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

FORM 10-Q

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

For the quarterly period ended March 31, 2009

or

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

Commission File Number: 000-50768

ACADIA PHARMACEUTICALS INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware	**06-1376651**
(State of Incorporation)	**(I.R.S. Employer Identification No.)**
3911 Sorrento Valley Boulevard **San Diego, California**	**92121**
(Address of Principal Executive Offices)	**(Zip Code)**

(858) 558-2871
(Registrant's Telephone Number, Including Area Code)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or 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 and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☐ No ☐

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

Large accelerated filer ☐ Accelerated filer ☒ Non-accelerated filer ☐ Smaller reporting company ☐
(Do not check if a smaller reporting company)

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

Total shares of common stock outstanding as of the close of business on April 30, 2009:

Class	**Number of Shares Outstanding**
Common Stock, $0.0001 par value	37,179,124

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ACADIA PHARMACEUTICALS INC.

FORM 10-Q

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PART I. FINANCIAL INFORMATION

ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

ACADIA PHARMACEUTICALS INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except for par value and share data)
(Unaudited)

	March 31, 2009	December 31, 2008(1)
Assets		
Cash and cash equivalents	$ 18,840	$ 21,171
Investment securities, available-for-sale	27,544	38,912
Prepaid expenses, receivables and other current assets	1,903	2,299
Total current assets	48,287	62,382
Property and equipment, net	1,846	2,103
Other assets	238	192
Total assets	$ 50,371	$ 64,677
Liabilities and Stockholders' Equity		
Accounts payable	$ 4,185	$ 2,283
Accrued expenses	6,474	7,535
Deferred revenue	92	438
Current portion of long-term debt	685	795
Total current liabilities	11,436	11,051
Other long-term liabilities	225	204
Long-term debt, less current portion	324	430
Total liabilities	11,985	11,685
Commitments (Note 10)		
Stockholders' equity		
Preferred stock, $0.0001 par value; 5,000,000 shares authorized at March 31, 2009 and December 31, 2008; no shares issued and outstanding at March 31, 2009 and December 31, 2008	—	—
Common stock, $0.0001 par value; 75,000,000 shares authorized at March 31, 2009 and December 31, 2008; 37,179,124 shares and 37,177,874 shares issued and outstanding at March 31, 2009 and December 31, 2008, respectively	4	4
Additional paid-in capital	347,391	346,815
Accumulated deficit	(309,101)	(294,100)
Accumulated other comprehensive income	92	273
Total stockholders' equity	38,386	52,992
Total liabilities and stockholders' equity	$ 50,371	$ 64,677

(1) The condensed consolidated balance sheet at December 31, 2008 has been derived from the audited financial statements at that date but does not include all of the information and footnotes required by accounting principles generally accepted in the United States for complete financial statements.

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

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

	Three Months Ended March 31,	
	2009	2008
Revenues		
Collaborative revenues	$ 374	$ 806
Operating expenses		
Research and development (includes stock-based compensation of $221 and $415 for the three months ended March 31, 2009 and 2008, respectively)	12,554	15,171
General and administrative (includes stock-based compensation of $354 and $421 for the three months ended March 31, 2009 and 2008, respectively)	2,988	3,270
Total operating expenses	15,542	18,441
Loss from operations	(15,168)	(17,635)
Interest income	191	1,307
Interest expense	(24)	(52)
Net loss	$(15,001)	$(16,380)
Net loss per common share, basic and diluted	$ (0.40)	$ (0.44)
Weighted average common shares outstanding, basic and diluted	37,179	37,053

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

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

	Three Months Ended March 31,	
	2009	2008
Cash flows from operating activities		
Net loss	$(15,001)	$(16,380)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	225	275
Stock-based compensation	575	836
Amortization of investment premium/discount	35	(112)
Other	(4)	(115)
Changes in operating assets and liabilities:		
Prepaid expenses, receivables and other current assets	438	802
Other assets	(49)	47
Accounts payable	1,907	(585)
Accrued expenses	(1,088)	(4,816)
Deferred revenue	(347)	(537)
Other long-term liabilities	21	38
Net cash used in operating activities	(13,288)	(20,547)
Cash flows from investing activities		
Purchases of investment securities	(2,735)	(27,112)
Maturities of investment securities	13,930	51,824
Purchases of property and equipment	(5)	(77)
Net cash provided by investing activities	11,190	24,635
Cash flows from financing activities		
Proceeds from issuance of common stock	1	101
Repayments of long-term debt	(216)	(262)
Net cash used in financing activities	(215)	(161)
Effect of exchange rate changes on cash	(18)	91
Net increase (decrease) in cash and cash equivalents	(2,331)	4,018
Cash and cash equivalents		
Beginning of period	21,171	16,987
End of period	$ 18,840	$ 21,005
Supplemental schedule of noncash investing and financing activities		
Unrealized gain (loss) on investment securities	$ (142)	$ 135

