree to which a subject or other thing extends, and such phrase does not mean simply "if." The language of this Agreement shall be deemed to be the language mutually chosen by the Parties and no rule of strict construction shall be applied against either Party hereto. Each Party represents that it has been represented by legal counsel in connection with this Agreement and acknowledges that it has participated in the drafting hereof. In interpreting and applying the terms and provisions of this Agreement, the Parties agree that no presumption will apply against the Party which drafted such terms and provisions.

9.3References. Unless otherwise specified, (a) references in this Agreement to any Article, Section, Schedule or Exhibit shall mean references to such Article, Section, Schedule or Exhibit of this Agreement, (b) references in any Section to any clause are references to such clause of such Section, and (c) references to any agreement, instrument, or other document in this Agreement refer to such agreement, instrument, or other document as originally executed or, if subsequently amended, replaced, or supplemented from time to time, as so amended, replaced, or supplemented and in effect at the relevant time of reference thereto.

9.4Entire Agreement; Amendments. This Agreement, the documents, Exhibits and Schedules referred to herein, and the Confidentiality Agreement sets forth and constitutes the entire agreement and understanding between the Parties with respect to the subject matter hereof and all prior agreements, understandings, promises, and representations, whether written or oral, with respect thereto are superseded hereby. Each Party confirms that it is not relying on any representations or warranties of the other Party except as specifically set forth in this Agreement. No amendment, modification, release, or discharge shall be binding upon the Parties unless in writing and duly executed by authorized Representatives of both Parties.

9.5Assignment. Without the prior written consent of the other Party neither Party shall sell, transfer, assign, delegate, pledge, or otherwise dispose of, whether voluntarily, involuntarily, by operation of law or otherwise, this Agreement or any of its rights or duties hereunder; *provided*, that Buyer may make such an assignment, in whole or in part, without Seller's consent, to any Affiliate, purchaser, transferee, or assignee of the Purchased Assets. With respect to any permitted assignment, the assigning Party shall remain responsible for the performance by such permitted assignee of the assigning Party's duties and obligations hereunder and in no event shall the other Party's liability be greater to such Assignee than it would have been to the Assigning Party. Any attempted assignment or delegation in violation of this Section 9.5 shall be void and of no effect. All validly assigned and delegated rights and obligations of the Parties hereunder shall be binding

upon and inure to the benefit of and be enforceable by and against the successors and permitted assigns of Buyer or Seller, as the case may be.

9.6Severability. If any provision of this Agreement is held to be illegal, invalid, or unenforceable under any present or future law, and if the rights or obligations of either Party under this Agreement will not be materially and adversely affected thereby, (a) such provision shall be fully severable; (b) this Agreement shall be construed and enforced as if such illegal, invalid, or unenforceable provision had never comprised a part hereof; (c) the remaining provisions of this Agreement shall remain in full force and effect and shall not be affected by the illegal, invalid, or unenforceable provision or by its severance herefrom; and (d) in lieu of such illegal, invalid, or unenforceable provision, there shall be added automatically as a part of this Agreement a legal, valid, and enforceable provision as similar in terms to such illegal, invalid, or unenforceable provision as may be possible and reasonably acceptable to the Parties. To the fullest extent permitted by applicable Law, each Party hereby waives any provision of Law that would render any provision hereof illegal, invalid, or unenforceable in any respect.

9.7Governing Law. This Agreement or the performance, enforcement, breach or termination hereof shall be interpreted, governed by and construed in accordance with the laws of the State of New York, United States, excluding any conflicts or choice of law rule or principle that might otherwise refer construction or interpretation of this Agreement to the substantive law of another jurisdiction.

9.8Mediation.

(a) The Parties shall first attempt to resolve any dispute, controversy or claim arising out of or related to this Agreement ("***Dispute***") by confidential mediation in accordance with the then current mediation procedure ("***CPR Mediation Procedure***") of the International Institute for Conflict Prevention and Resolution (www.cpradr.org) before initiating litigation. The CPR Mediation Procedure shall control, except where it conflicts with this Section 9.8, in which case this Section 9.8 shall control. The mediator shall be chosen pursuant to the CPR Mediation Procedure. The mediation shall be held in New York, New York. All aspects of the mediation shall be treated as confidential.

(b) Either Party may initiate mediation by written notice to the other Party of the existence of a Dispute. The Parties shall select a mediator within [***] days of the notice and the mediation will begin promptly after the selection. The mediation will continue until the mediator, or either Party, declares in writing, no sooner than after the conclusion of [***] full day of a substantive mediation conference attended on behalf of each Party by a senior business person with authority to resolve the Dispute, that the Dispute cannot be resolved by mediation. In no event, however, shall mediation continue for more than [***] days from initial notice by a Party to initiate meditation, unless the Parties agree in writing to extend that period.

(c) Any period or statute of limitations that would otherwise expire between the initiation of mediation and its conclusion shall be extended until [***] days after the conclusion of the mediation.

(d) The parties may jointly opt out of the mediation procedure by written mutual agreement.

(e) Either Party has the right to seek from the appropriate court provisional remedies such as attachment, preliminary injunction, replevin, etc. to avoid irreparable harm, maintain the status quo, or preserve the subject matter of the Dispute.

(f) Notwithstanding anything to the contrary in this Agreement, the foregoing provisions of this Section 9.8 shall not apply to any Dispute related to the failure of either Party to perform its obligations required to be performed prior to the Closing pursuant to this Agreement (including failing to take such actions as are required of them hereunder to consummate the Closing) in accordance with its specified terms, and instead the provisions of Section 9.9 shall apply to any such Dispute.

9.9 Dispute Resolution.

(a) If the Parties fail to resolve any applicable Dispute in mediation or if Section 9.8(e) applies, and a Party desires to pursue resolution of the applicable Dispute, such Dispute may be submitted by such Party for resolution exclusively in the United States District Court for the Southern District of New York, or in New York State Supreme Court in the Borough of Manhattan if the United States District Court does not have jurisdiction. Each of the Parties (i) consents to the exclusive jurisdiction of each such court with respect to resolution of such Dispute, (ii) waives any objection that it may have to the laying of venue in any such suit, action or proceeding in any such court, and (iii) agrees that service of any court paper may be made in such manner as may be provided under applicable laws or court rules governing service of process or by registered mail to such Party's address set forth in Section 9.1.

(b) The Parties agree to seek an early conference with the court and to advise the court of this Agreement. The Parties agree to make all filings required by the court on a schedule that will assure trial ready status [***] months after the service of the first complaint and further agree to make all motions, including motions for summary judgment, on a schedule that will allow them to be fully considered by the court less than [***] months after the service of the first complaint.

(c) Both Parties agree to conduct discovery in a manner and on a schedule to assure completion of discovery within [***] months after service of the first complaint. To that end, each of the Parties agrees to pursue no more than the following discovery in the aggregate from all parties and non-parties to the action: a total of no more than [***] requests for documents (including subparts); a total of no more than [***] interrogatories (including subparts); a total of no more than [***] hours of deposition testimony from all witnesses in the aggregate, including both fact and expert witnesses; and a total of no more [***] hours of non-party witnesses. The Parties agree to work together to reach agreement to limit discovery of electronically stored information, including the use of date restrictions and file types. To obtain email, the parties to the Dispute must propound specific email production requests directed to specific issues, rather than general discovery. Email production requests shall identify the custodian, search terms, and time frame and be limited to a total of five custodians and five search terms.

(d) Each Party has the right to pursue provisional relief from any court, such as attachment, preliminary injunction, replevin, etc. to avoid irreparable harm, maintain the status quo, or preserve the subject matter of the Dispute.