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

ACADIA PHARMACEUTICALS INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2009
(Unaudited)

1. Basis of Presentation

The accompanying unaudited condensed consolidated financial statements of ACADIA Pharmaceuticals Inc. (together with its wholly owned subsidiaries, ACADIA Pharmaceuticals AB and ACADIA Pharmaceuticals A/S, the "Company") should be read in conjunction with the audited financial statements and notes thereto as of and for the year ended December 31, 2008 included in the Company's Annual Report on Form 10-K ("Annual Report") filed with the Securities and Exchange Commission (the "SEC"). The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP") for interim financial information and in accordance with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, since they are interim statements, the accompanying financial statements do not include all of the information and notes required by GAAP for complete financial statements. In the opinion of management, the accompanying financial statements reflect all adjustments (consisting of normal recurring adjustments) that are necessary for a fair statement of the financial position, results of operations and cash flows for the interim periods presented. Interim results are not necessarily indicative of results for a full year. The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and the accompanying notes. Actual results could differ from those estimates.

The Company has not been profitable and has incurred substantial operating losses since its inception due in large part to expenditures for its research and development activities. At March 31, 2009, the Company had an accumulated deficit of $309.1 million. The Company expects its operating losses to continue for at least the next several years as it pursues the development of its product candidates.

The Company will require significant additional financing in the future to fund its operations. Future capital requirements will depend on many factors, including the progress in and the costs of the Company's clinical trials, the scope, prioritization and number of its research and development programs, and the ability of its collaborators and the Company to reach the milestones, and other events or developments, under its collaboration agreements. Until the Company can generate significant continuing revenues, it expects to fund its operations through its existing cash, cash equivalents and investment securities, payments from existing and potential future collaborations, proceeds from private or public sales of its securities, debt financing, or by licensing all or a portion of its product candidates or technology. The Company cannot be certain that funding will be available in the future on acceptable terms, or at all. Turmoil in the financial markets could have a material adverse effect on the Company's ability to access sufficient funding on acceptable terms, or at all, including pursuant to its Committed Equity Financing Facility ("CEFF"). If the Company cannot raise adequate additional capital, it will be required to delay, further reduce the scope of, or eliminate one or more of its research or development programs or its commercialization efforts.

2. Earnings (Loss) Per Share

Basic earnings (loss) per common share is computed by dividing net income (loss) by the weighted average number of common shares outstanding for the period. Diluted earnings (loss) per common share is computed by dividing net income (loss) by the weighted average number of common shares outstanding during the period increased to include potential dilutive common shares that were outstanding during the period. The effect of outstanding stock options, restricted vesting common stock and warrants, when dilutive, is reflected in diluted earnings (loss) per common share by application of the treasury stock method. The Company has excluded all outstanding stock options and warrants from the calculation of diluted net loss per common share because all such securities are antidilutive for all periods presented.

Shares used in calculating basic and diluted net loss per common share exclude these potential common shares (in thousands):

	Three Months Ended March 31,	
	2009	2008
	(unaudited)	
Antidilutive options to purchase common stock	3,643	3,038
Antidilutive warrants to purchase common stock	1,743	1,393
	5,386	4,431

3. Stock-Based Compensation

The Company recorded $575,000 and $836,000 in stock-based compensation expense during the three months ended March 31, 2009 and 2008, respectively, related to employee and non-employee stock option awards and its employee stock purchase plan. The Company accounts for stock-based compensation expense in accordance with Statement of Financial Accounting Standards ("SFAS") No. 123 (revised 2004), *Share-Based Payment* ("SFAS No. 123(R)"). The Company accounts for stock-based compensation expense for options granted to non-employees other than directors in accordance with SFAS No. 123, *Accounting for Stock-Based Compensation*, and Emerging Issues Task Force, Issue No. 96-18, *Accounting for Equity Instruments that are Issued to Other than Employees for Acquiring, or in Conjunction with Selling, Goods or Services*. At March 31, 2009, total unrecognized compensation cost related to unvested stock-based awards and employee stock purchase plan rights was $5.0 million, which is expected to be recognized over a weighted-average period of 2.8 years.