9.10WAIVER OF JURY TRIAL. EACH PARTY, TO THE EXTENT PERMITTED BY APPLICABLE LAW, KNOWINGLY, VOLUNTARILY, AND INTENTIONALLY WAIVES ITS RIGHT TO A TRIAL BY JURY IN ANY ACTION ARISING OUT OF OR RELATING TO THIS AGREEMENT AND THE TRANSACTIONS IT CONTEMPLATES. THIS WAIVER APPLIES TO ANY ACTION, WHETHER SOUNDING IN CONTRACT, TORT, OR OTHERWISE.

9.11Waiver and Non-Exclusion of Remedies.

(a) Any term or condition of this Agreement may be waived at any time by the Party that is entitled to the benefit thereof, but no such waiver shall be effective unless set forth in a written instrument duly executed by the Party waiving such term or condition. The waiver by either Party hereto of any right hereunder or of the failure to perform or of a breach by the other Party shall not be deemed a waiver of any other right hereunder or of any other breach or failure by such other Party whether of a similar nature or otherwise, and nothing in this Agreement shall be deemed a waiver by any Party of any right to specific performance or injunctive relief. The rights and remedies provided herein are cumulative and do not exclude any other right or remedy provided by applicable Law or otherwise available except as expressly set forth herein.

(b) The Parties agree that irreparable harm would occur in the event that the Closing is not consummated in accordance with the terms of this Agreement, and that money damages or other legal remedies would not be an adequate remedy for any such harm. Accordingly, the Parties acknowledge and hereby covenant and agree that in the event of any breach or threatened breach of the covenants, agreements or obligations set forth in this Agreement, then in addition to any other remedy available at law or in equity, the non-breaching Party will be entitled to an injunction or injunctions to prevent or restrain any breaches or threatened breaches of this Agreement, and to specifically enforce the terms and provisions of this Agreement to enforce compliance with the covenants, agreements and obligations under this Agreement. Each Party hereby covenants and agrees not to raise, and irrevocably waives, any objections to the availability of such relief that a remedy at law would be adequate and that a bond or other security will be required.

9.12No Benefit to Third Parties. Except as provided in Article 8, the covenants and agreements set forth in this Agreement are for the sole benefit of the Parties and their successors and permitted assigns, and they shall not be construed as conferring any rights on any other Persons.

9.13Counterparts; Execution. This Agreement may be executed in two (2) or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one (1) and the same instrument. This Agreement may be executed by electronically transmitted signatures and such signatures shall be deemed to bind each Party hereto as if they were original signatures.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, each of Buyer and Seller has caused this Agreement to be executed and delivered by their respective officers thereunto duly authorized, all as of the date first written above.

[***]

By: /s/ [***]
Name: [***]
Title: [***]

(SIGNATURE PAGE TO ASSET PURCHASE AGREEMENT)

IN WITNESS WHEREOF, each of Buyer and Seller has caused this Agreement to be executed and delivered by their respective officers thereunto duly authorized, all as of the date first written above.

ACADIA PHARMACEUTICALS INC.

By: /s/ Mark Schneyer
Name: Mark Schneyer
Title: Executive Vice President, Chief Financial Officer

(SIGNATURE PAGE TO ASSET PURCHASE AGREEMENT)

Exhibit A

Approval Letter

(See attached.)

Exhibit 2.4(b)

Form of Seller Cover Letter

[Acadia Pharmaceuticals Inc.] Letterhead]

[●], 2024

[FDA address]

Re: NDA 217026 – Transfer of Rare Pediatric Disease Priority Review Voucher PRV NDA 217026 (the "***Voucher***")

To Whom it May Concern:

Reference is made to the above-referenced NDA, the NDA approval letter dated March 10, 2023 (the "***Approval Letter***") granting the Voucher to Acadia Pharmaceuticals Inc., ("***Acadia***"), and all related written correspondence regarding PRV NDA 217026.

Please be advised that as of [●], 2024, Acadia has transferred complete ownership of the Voucher to [***]. ("***Buyer***"), and Buyer has legally accepted complete ownership of the Voucher from Acadia. Acadia and Buyer have exchanged letters acknowledging the transfer, copies of which are enclosed herein.

Acadia has provided Buyer with an unredacted copy of the Approval Letter.

This letter contains confidential commercial information and/or trade secrets that are exempt from public disclosure under the Freedom of Information Act (5 U.S.C. §552(b)(4)), the Trade Secrets Act (18 U.S.C. §1905), the Federal Food, Drug, and Cosmetic Act (21 U.S.C. §331(j)), and 21 C.F.R. §20.61.

Sincerely,

[Acadia Contact]

Exhibit 2.5(a)
Form of Bill of Sale
BILL OF SALE

This BILL OF SALE (the *"**Bill of Sale**")* is made and entered into as of [●], 2024, by and between [***] *("**Buyer**"),* and ACADIA PHARMACEUTICALS INC., a corporation organized under the laws of the State of Delaware *("**Seller**").* Buyer and Seller may hereinafter be referred to individually as a *"**Party**"* and collectively as the *"**Parties**"*. Reference is made to that certain Asset Purchase Agreement, dated as of November 5, 2024 by and between the Parties (the *"**Purchase Agreement**").* Capitalized terms used but not otherwise defined herein shall have the meanings assigned to them in the Purchase Agreement.

WHEREAS, the Parties have entered into the Purchase Agreement, pursuant to which Seller has agreed to sell to Buyer, and Buyer has agreed to purchase from Seller, upon the terms and conditions set forth in the Purchase Agreement, all right, title, and interest of Seller in and to the Purchased Assets.

NOW, THEREFORE, in consideration of the premises and covenants hereinafter contained, the representations, warranties, and covenants contained in the Purchase Agreement, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Buyer and Seller, intending to be legally bound, hereby agree as follows:

1. Effective Time. This Bill of Sale shall be effective as of the Closing.

2. Transfer of the Purchased Assets. Effective as of the Closing, pursuant to the terms and subject to the conditions of the Purchase Agreement, Seller hereby sells, assigns, transfers, and conveys to Buyer and its successors and its assigns, and Buyer hereby does purchase from Seller, all of Seller's right, title and interest in and to the Purchased Assets (including the Priority Review Voucher), in each case free and clear of all Encumbrances.

3. Binding Effect; Amendments. This Bill of Sale shall be binding upon, inure to the benefit of, and be enforceable by, the Parties and their respective legal representatives, successors and permitted assigns. Neither this Bill of Sale, nor any term or provision hereof, may be amended, modified, superseded or cancelled except by an instrument in writing signed by each Party hereto.

4. Governing Law. This Bill of Sale or the performance, enforcement, breach or termination hereof shall be interpreted, and governed by the rules set forth in Sections 9.7, 9.8 and 9.9 of the Purchase Agreement. In the case of any conflict between the term of this Bill of Sale and the Purchase Agreement, the Purchase Agreement shall control.

5. Counterparts. This Bill of Sale may be executed in two (2) or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one (1) and the same instrument. This Bill of Sale may be executed by facsimile or electronically transmitted signatures and such signatures shall be deemed to bind each Party hereto as if they were original signatures.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, each of Buyer and Seller has caused this Bill of Sale to be executed and delivered by their respective officers thereunto duly authorized, all as of the date first written above.

[***]

By: _____
Name: [●]
Title: [●]

ACADIA PHARMACEUTICALS INC.

By: _____
Name: [●]
Title: [●]

(SIGNATURE PAGE TO BILL OF SALE)

Exhibit 2.5(b)

Form of Seller Transfer Acknowledgment Letter

[Acadia Pharmaceuticals Inc.] Letterhead]

[●], 2024
[***]

Re: Transfer of Rare Pediatric Disease Priority Review Voucher PRV NDA 217026 (the *"**Voucher**")*

Dear Mr. Cavanaugh:

Reference is made to New Drug Application 217026 (the *"**NDA**")* submitted by Acadia Pharmaceuticals Inc. *("**Acadia**")* and the March 10, 2023 letter (the *"**Approval Letter**")* approving the NDA and granting Acadia the Voucher. Acadia has not previously transferred the Voucher to any other person.