4. Comprehensive Loss

Comprehensive loss consisted of the following (in thousands):

	Three Months Ended March 31,	
	2009	2008
	(unaudited)	
Net loss	$(15,001)	$(16,380)
Unrealized gain (loss) on investment securities, net of tax	(142)	135
Foreign currency translation adjustments, net of tax	(39)	40
Total comprehensive loss	$(15,182)	$(16,205)

5. Accrued Expenses

Accrued expenses consisted of the following (in thousands):

	March 31, 2009	December 31, 2008
	(unaudited)	
Accrued clinical and research services	$ 4,567	$ 5,494
Accrued compensation and benefits	1,269	1,434
Other	638	607
Total	$ 6,474	$ 7,535

6. Segment Information

Management has determined that the Company operates in one business segment. All revenues for the three months ended March 31, 2009 and 2008 were generated in the United States. Information regarding long-lived assets by geographic area as of the dates indicated were as follows (in thousands):

	March 31, 2009	December 31 2008
	(unaudited)	
United States	$ 1,377	$ 1,537
Europe	469	566
Total	$ 1,846	$ 2,103

7. Fair Value Measurements

The Company adopted SFAS No. 157, *Fair Value Measurements* ("SFAS 157"), effective January 1, 2008. SFAS 157 is applicable for all financial assets and liabilities and any other assets and liabilities that are recognized or disclosed at fair value on a recurring basis. SFAS 157 defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles and expands disclosures about fair value measurements. SFAS 157 requires fair value measurements be classified and disclosed in one of the following three categories:

Level 1. Quoted prices in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date.

Level 2. Inputs other than quoted prices in active markets that are observable for the asset or liability, either directly or indirectly.

Level 3. Inputs that are unobservable for the asset or liability.

As of March 31, 2009, the Company held $45.4 million of cash equivalents and available-for-sale investment securities consisting of a money market fund wholly-backed by U.S. Treasury collateral and of high quality, marketable debt instruments of corporations, financial institutions, and government sponsored enterprises. The Company has adopted an investment policy and established 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 AA or A1+/P1 as determined by Moody's Investors Service and/or Standard & Poor's. The Company does not have any direct investments in auction-rate securities or securities that are collateralized by assets that include mortgages or subprime debt.

The Company's cash equivalents and available-for-sale investment securities are classified within Level 1 or Level 2 of the fair value hierarchy. The Company's investment securities classified as Level 1 are valued using quoted market prices and the Company's investment securities classified as Level 2 are valued using other observable inputs such as recent trades for the securities or similar securities, interest rates on similar securities, or yield curves or benchmark interest rates observable at commonly quoted intervals. The fair value measurements of the Company's cash equivalents and available-for-sale investment securities are identified in the following hierarchy (in thousands):

		Fair Value Measurements at Reporting Date using		
	March 31, 2009	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money market fund wholly-backed by U.S. Treasury collateral	$15,456	$ 15,456	$ —	$ —
Government sponsored enterprises	16,426	—	16,426	—
Corporate debt securities	2,525	—	2,525	—
Commercial paper	10,994	—	10,994	—
	$45,401	$ 15,456	$ 29,945	$ —

Effective January 1, 2009, the Company implemented SFAS 157 for its non-financial assets and liabilities that are re-measured at fair value on a non-recurring basis. The adoption of SFAS 157 did not impact the Company's financial position or its results of operations.