Further reference is made to that certain Asset Purchase Agreement, dated as of November 5, 2024 (the *"**Agreement**"),* by and between Acadia and [***] *("**Buyer**").* Pursuant to the Agreement, Acadia has sold, transferred, assigned, conveyed, and delivered the Voucher to Buyer, and Buyer has legally accepted complete ownership of the Voucher from Acadia, effective as of the date of this letter. This transfer is free and clear of all liens and provides Buyer with all of Acadia's right, title, and interest in, to, and under the Voucher.

This letter acknowledges that Acadia has irrevocably transferred, assigned, conveyed, and delivered the Voucher to Buyer.

This letter will be presented to the United States Food and Drug Administration as evidence that Acadia acknowledges the sale and transfer of the Voucher to Buyer. Acadia has provided Buyer with an unredacted copy of the Approval Letter for reference and for submission in connection with the use of the Voucher.

Sincerely,

[●]

Exhibit 2.5(c)
Form of Seller Closing Certificate
ACADIA PHARMACEUTICALS INC.
Closing Certificate
[●], 2024

This Closing Certificate (this *"**Certificate**")* is delivered pursuant to Section 2.5(c) of the Asset Purchase Agreement (the *"**Agreement**"),* dated as of November 5, 2024, by and between **ACADIA PHARMACEUTICALS INC.** *("**Seller**")* and **[***]** *("**Buyer**").* Unless otherwise defined herein or if the context otherwise requires, capitalized terms used in this Certificate have the meanings provided in the Agreement.

The undersigned, in the undersigned's capacity as a duly authorized officer of Seller, solely in such capacity and not in the undersigned's individual capacity, is duly authorized to execute and deliver this Certificate on behalf of Seller. By executing this Certificate, the undersigned hereby certifies to Buyer that as of the date hereof:

1. Each of the representations and warranties of Seller made in Article 3 of the Agreement, other than the Fundamental Representations, are true and correct (without giving effect to any limitation or qualification as to "materiality" (including the word "material") or "material adverse effect" set forth therein) in all material respects as of the Effective Date and as of the Closing Date (or in the case of representations and warranties that are made as of a specified date, such representations and warranties are true and correct as of such specified date). The Fundamental Representations are true and correct in all respects as of the Effective Date and as of the Closing Date (or in the case of representations and warranties that are made as of a specified date, such representations and warranties shall be true and correct as of such specified date).

2. Seller and its Affiliates have performed in all material respects all obligations and agreements and complied in all material respects with all covenants and conditions required by the Agreement to be performed or complied with by Seller or any such Affiliate on or before the date hereof.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the undersigned has executed and delivered this Certificate as of the date first set forth above.

ACADIA PHARMACEUTICALS INC.

By: _____
Name: [●]
Title: [●]

(SIGNATURE PAGE TO SELLER CLOSING CERTIFICATE)

Exhibit 2.5(d)
Form of Seller Secretary's Certificate
ACADIA PHARMACEUTICALS INC.
Secretary's Certificate
[●], 2024

This Secretary's Certificate (this *"**Certificate**")* is delivered pursuant to Section 2.5(d) of the Asset Purchase Agreement (the *"**Agreement**"),* dated as of November 5, 2024, by and between ACADIA PHARMACEUTICALS INC. *("**Seller**")* and [***] *("**Buyer**").* Unless otherwise defined herein or if the context otherwise requires, capitalized terms used in this Certificate have the meanings provided in the Agreement.

The undersigned, in the undersigned's capacity as the duly authorized corporate secretary of Seller, solely in such capacity and not in the undersigned's individual capacity, is duly authorized to execute and deliver this Certificate on behalf of Seller. By executing this Certificate, the undersigned hereby certifies to Buyer that as of the date hereof:

1. Attached hereto as Exhibit A are true, correct and complete copies of the resolutions duly adopted by the Board of Directors of Seller authorizing the execution, delivery and performance of the Agreement and the transactions contemplated thereunder. Such resolutions have not been amended, modified or rescinded and are in full force and effect as of the date hereof.

2. The persons whose names are set forth on Exhibit B are authorized signatories of Seller, duly elected or appointed to the position or positions set forth opposite their respective names and held office as of the date of such individual's execution of the Agreement or any instrument delivered, or to be delivered, thereunder.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the undersigned has executed and delivered this Certificate as of the date first set forth above.

ACADIA PHARMACEUTICALS INC.

By: _____
Name: [●]
Title: [●]

(SIGNATURE PAGE TO SELLER CLOSING CERTIFICATE)

Exhibit A

Resolutions of the Board of Directors of Seller

[Attached]

Exhibit B

Authorized Signatories

NAME	TITLE
[●]	[●]
[●]	[●]
[●]	[●]

Exhibit 2.6(c)

Form of Buyer Transfer Acknowledgment Letter

[[***] Letterhead]

[●], 2024
Acadia Pharmaceuticals Inc.
[●]
[●]

Re: Transfer of Rare Pediatric Disease Priority Review Voucher PRV NDA 217026
(the *"**Voucher**")*

Dear [●] :
Reference is made to New Drug Application 219132 (the *"**NDA**")* submitted by ACADIA PHARMACEUTICALS INC., *("**Acadia**")* and the March 10, 2023 letter (the *"**Approval Letter**")* approving the NDA and granting Acadia the Voucher. Acadia has not previously transferred the Voucher to any other person.

Further reference is made to that certain Asset Purchase Agreement, dated as of November 5, 2024 (the *"**Agreement**"),* by and between Acadia and [***] *("**Buyer**").* Pursuant to the Agreement, Acadia has sold, transferred, assigned, conveyed, and delivered the Voucher to Buyer, and Buyer has legally accepted complete ownership of the Voucher from Acadia, effective as of the date of this letter. This transfer is free and clear of all liens and provides Buyer with all of Acadia's right, title, and interest in, to, and under the Voucher.

This letter acknowledges that Acadia has irrevocably transferred, assigned, conveyed, and delivered the Voucher to Buyer.

This letter will be presented to the United States Food and Drug Administration as evidence that Buyer acknowledges the sale and transfer of the Voucher to Buyer. Acadia has provided Buyer with an unredacted copy of the Approval Letter for reference and for submission in connection with the use of the Voucher.

Sincerely,

[●]

Exhibit 2.6(d)
Form of Buyer Closing Certificate
[***]
Closing Certificate
[●], 2024

This Closing Certificate (this *"**Certificate**")* is delivered pursuant to Section 2.6(d) of the Asset Purchase Agreement (the *"**Agreement**"),* dated as of November 5, 2024, by and between ACADIA PHARMACEUTICALS INC. *("**Seller**")* and [***] *("**Buyer**").* Unless otherwise defined herein or if the context otherwise requires, capitalized terms used in this Certificate have the meanings provided in the Agreement.

The undersigned, in the undersigned's capacity as a duly authorized officer of Buyer, solely in such capacity and not in the undersigned's individual capacity, is duly authorized to execute and deliver this Certificate on behalf of Buyer. By executing this Certificate, the undersigned hereby certifies to Seller that as of the date hereof:

1. Each of the representations and warranties of Buyer made in Article 4 of the Agreement are true and correct (without giving effect to any limitation or qualification as to "materiality" (including the word "material") or "material adverse effect" set forth therein) in all material respects as of the Effective Date and as of the Closing Date (or in the case of representations and warranties that are made as of a specified date, such representations and warranties are true and correct as of such specified date).

2. Buyer and its Affiliates have performed in all material respects all obligations and agreements and complied in all material respects with all covenants and conditions required by the Agreement to be performed or complied with by Buyer or any such Affiliate on or before the date hereof.

IN WITNESS WHEREOF, the undersigned has executed and delivered this Certificate as of the date first set forth above.

[***]

By: _____
Name: [●]
Title: [●]

Exhibit 5.5

Form of Press Release

[See attached.]

Exhibit 19.1

ACADIA PHARMACEUTICALS INC.
INSIDER TRADING POLICY
(ADOPTED NOVEMBER 13, 2024)

INTRODUCTION

During the course of your relationship with Acadia Pharmaceuticals Inc. (the "***Company***," "***we***," "***us***" or "***our***"), you may receive material information that is not yet publicly available ("***material nonpublic information***") about the Company or other publicly traded companies that the Company has business relationships with. Material nonpublic information may give you, or someone you pass that information on to, a leg up over others when deciding whether to buy, sell or otherwise transact in the Company securities or the securities of another publicly traded company. This policy sets forth guidelines with respect to transactions in the Company securities and in the securities of other applicable publicly traded companies, in each case, by the Company's employees and directors, as well as the Company's consultants who are advised that they are subject to this policy or who may become aware of material nonpublic information ("***designated consultants***"), and any other persons or entities subject to the provisions of this policy as described below.

STATEMENT OF POLICY

It is the policy of the Company that an employee, director or designated consultant of the Company (or any other person or entity subject to this policy) who is aware of material nonpublic information relating to the Company **may not**, directly or indirectly:

1. engage in any transactions in the Company securities, except as otherwise specified under the heading "Exceptions to this Policy" below;
2. recommend the purchase or sale of any the Company securities;
3. disclose material nonpublic information to persons within the Company whose jobs do not require them to have that information, or outside of the Company to other persons, such as family, friends, business associates and investors, unless the disclosure is made in accordance with the Company's policies regarding the protection or authorized external disclosure of information regarding the Company; or
4. assist anyone engaged in the above activities.

The prohibition against insider trading is absolute. It applies ***even if*** the decision to trade is not based on such material nonpublic information. It also applies to transactions that may be necessary or justifiable for independent reasons (such as the need to raise money for an emergency expenditure) and also to very small transactions. All that matters is whether you are aware of ***any*** material nonpublic information relating to the Company at the time of the transaction.

The U.S. federal securities laws do not recognize any mitigating circumstances to insider trading. In addition, even the appearance of an improper transaction must be avoided to preserve the Company's reputation for adhering to the highest standards of conduct. In some circumstances, you may need to forgo a planned transaction even if you planned it before becoming aware of the material nonpublic information. So, even if you believe you may suffer an economic loss or sacrifice an anticipated profit by waiting to trade, you must wait.

It is also important to note that the laws prohibiting insider trading are not limited to trading by the insider alone; advising others to trade on the basis of material nonpublic information is illegal and squarely prohibited by this policy. Liability in such cases can extend both to the "tippee"—the person to whom the insider disclosed material nonpublic information—and to the "tipper"—the insider. In such cases, you can be held liable for your own transactions, as well as the transactions by a tippee and even the transactions of a tippee's tippee. For these and other reasons, it is the policy of the Company that no employee, director or designated consultant of the Company (or any other person or entity subject to this policy) may either (a) recommend to another person or entity that they buy, hold or sell the Company securities ***at any time*** when in possession of material nonpublic information or (b) disclose material nonpublic information to persons within the Company whose jobs do not require them to have that information, or outside of the Company to other persons (unless the disclosure is made in accordance with the Company's policies regarding the protection or authorized external disclosure of information regarding the Company).

In addition, it is the policy of the Company that no person subject to this policy who, in the course of such person's relationship with the Company, learns of any confidential information that is material to another publicly traded company, including but not limited to, a supplier, partner or collaborator of the Company or an economically-linked company such as a competitor of the Company, may trade in that other company's securities until the information becomes public or is no longer material to that other company.

There are no exceptions to this policy, except as specifically noted above or below.

TRANSACTIONS SUBJECT TO THIS POLICY

This policy applies to all transactions in securities issued by the Company, as well as derivative securities that are not issued by the Company, such as exchange-traded put or call options or swaps relating to the Company securities. Accordingly, for purposes of this policy, the terms "***trade***," "***trading***" and "***transactions***" include not only purchases and sales of the Company's common stock in the public market but also any other purchases, sales, transfers, gifts or other acquisitions and dispositions of common or preferred equity, options, warrants and other securities (including debt securities) and other arrangements or transactions that affect economic exposure to changes in the prices of these securities.

PERSONS SUBJECT TO THIS POLICY

This policy applies to you and all other employees, directors and designated consultants of the Company and its subsidiaries. This policy also applies to members of your family who reside with you, any other persons with whom you share a household, any family members who do not live in your household but whose transactions in the Company securities are directed by you or are subject to your influence or control and any other individuals or entities whose transactions in securities you influence, direct or control. However, this Policy does not apply to any entity that you influence, direct or control if such entity invests in securities in the ordinary course of its business (e.g., a venture or other investment fund), provided that such entity has established its own insider trading controls and procedures in compliance with applicable securities laws. The foregoing persons who are deemed subject to this policy are referred to in this policy as "***Related Persons***." You are responsible for making sure that your Related Persons comply with this policy.

MATERIAL NONPUBLIC INFORMATION

Material information

It is not always easy to figure out whether you are aware of material nonpublic information. But there is one important factor to determine whether nonpublic information you know about a public company is material: whether the information could be expected to affect the market price of that company's securities

or to be considered important by investors who are considering trading that company's securities. If the information makes you want to trade, it would probably have the same effect on others. Keep in mind that both positive and negative information can be material.

There is no bright-line standard for assessing materiality; rather, materiality is based on an assessment of all of the facts and circumstances, and is often evaluated by relevant enforcement authorities with the benefit of hindsight. Depending on the specific details, the following items may be considered material nonpublic information until publicly disclosed within the meaning of this policy. There may be other types of information that would qualify as material information as well; use this list merely as a non-exhaustive guide:

- financial results or forecasts;
- status of product or product candidate development or regulatory approvals;
- clinical data relating to products or product candidates;
- timelines for pre-clinical studies or clinical trials;
- acquisitions or dispositions of assets, divisions or companies;
- public or private sales of debt or equity securities;
- stock splits, dividends or changes in dividend policy;
- the establishment of a repurchase program for the Company securities;
- gain or loss of a significant licensor, licensee or supplier;
- changes or new corporate partner relationships or collaborations;
- notice of issuance or denial of patents;
- regulatory developments;
- management or control changes;
- employee layoffs;
- a disruption in the Company's operations or breach or unauthorized access of its property or assets, including its facilities and information technology infrastructure;
- tender offers or proxy fights;
- accounting restatements; and
- litigation or settlements.

When information is considered public

The prohibition on trading when you have material nonpublic information lifts once that information becomes publicly disseminated. But for information to be considered publicly disseminated, it must be widely disseminated through a press release, a filing with the Securities and Exchange Commission (the "***SEC***"), or other widely disseminated announcement. Once information is publicly disseminated, it is still necessary to afford the investing public with sufficient time to absorb the information. For persons subject to this policy, information will be considered publicly disseminated for purposes of this policy only after one full trading day has elapsed since the information was publicly disclosed. For example, if we announce material nonpublic information before trading begins on Thursday, then you may execute a transaction in our securities on Friday; if we announce material nonpublic information after trading ends on Thursday, then you may execute a transaction in our securities on Monday. Depending on the particular circumstances, the Company may determine that a longer waiting period should apply to the release of specific material nonpublic information.