8. Collaboration and License Agreement

In March 2009, the Company entered into a collaboration agreement with Meiji Seika Kaisha, Ltd. to develop and commercialize a novel class of pro-cognitive drugs ("PCAPs") to treat patients with schizophrenia and related disorders in Japan and several other Asian countries. Under the agreement, the Company is eligible to receive up to $25 million in aggregate payments, including $3 million in license fees and up to $22 million in potential development and regulatory milestone payments, in addition to royalties on product sales, if any, in the Asian territory. Meiji Seika is responsible for the first $15 million of development expenses and the companies will share remaining expenses through clinical proof-of-concept, subject to possible adjustment in the event the Company further licenses the PCAPs outside of the Asian territory. Meiji Seika is responsible for all costs associated with the development, manufacturing and commercialization of the product in the Asian territory after proof-of-concept. Meiji Seika is eligible to share a portion of any product-related revenues received by the Company in the rest of the world. As of March 31, 2009, the Company had recognized no revenues in connection with this agreement. In April 2009, the Company received an aggregate of $2 million in license fees pursuant to the agreement.

9. Committed Equity Financing Facility

In August 2008, the Company entered into the CEFF with Kingsbridge Capital Limited that provides the Company with access, at its discretion, to up to $60 million in capital during a three-year period through the sale of newly-issued shares of the Company's common stock. The Company may access capital under the CEFF in tranches of up to a maximum of between 2.0 and 3.5 percent of its market capitalization at the time of the draw down of each tranche, subject to certain conditions, including a minimum share price threshold of $1.50. The funds that can be raised under the CEFF, if available, over the three-year period will depend on the then-current price of the Company's common stock and the number of shares actually sold, which may not exceed an aggregate of approximately 7 million shares. The shares would be sold at discounts ranging from 6 percent to 12 percent, depending on the average market price of the Company's common stock during the applicable pricing period. As of March 31, 2009, the Company had not raised any funds pursuant to the CEFF. The Company is not obligated to utilize any of the funds available under the CEFF and there are no minimum commitments or minimum use penalties.

10. Commitments

The Company has entered into agreements with contract research organizations and other external service providers for services in connection with the development of its product candidates. The Company was contractually obligated for up to approximately $22.9 million of future services under these agreements as of March 31, 2009. The nature of the work being conducted under the Company's agreements with contract research organizations is such that, in most cases, the services may be stopped with short notice. In such event, the Company would not be liable for the full amount of the contract. The Company's actual contractual obligations may vary depending upon several factors, including the progress and results of the underlying studies.

11. Recent Accounting Pronouncements

In April 2009, the Financial Accounting Standards Board ("FASB") issued three FASB Staff Positions ("FSP"): (i) FSP FAS 157-4, *Determining Fair Value When the Volume and Level of Activity for the Asset or Liability have Significantly Decreased and Identifying Transactions That Are Not Orderly*, (ii) FSP FAS 115-2 and FAS 124-2, *Recognition and Presentation of Other-Than-Temporary Impairments*, and (iii) FSP FAS 107-1 and APB 28-1, *Interim Disclosures about Fair Value of Financial Instruments*, which will be effective for interim and annual periods ending after June 15, 2009. FSP FAS 157-4 provides additional guidance in determining fair value when market transactions are not orderly. FSP FAS 115-2 and FAS 124-2 provide additional guidance in determining when an other-than-temporary impairment of a debt security has occurred as well as the related recognition and disclosure requirements. FSP FAS 107-1 and APB 28-1 is an amendment to FAS 107 and APB 28 in order to require disclosure about fair value of financial instruments in both interim and annual reporting periods. The Company does not expect the adoption of these FSPs to have a material impact on its consolidated financial statements.

12. Subsequent Event

On May 1, 2009, the Company entered into a collaboration agreement with Biovail Laboratories International SRL ("Biovail"), a subsidiary of Biovail Corporation, to co-develop and commercialize pimavanserin for neurological and psychiatric indications, including Parkinson's disease psychosis ("PDP") and Alzheimer's disease psychosis ("ADP"), in the United States and Canada. The Company has retained the rights to pimavanserin in the rest of the world. Under the terms of the agreement, the Company is entitled to receive aggregate payments, excluding royalties, of up to $395 million. These include an upfront cash payment of $30 million, up to $160 million in potential milestone payments associated with the successful completion of clinical trials, regulatory submissions and approvals of pimavanserin for PDP and ADP, up to $45 million in potential milestones should the parties pursue a third indication, and up to $160 million in potential milestones as certain sales thresholds are met. The Company is also entitled to receive a 15 percent royalty on annual net sales of pimavanserin up to $100 million and a 20 percent royalty on annual net sales over $100 million. In addition to product royalties, the Company has the option to co-promote pimavanserin in the United States. Biovail will be responsible for all future costs associated with the development, manufacturing, and commercialization of pimavanserin in all indications with the exception of specified ongoing PDP studies, which will continue to be funded by the Company.