QUARTERLY TRADING BLACKOUTS

Because our workplace culture tends to be open, odds are that most of our employees, directors and designated consultants will possess material nonpublic information at certain points during the year. To

minimize even the appearance of improper trading, we have established "quarterly trading blackout periods" during which Covered Insiders (as defined below) and their Related Persons—regardless of whether they are aware of material nonpublic information or not—may not conduct any trades in the Company securities. As used in this policy, "***Covered Insider***" means each of the Company's and its subsidiaries' (i) officers, (ii) directors, (iii) employees designated in writing from time to time by the Company's Chief Executive Officer, Chief Financial Officer, Chief Legal Officer or one or more individuals designated by any such officers (each, a "***Trading Compliance Officer***") and (iv) consultants designated by a Trading Compliance Officer from time to time. That means that, except as described in this policy, ***all*** Covered Insiders and their Related Persons will be able to trade in the Company securities only during limited open trading window periods that generally will begin after one full trading day has elapsed since the public dissemination of the Company's annual or quarterly financial results and end at the beginning of the next quarterly trading blackout period. Of course, even during an open trading window period, you may not (unless an exception applies) conduct any trades in the Company securities if you are otherwise in possession of material nonpublic information.

For purposes of this policy, each "***quarterly trading blackout period***" will begin at the end of the day that is two weeks before the end of each fiscal quarter and end after one full trading day has elapsed since the public dissemination of the Company's financial results for that quarter. Please note that the quarterly trading blackout period may commence early or may be extended if, in the judgment of a Trading Compliance Officer, there exists undisclosed information that would make trades by Covered Insiders or their Related Persons inappropriate. It is important to note that the fact that the quarterly trading blackout period has commenced early or has been extended should be considered material nonpublic information that should not be communicated to any other person.

A Covered Insider who believes that special circumstances require such person or such person's Related Persons to trade during a quarterly trading blackout period should consult the Chief Legal Officer or, if the Chief Legal Officer is not available, another Trading Compliance Officer. Permission to trade during a quarterly trading blackout period will be granted only where the circumstances are extenuating, a Trading Compliance Officer concludes that the person is not in fact aware of any material nonpublic information relating to the Company or its securities (whether through certification by the Covered Insider or otherwise, in the discretion of the Trading Compliance Officer), and there appears to be no significant risk that the trade may subsequently be questioned.

EVENT-SPECIFIC TRADING BLACKOUTS

From time to time, an event may occur that is material to the Company and is known by only a few directors, officers and/or employees. So long as the event remains material and nonpublic, the persons designated by a Trading Compliance Officer may not trade in the Company securities. In that situation, the Company will notify the designated individuals that neither they nor their Related Persons may trade in the Company securities. The existence of an event-specific trading blackout should also be considered material nonpublic information and should not be communicated to any other person. Even if you have not been designated as a person who should not trade due to an event-specific trading blackout, you should not trade while aware of material nonpublic information. Exceptions will not be granted during an event-specific trading blackout.

The quarterly and event-driven trading blackouts do not apply to those transactions to which this policy does not apply, as described under the heading "Exceptions to this Policy" below.

EXCEPTIONS TO THIS POLICY

This policy does not apply in the case of the following transactions, except as specifically noted:

1.*Option Exercises*. This policy does not apply to the exercise of options granted under the Company's equity compensation plans for cash or, where permitted under the option, by a net exercise transaction with the Company or by delivery to the Company of already-owned Company stock. This policy does, however, apply to any sale of stock as part of a broker-assisted cashless exercise or any other market sale, whether or not for the purpose of generating the cash needed to pay the exercise price or pay taxes.

2.*Tax Withholding Transactions*. This policy does not apply to the surrender of shares directly to the Company to satisfy tax withholding obligations as a result of the issuance of shares upon vesting or exercise of restricted stock units, options or other equity awards granted under the Company's equity compensation plans. Of course, any market sale of the stock received upon exercise or vesting of any such equity awards remains subject to all provisions of this policy whether or not for the purpose of generating the cash needed to pay the exercise price or pay taxes.

3.*ESPP*. This policy does not apply to the purchase of stock by employees under the Company's 2004 Employee Stock Purchase Plan or any similar employee stock purchase plan adopted by the Company ("***ESPP***") on periodic designated dates in accordance with the ESPP. This policy does, however, apply to any sale of stock acquired pursuant to the ESPP.

4.*10b5-1 Automatic Trading Programs*. Under Rule 10b5-1 of the Securities Exchange Act of 1934, as amended ("***Exchange Act***"), and as permitted by the Company, employees, directors and consultants may establish a trading plan under which a broker is instructed to buy and sell the Company securities based on pre-determined criteria (a "***10b5-1 Trading Plan***"). So long as a 10b5-1 Trading Plan is properly established, purchases and sales of the Company securities pursuant to that 10b5-1 Trading Plan are not subject to this policy. To be properly established, an employee's, director's or designated consultant's 10b5-1 Trading Plan must be established in compliance with the requirements of Rule 10b5-1 of the Exchange Act and any applicable Rule 10b5-1 Trading Plan guidelines of the Company that may be in effect from time to time at a time when the Company was not in a trading blackout period and they were not otherwise aware of any material nonpublic information relating to the Company or the securities subject to the 10b5-1 Trading Plan. Moreover, all 10b5-1 Trading Plans must be reviewed and approved by a Trading Plan Compliance Officer (as defined in the Company's Rule 10b5-1 Trading Plan Guidelines in effect from time to time) before being established, solely to assess compliance with applicable securities laws and the Company's pertinent policies.

5.*401(k) Plan*. This policy does not apply to purchases of the Company securities in the Company's 401(k) plan resulting from your periodic contribution of money to the plan pursuant to your payroll deduction election. This policy does apply, however, to certain elections you may make under the 401(k) plan, including, if applicable: (a) an election to increase or decrease the percentage of your periodic contributions that will be allocated to the Company stock fund; (b) an election to make an intra-plan transfer of an existing account balance into or out of the Company stock fund; (c) an election to borrow money against your 401(k) plan account if the loan will result in a liquidation of some or all of your Company stock fund balance; and (d) an election to pre-pay a plan loan if the pre-payment will result in allocation of loan proceeds to the Company stock fund.

6.*Domestic Relations Order*. This policy does not apply to the acquisition or disposition of the Company securities pursuant to a domestic relations order, as defined in the Internal Revenue Code of 1986, as amended, or Title I of the Employee Retirement Income Security Act of 1974, as amended, or the rules thereunder.

SPECIAL AND PROHIBITED TRANSACTIONS

1.***Inherently Speculative Transactions.*** No Covered Insider or their Related Persons may engage in short sales, transactions in put options, call options or other derivative securities on an exchange or in any other organized market, or in any other inherently speculative transactions with respect to the Company securities.

2.***Hedging Transactions.*** The purchase of financial instruments or the entry into other transactions that are designed to offset or "hedge" decreases in the market value of Company securities may permit the Covered Insiders, as well as their respective Related Persons, to continue to own the Company securities obtained through employee benefit plans or otherwise, but without the full risks and rewards of ownership. When that occurs, the Covered Insider and their Related Persons may no longer have the same objectives as the Company's other securityholders. Therefore, each Covered Insider (and their Related Persons) is prohibited from engaging in any such transactions. Hedging can be accomplished through any number of possible mechanisms, including through the use of financial instruments such as prepaid variable forwards, equity swaps, collars and exchange funds. Other examples include borrowing or other arrangements involving a non-recourse pledge of the Company securities and selling a security future that establishes a position that increases in value as the value of the underlying equity security decreases.

3.***Margin Accounts and Pledged Securities***. Securities held in a margin account as collateral for a margin loan may be sold by the broker without the customer's consent if the customer fails to meet a margin call. Similarly, securities pledged (or hypothecated) as collateral for a loan may be sold in foreclosure if the borrower defaults on the loan. Because a margin sale or foreclosure sale may occur at a time when the pledgor is aware of material nonpublic information or otherwise is not permitted to trade in the Company securities, Company employees, directors and designated consultants are prohibited from holding the Company securities in a margin account or otherwise pledging the Company securities as collateral for a loan.

4.***Standing and Limit Orders***. Standing and limit orders (except standing and limit orders under approved 10b5-1 Trading Plans, as discussed above) create heightened risks for insider trading violations similar to the use of margin accounts. There is no control over the timing of purchases or sales that result from standing instructions to a broker, and as a result the broker could execute a transaction when a Company employee, director or designated consultant is in possession of material nonpublic information. The Company therefore discourages placing standing or limit orders on the Company securities. If a person subject to this policy determines that they must use a standing order or limit order (other than under an approved 10b5-1 Trading Plan as discussed above), the order should be limited to short duration and the person using such standing order or limit order is required to cancel such instructions immediately in the event restrictions are imposed on their ability to trade pursuant to the "Quarterly Trading Blackouts" and "Event-Specific Trading Blackouts" provisions above.

PRE-CLEARANCE AND ADVANCE NOTICE OF TRANSACTIONS

In addition to the requirements above, even during an open trading window, Covered Insiders may not engage in any transaction in, or enter into, modify or terminate any contract, instruction or written plan or arrangement in, the Company securities without first obtaining pre-clearance from a Trading Compliance Officer. A Trading Compliance Officer will then determine whether the person seeking pre-clearance may proceed with the proposed transaction and, if so, will direct the Compliance Coordinator (as identified in the Company's Section 16 Compliance Program) to help comply with any required reporting requirements under Section 16(a) of the Exchange Act. Pre-cleared transactions not completed within five business days will require new pre-clearance, subject to the Company's sole discretion to shorten such period of time.

Persons subject to pre-clearance must also give advance notice of their intent to gift the Company securities or to exercise an outstanding stock option to the Company's Chief Legal Officer and another Trading Compliance Officer. To the extent possible, a person subject to pre-clearance must give advance

notice to the Company's Chief Legal Officer and another Trading Compliance Officer with respect to transactions to be effected pursuant to a 10b5-1 Trading Plan. Once any transaction takes place, each officer or director must immediately notify the Compliance Coordinator and any other individuals identified under the heading "Notification of Execution of Transaction" (or similar heading) in the Company's Section 16 Compliance Program as in effect from time to time so that the Company may assist in any reporting obligations under Section 16(a) of the Exchange Act.

SHORT-SWING TRADING, CONTROL STOCK AND SECTION 16 REPORTS

The Company's officers subject to Section 16 of the Exchange Act and directors should take care to avoid short-swing transactions (within the meaning of Section 16(b) of the Exchange Act) and the restrictions on sales by control persons (Rule 144 under the Securities Act of 1933, as amended), and should file all appropriate Section 16(a) reports (Forms 3, 4 and 5), which are described in the Company's Section 16 Compliance Program as in effect from time to time, and any notices of sale required by Rule 144.

PROHIBITION OF TRADING DURING PENSION PLAN BLACKOUTS

Regulation Blackout Trading Restriction ("***Regulation BTR***") under the Exchange Act states that no director or executive officer of the Company may, directly or indirectly, purchase, sell or otherwise transfer any equity security of the Company (other than an exempt security) during any "blackout period" (as defined in Regulation BTR) if a director or executive officer acquires or previously acquired such equity security in connection with such person's service or employment as a director or executive officer. Because Regulation BTR is very complex, no director or executive officer of the Company should engage in any transactions in the Company securities, even if believed to be exempt from Regulation BTR, without first consulting with the Chief Legal Officer. The Company will notify each director and executive officer of any blackout periods in accordance with the provisions of Regulation BTR.

POLICY'S DURATION

This policy continues to apply to your transactions in the Company securities and the securities of other applicable public companies as more specifically set forth in this policy, even after your relationship with the Company has ended. If you are aware of material nonpublic information when your relationship with the Company ends, you may not trade the Company securities or the securities of other applicable publicly traded companies until the material nonpublic information has been publicly disseminated as discussed under the heading "Material Nonpublic Information—When information is considered public" above or is no longer material. Further, if you are a Covered Insider and you leave the Company during a trading blackout period, then you may not trade the Company securities or the securities of other applicable companies until the trading blackout period has ended. If you believe that special circumstances require you or a Related Person to trade during a quarterly trading blackout period, please follow the process described under the section titled "Quarterly Trading Blackouts" to seek permission to trade during a quarterly trading blackout period.

INDIVIDUAL RESPONSIBILITY

Persons subject to this policy have ethical and legal obligations to maintain the confidentiality of information about the Company and to not engage in transactions in the Company securities or the securities of other applicable public companies while aware of material nonpublic information, as more specifically set forth in this policy. Each individual is responsible for making sure that he or she complies with this policy, and that any family member, household member or other Related Persons whose transactions are subject to this policy, as discussed under the heading "Persons Subject to this Policy" above, also comply with this policy. In all cases, the responsibility for determining whether an individual is aware of material nonpublic information rests with that individual, and any action on the part of the Company or any employee

or director of the Company pursuant to this policy (or otherwise) does not in any way constitute legal advice or insulate an individual from liability under applicable securities laws. You could be subject to severe legal penalties and disciplinary action by the Company for any conduct prohibited by this policy or applicable securities laws. See the section under the heading "Penalties" below.

PENALTIES

Anyone who engages in insider trading or otherwise violates this policy may be subject to both civil liability and criminal penalties. Violators also risk disciplinary action by the Company, including termination of employment. Anyone who has questions about this policy should contact their own attorney or the Company's Chief Legal Officer at ChiefLegalOfficer@acadia-pharm.com. Please also see Frequently Asked Questions, which are attached to this policy as **ANNEX A**.

AMENDMENTS

The Company is committed to continuously reviewing and updating its policies and procedures. The Company's Board of Directors (the "***Board***"), the Audit Committee of the Board or another authorized committee of the Board therefore reserves the right to amend, alter or terminate this policy at any time and for any reason. A current copy of the Company's policies regarding insider trading may be obtained by contacting the Company's Chief Legal Officer or at ChiefLegalOfficer@acadia-pharm.com.

ANNEX A

INSIDER TRADING POLICY
FREQUENTLY ASKED QUESTIONS

1. ***What is insider trading?***

A: Generally speaking, insider trading is the buying or selling of stocks, bonds, futures or other securities by someone who possesses or is otherwise aware of material nonpublic information about the securities or the issuer of the securities. Insider trading also includes trading in derivatives (such as put or call options) where the price is linked to the underlying price of a company's securities. It does not matter whether the decision to buy or sell was influenced by the material nonpublic information, how many shares you buy or sell, or whether it has an effect on the stock price. Bottom line: if, during the course of your relationship with the Company, you become aware of material nonpublic information about the Company and you trade in the Company securities, you have broken the law and violated our insider trading policy. In addition, our insider trading policy provides that, if in the course of your relationship with the Company, you learn of any nonpublic information that is material to another publicly traded company, including but not limited to, a supplier, partner or collaborator of the Company or an economically-linked company such as a competitor of the Company, you may not trade in that other company's securities until the information becomes public or is no longer material to that other company. For example, if you learn of nonpublic information during the course of your relationship with the Company that could affect the stock price of a Company competitor, you may not trade in that competitor's stock until the information becomes public or is no longer material.

2. ***Why is insider trading illegal?***

A: If Company insiders are able to use their confidential knowledge to their financial advantage, other investors would not have confidence in the fairness and integrity of the market. The goal of requiring those who are aware of material nonpublic information to refrain from trading is to ensure that there is an even playing field.

3. ***What is material nonpublic information?***

A: Information is material if it would influence a reasonable investor to buy or sell a stock, bond, future or other security. This could mean many things: financial results, clinical or regulatory results, potential acquisitions or major contracts to name just a few. Information is nonpublic if it has not yet been publicly disseminated within the meaning of our insider trading policy.

4. ***Who can be guilty of insider trading?***

A: Anyone who buys or sells a security while aware of material nonpublic information or provides material nonpublic information that someone else uses to buy or sell a security, may be guilty of insider trading. This applies to all individuals, including officers, directors and others who don't even work at the Company. Regardless of who you are, if you know something material about the value of a security that not everyone knows and you trade (or convince someone else to trade) in that security, you may be found guilty of insider trading.