ITEM 2. 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 unaudited condensed consolidated financial statements and related notes included in this quarterly report on Form 10-Q (this "Quarterly Report") and the audited financial statements and notes thereto as of and for the year ended December 31, 2008 included with our annual report on Form 10-K ("Annual Report") filed with the SEC. Past operating results are not necessarily indicative of results that may occur in future periods.

This Quarterly Report contains forward-looking statements. These forward-looking statements involve a number of risks and uncertainties. Such forward-looking statements include statements about our strategies, objectives, expectations, discoveries, collaborations, clinical trials, product candidates, programs, and other statements that are not historical facts, including statements which may be preceded by the words "intends," "may," "will," "plans," "expects," "anticipates," "projects," "predicts," "estimates," "aims," "believes," "hopes," "potential" or similar words. For such statements, we claim the protection of the Private Securities Litigation Reform Act of 1995. Readers of this Quarterly 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 publicly or revise any forward-looking statements. Actual events or results may differ materially from our expectations. Important factors that could cause actual results to differ materially from those stated or implied by our forward-looking statements include, but are not limited to, the risk factors identified in our filings with the SEC, including this Quarterly Report.

Overview

Background

We are a biopharmaceutical company focused on the development and commercialization of small molecule drugs for the treatment of central nervous system disorders. We currently are developing a portfolio consisting of our five most advanced product candidates including pimavanserin, which is in Phase III development for Parkinson's disease psychosis in collaboration with Biovail Laboratories International SRL ("Biovail"), a subsidiary of Biovail Corporation. In addition to pimavanserin, we have a product candidate in Phase II for chronic pain and a product candidate in Phase I for glaucoma, each in collaboration with Allergan, as well as two programs in IND-track development. All of the product candidates in our pipeline emanate from discoveries made using our proprietary drug discovery platform.

We have incurred substantial operating losses since our inception due in large part to expenditures for our research and development activities. In August 2008, we implemented a strategic restructuring designed to focus resources primarily on our most advanced product candidates, including pimavanserin, and to provide additional financial flexibility and strength. At March 31, 2009, we had an accumulated deficit of $309.1 million. Although we have reduced our operating expenses in connection with the strategic restructuring, we expect our operating losses to continue for at least the next several years as we pursue the clinical development of our product candidates.

We maintain a website at www.acadia-pharm.com to which we regularly post copies of our press releases as well as additional information about us. Our filings with the 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 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 Quarterly Report.

Recent Developments

On May 6, 2009, we announced the completion of enrollment in our first pivotal Phase III clinical trial of pimavanserin in patients with Parkinson's disease psychosis. Top-line results from this trial are expected to be announced by the end of the third quarter of 2009.

On May 1, 2009, we entered into a collaboration agreement with Biovail to co-develop and commercialize pimavanserin for neurological and psychiatric indications, including Parkinson's disease psychosis ("PDP") and Alzheimer's disease psychosis ("ADP"), in the United States and Canada. We have retained the rights to pimavanserin in the rest of the world. Under the terms of the agreement, we are entitled to receive aggregate payments, excluding royalties, of up to $395 million. These include an upfront cash payment of $30 million, up to $160 million in potential milestone payments associated with the successful completion of clinical trials, regulatory submissions and approvals of pimavanserin for PDP and ADP, up to $45 million in potential milestones should the

parties pursue a third indication, and up to $160 million in potential milestones as certain sales thresholds are met. We also are entitled to receive a 15 percent royalty on annual net sales of pimavanserin up to $100 million and a 20 percent royalty on annual net sales over $100 million. In addition to product royalties, we have the option to co-promote pimavanserin in the United States. Biovail will be responsible for all future costs associated with the development, manufacturing, and commercialization of pimavanserin in all indications with the exception of specified ongoing PDP studies, which will continue to be funded by ACADIA.