5. ***Does the Company have an insider trading policy?***

A: Yes, our insider trading policy is available to read on our intranet website.

6. ***What if I work in a foreign office?***

A: The same rules apply to U.S. and foreign employees and consultants. The Securities and Exchange Commission (the U.S. government agency in charge of investor protection) and the Financial Industry Regulatory Authority (a private regulator that oversees U.S. securities exchanges) routinely investigate trading in a company's securities conducted by individuals and firms based abroad. In addition, as a Company director, employee or designated consultant, our policies apply to you no matter where you work.

7. ***What if I don't buy or sell anything, but I tell someone else material nonpublic information and they buy or sell?***

A: That is called "tipping." You are the "tipper" and the other person is called the "tippee." If the tippee buys or sells based on that material nonpublic information, both you and the "tippee" could be found guilty of insider trading. In fact, if you tell family members who tell others and those people then trade on the information, those family members and the "tippee" might be found guilty of insider trading too. To prevent this, you may not discuss material nonpublic information about the Company with anyone outside the Company, including spouses, family members, friends or business associates (unless the disclosure is made in accordance with the Company's policies regarding the protection or authorized external disclosure of information regarding the Company). This includes anonymous discussions on the internet about the Company or companies with which the Company does business.

8. ***What if I don't tell them the material nonpublic information itself; I just tell them whether they should buy or sell?***

A: That is still tipping, and you can still be responsible for insider trading. When in possession of material nonpublic information, you may never recommend to another person that they buy, hold or sell the Company's common stock or any derivative security related to the Company's common stock, since that could be a form of tipping. Further, it is the Company's policy that you never make recommendations to another person to buy, hold or sell any of the Company securities when you are in possession of material nonpublic information.

9. ***What are the sanctions if I trade on material nonpublic information or tip off someone else?***

A: In addition to disciplinary action by the Company—which may include termination of employment—you may be liable for civil sanctions for trading on material nonpublic information. The sanctions may include return of any profit made or loss avoided as well as penalties of up to three times any profit made or any loss avoided. Persons found liable for tipping material nonpublic information, even if they did not trade themselves, may be liable for the amount of any profit gained or loss avoided by everyone in the chain of tippees as well as a penalty of up to three times that amount. In addition, anyone convicted of criminal insider trading could face prison and additional fines.

10. ***What is "loss avoided"?***

A: If you sell common stock or a related derivative security before negative news is publicly announced, and as a result of the announcement the stock price declines, you have avoided the loss caused by the negative news.

11. ***Am I restricted from trading securities of any companies other than the Company, for example a supplier, partner, collaborator or competitor of the Company?***

A: Yes, you may be restricted from doing so due to your awareness of material nonpublic information. U.S. insider trading laws generally restrict everyone aware of material nonpublic information about a company from trading in that company's securities, regardless of whether the person is directly

connected with that company, except in limited circumstances. You should be particularly conscious of this restriction if, through your position at the Company, you sometimes obtain sensitive, material information about other companies and their business dealings with the Company. Please also refer to Question 1 above and our insider trading policy with respect to restrictions on trading in the securities of other public companies.

12. ***So if I do not trade the Company securities when I have material nonpublic information, and I don't "tip" other people, I am in the clear, right?***

A: Not necessarily. Even if you do not violate U.S. law, you may still violate our policies. For example, employees and consultants may violate our policies by breaching their confidentiality obligations, even if these actions do not violate securities laws. Our policies are stricter than the law requires so that we and our employees and consultants can avoid even the appearance of wrongdoing. Therefore, please review the entire policy carefully.

13. ***So when can I buy or sell the Company securities?***

A: If you are aware of material nonpublic information, you may not buy or sell our common stock until one full trading day has elapsed since the information was publicly disclosed. At that point, the information is considered publicly disseminated for purposes of our insider trading policy. For example, if we announce material nonpublic information before trading begins on Thursday, then you may execute a transaction in our securities on Friday; if we announce material nonpublic information after trading ends on Thursday, then you may execute a transaction in our securities on Monday. **Even if you are not aware of any material nonpublic information, Covered Insiders and their Related Persons may not trade our common stock during any trading "blackout" period**. Our insider trading policy describes the quarterly trading blackout period, and additional event-driven and other trading blackout periods may be communicated.

14. ***If I have an open order to buy or sell the Company securities on the date a blackout period commences, can I leave it to my broker to cancel the open order and avoid executing the trade?***

A: No, unless it is in connection with a 10b5-1 Trading Plan (see Question 27 below). If you are a Covered Insider and have any open orders when a blackout period commences other than in connection with a 10b5-1 Trading Plan, it is your responsibility to cancel these orders with your broker. If you are a Covered Insider and have an open order and it executes after a blackout period commences not in connection with a 10b5-1 Trading Plan, you will have violated our insider trading policy and may also have violated insider trading laws.

15. ***Am I allowed to trade derivative securities of the Company's common stock?***

A: Under our policies, Covered Insiders and their Related Persons may not trade in derivative securities related to our common stock, which include publicly traded call and put options. In addition, under our policies, Covered Insiders and their Related Persons may not engage in short selling of our common stock at any time.

"Derivative securities" are securities other than common stock that are speculative in nature because they permit a person to leverage their investment using a relatively small amount of money. Examples of derivative securities include "put options" and "call options." These are different from employee options and other equity awards granted under our equity compensation plans, which are not derivative securities for purposes of our policy.

"Short selling" is profiting when you expect the price of the stock to decline and includes transactions in which you borrow stock from a broker, sell it, and eventually buy it back on the market to return the borrowed shares to the broker. Profit is realized if the stock price decreases during the period of borrowing.

16. ***Why does the Company prohibit trading in derivative securities and short selling?***

A: We and many other companies with volatile stock prices have adopted similar policies because such trading encourages irresponsible speculation – i.e., trying to benefit from a relatively low-cost method of trading on short-term swings in stock prices, without actually holding the underlying common stock. We are dedicated to building stockholder value; short selling our common stock conflicts with our values and would not be well-received by our stockholders.

17. ***Can I purchase the Company securities on margin or hold them in a margin account?***

A: Under our policies, you may not purchase our common stock on margin or hold it in a margin account at any time.

"Purchasing on margin" is the use of borrowed money from a brokerage firm to purchase our securities. Holding our securities in a margin account includes holding the securities in an account in which the shares can be sold to pay a loan to the brokerage firm.

18. ***Why does the Company prohibit me from purchasing the Company securities on margin or holding them in a margin account?***

A: Margin loans are subject to a margin call whether or not you possess material nonpublic information at the time of the call. If a margin call were to be made at a time when you were aware of material nonpublic information and you could not or did not supply other collateral, you may be liable under insider trading laws because of the sale of the securities (through the margin call). The sale would be attributed to you even though the lender made the ultimate determination to sell. The U.S. Securities and Exchange Commission takes the view that you made the determination to not supply the additional collateral and you are therefore responsible for the sale.

19. ***Can I pledge my Company shares as collateral for a personal loan?***

A: No. Pledging your shares as collateral for a personal loan could cause the pledgee to transfer your shares during a trading blackout period or when you are otherwise aware of material nonpublic information. As a result, you may not pledge your shares as collateral for a loan.

20. ***Can I hedge my ownership position in the Company?***

A: Hedging or monetization transactions, including through the use of financial instruments such as prepaid variable forwards, equity swaps, collars and exchange funds are prohibited by our insider trading policy for Covered Insiders and their Related Persons. Since such hedging transactions allow Covered Insiders and their Related Persons to continue to own the Company securities obtained through employee benefit plans or otherwise, but without the full risks and rewards of ownership, they may no longer have the same objectives as the Company's other stockholders. Therefore, our insider trading policy prohibits Covered Insiders and their Related Persons from engaging in any such transactions.

21. ***Can I exercise options granted to me under the Company's equity compensation plans during a trading blackout period or when I possess material nonpublic information?***

A: Yes. You may exercise the options for cash (or, if permitted, via net exercise transaction with the Company) or by delivery to the Company of already-owned Company stock and receive shares, but you may not sell the shares (even to pay the exercise price or any taxes due) during a trading blackout period or any time that you are aware of material nonpublic information. To be clear, you may ***not*** effect a broker-assisted cashless exercise (these cashless exercise transactions include a market sale) during a trading blackout period or any time that you are aware of material nonpublic information.

22. ***Am I subject to trading blackout periods if I am no longer a Covered Insider?***

A: It depends. If your employment with the Company ends during a trading blackout period, you will be subject to the remainder of that trading blackout period if you were a Covered Insider. If your employment with the Company ends on a day that the trading window is open, you will not be subject to the next trading blackout period. However, even if you are not subject to our trading blackout period after you leave the Company, you should not trade in the Company securities if you are aware of material nonpublic information. That restriction stays with you as long as the information you possess is material and not publicly disseminated within the meaning of our insider trading policy.

23. ***What if I purchased publicly traded options or other derivative securities before I became a Company employee or consultant?***

A: The same rules apply as for employee stock options. You may exercise the publicly traded options at any time, but you may not sell the securities at any time that you are aware of material nonpublic information and Covered Insiders may not sell the securities during a trading blackout period.

24. ***May I own shares of a mutual fund that invests in the Company?***

A: Yes.

25. ***Are mutual fund shares holding the Company common stock subject to the trading blackout periods?***

A: No. You may trade in mutual funds holding the Company common stock at any time.

26. ***May I use a "routine trading program" or "10b5-1 Trading Plan"?***

A: Yes, subject to the requirements discussed in our insider trading policy and any Rule 10b5-1 Trading Plan guidelines in effect from time to time. A routine trading program, also known as a 10b5-1 Trading Plan, allows you to set up a highly structured program with your stockbroker where you specify ahead of time the date, price, and amount of securities to be traded. If you wish to create a 10b5-1 Trading Plan, please contact our legal team at ChiefLegalOfficer@acadia-pharm.com.

27. ***What happens if I violate our insider trading policy?***

A: Violating our policies may result in disciplinary action, which may include termination of your employment or other relationship with the Company. In addition, you may be subject to criminal and civil sanctions.

28. ***Who should I contact if I have questions about our insider trading policy or specific trades?***

A: You should contact our legal team at ChiefLegalOfficer@acadia-pharm.com.

Exhibit 21.1

List of Subsidiaries

NAME OF SUBSIDIARY	JURISDICTION OF INCORPORATION
Acadia Pharma Limited	England and Wales
Acadia Pharmaceuticals A/S	Denmark
Acadia Pharmaceuticals GmbH	Switzerland
Acadia Pharmaceuticals Holdings Inc.	Delaware
Acadia Pharmaceuticals (Canada) Inc.	Ontario, Canada
Acadia Pharmaceuticals (France) SAS	France
Acadia Pharmaceuticals (Germany) GmbH	Germany
Acadia Pharmaceuticals (Italy) S.R.L.	Italy
Acadia Pharmaceuticals (Netherlands) B.V.	Netherlands
Amorsa Therapeutics Inc.	Massachusetts
CerSci Therapeutics Incorporated	Delaware
Levo Therapeutics, Inc.	Delaware
Pandeia Therapeutics Limited	England and Wales

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the following Registration Statements:

(1) Registration Statements (Form S-3 Nos. 333-171722, 333-185639, 333-248401, and 333-265205) of Acadia Pharmaceuticals Inc.,

(2) Registration Statement (Form S-8 No. 333-115956) pertaining to the 1997 Stock Option Plan, 2004 Equity Incentive Plan, and 2004 Employee Stock Purchase Plan of Acadia Pharmaceuticals Inc.,

(3) Registration Statements (Form S-8 Nos. 333-128290, 333-137557, 333-146398, 333-153346, and 333-161057) pertaining to the 2004 Equity Incentive Plan and 2004 Employee Stock Purchase Plan of Acadia Pharmaceuticals Inc.,

(4) Registration Statements (Form S-8 Nos. 333-176212, 333-183151, 333-197872, 333-241711) pertaining to the 2004 Employee Stock Purchase Plan of Acadia Pharmaceuticals Inc.,

(5) Registration Statements (Form S-8 Nos. 333-207971, 333-219785, 333-226834, 333-266680, and 333-269611) pertaining to the 2010 Equity Incentive Plan and 2023 Inducement Plan of Acadia Pharmaceuticals Inc.,

(6) Registration Statements (Form S-8 Nos. 333-168667, 333-190400, 333-213109, and 333-232981) pertaining to the 2004 Employee Stock Purchase Plan, 2010 Equity Incentive Plan and 2023 Inducement Plan of Acadia Pharmaceuticals Inc.,

(7) Registration Statement (Form S-8 No. 333-279784) pertaining to the 2024 Equity Incentive Plan of Acadia Pharmaceuticals Inc., and

(8) Registration Statement (Form S-8 No. 333-282295) pertaining to the 2024 Inducement Plan of Acadia Pharmaceuticals Inc.

of our reports dated February 27, 2025, with respect to the consolidated financial statements and schedule of Acadia Pharmaceuticals Inc. and the effectiveness of internal control over financial reporting of Acadia Pharmaceuticals Inc. included in this Annual Report (Form 10-K) of Acadia Pharmaceuticals Inc. for the year ended December 31, 2024.

/s/ Ernst & Young LLP

San Diego, California
February 27, 2025

EXHIBIT 31.1

CERTIFICATION
Pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934,
as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Catherine Owen Adams, certify that:

1. I have reviewed this annual report on Form 10-K for the year ended December 31, 2024 of Acadia Pharmaceuticals Inc.

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 27, 2025

/s/ Catherine Owen Adams
Catherine Owen Adams
Chief Executive Officer
(Registrant's Principal Executive Officer)

EXHIBIT 31.2

CERTIFICATION
Pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934,
as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Mark C. Schneyer, certify that:

1. I have reviewed this annual report on Form 10-K for the year ended December 31, 2024 of Acadia Pharmaceuticals Inc.

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 27, 2025

/s/ MARK C. SCHNEYER
Mark C. Schneyer
Executive Vice President, Chief Financial Officer
(Registrant's Principal Financial Officer)

EXHIBIT 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Acadia Pharmaceuticals Inc. (the "Company") on Form 10-K for the period ended December 31, 2024, as filed with the Securities and Exchange Commission on or about the date hereof (the "Report"), I, Catherine Owen Adams, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

(1) the Report fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"); and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition of the Company at the end of the period covered by the Report and results of operations of the Company for the period covered by the Report.

Date: February 27, 2025

/s/ CATHERINE OWEN ADAMS
Catherine Owen Adams
Chief Executive Officer
(Registrant's Principal Executive Officer)

This certification shall not be deemed "filed" for purposes of Section 18 of the Exchange Act or otherwise subject to the liability of Section 18 of the Exchange Act. Such certification shall not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except to the extent that the Company specifically incorporates it by reference.

EXHIBIT 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Acadia Pharmaceuticals Inc. (the "Company") on Form 10-K for the period ended December 31, 2024, as filed with the Securities and Exchange Commission on or about the date hereof (the "Report"), I, Mark C. Schneyer, Executive Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

(1) the Report fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"); and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition of the Company at the end of the period covered by the Report and results of operations of the Company for the period covered by the Report.

Date: February 27, 2025

/s/ MARK C. SCHNEYER

Mark C. Schneyer
Executive Vice President, Chief Financial Officer
(Registrant's Principal Financial Officer)

This certification shall not be deemed "filed" for purposes of Section 18 of the Exchange Act or otherwise subject to the liability of Section 18 of the Exchange Act. Such certification shall not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except to the extent that the Company specifically incorporates it by reference.