In April 2009, we entered into an amendment to extend the research term of our March 2003 collaboration with Allergan. This collaboration originally provided for a three-year research term, which ended in March 2006. The parties previously had extended the research term through March 2009. The most recent amendment extends the research term for one additional year, through March 2010. During the extended research term, the parties will focus joint research efforts on discovery activities in ophthalmic indications.

In March 2009, we entered into a collaboration with Meiji Seika Kaisha, Ltd. to develop and commercialize a novel class of pro-cognitive drugs ("PCAPs") to treat patients with schizophrenia and related disorders in Japan and several other Asian countries. Under the agreement, we are eligible to receive up to $25 million in aggregate payments, including $3 million in license fees and up to $22 million in potential development and regulatory milestone payments, in addition to royalties on product sales, if any, in the Asian territory. Meiji Seika is responsible for the first $15 million of development expenses and the companies will share remaining expenses through clinical proof-of-concept, subject to possible adjustment in the event we further license the PCAPs outside of the Asian territory. Meiji Seika is responsible for all costs associated with the development, manufacturing and commercialization of the product in the Asian territory after proof-of-concept. Meiji Seika is eligible to share a portion of any product-related revenues received by us in the rest of the world.

Revenues

We have not generated any revenues from product sales to date, and we do not expect to generate revenues from product sales for at least the next several years, if at all. Our revenues to date have been generated substantially from research and milestone payments under our current and past collaboration agreements. As of March 31, 2009, we had received an aggregate of $59.5 million in payments under these agreements, including research funding and related fees and upfront and milestone payments.

We currently are a party to three separate collaboration agreements with Allergan. Pursuant to our March 2003 collaboration agreement with Allergan, we had received an aggregate of $15.4 million in payments as of March 31, 2009, consisting of upfront fees, research funding and related fees. This collaboration originally provided for a three-year research term, which has been extended by the parties through March 2010. We have had a reduced level of research activities and related research funding under this collaboration during the extension. In our two other collaboration agreements with Allergan, the parties are currently pursuing the clinical development of product candidates in the areas of chronic pain and glaucoma. We are eligible to receive payments upon achievement of development and regulatory milestones, as well as royalties on product sales, if any, under each of our three collaboration agreements with Allergan. Each of our agreements with Allergan is subject to early termination by the collaborator upon specified events, including if we breach the agreement or, in the case of one of our agreements, if we have a change in control. Upon the conclusion of the research term under each agreement, Allergan may terminate the agreement by notice.

In March 2009, we entered into a collaboration agreement with Meiji Seika, pursuant to which we received an aggregate of $2 million in license fees in April 2009. Under the agreement, we are eligible to receive up to $25 million in aggregate payments, including the $2 million in license fees already received, in addition to royalties on product sales, if any, in the Asian territory. The term of our agreement with Meiji Seika will continue as long as there are royalty or other payment obligations existing under the agreement, which is expected to be at least 10 years after the commercial launch of the PCAPs, subject to early termination by the parties upon specified events.

In May 2009, we entered into a collaboration agreement with Biovail, pursuant to which we received a $30 million upfront payment. Under the terms of the agreement, we are entitled to receive additional payments of up to an aggregate of $365 million, upon successfully achieving development, regulatory and sales milestones. We also are entitled to receive royalties on annual net sales of pimavanserin. The term of our agreement with Biovail will continue as long as there are royalty or other payment obligations existing under the agreement, which is expected to be at least 10 years after the commercial launch of pimavanserin, subject to early termination by the parties upon specified events.

We expect our revenues for the next several years to consist primarily of payments under our current agreements with Biovail, Allergan, and Meiji Seika and potential additional collaborations.

Research and Development Expenses

Our research and development expenses consist primarily of fees paid to external service providers, salaries and related personnel expenses, facilities and equipment expenses, and supplies and other costs. We charge all research and development expenses to operations as incurred. Our research and development activities are primarily focused on our most advanced product candidates, including pimavanserin. To date, we have been responsible for all costs incurred in the development of pimavanserin as well as the costs associated with our other internal programs.

Pursuant to our collaboration agreement with Biovail, which we established in May 2009, Biovail will be responsible for all future costs associated with the development of pimavanserin in all indications with the exception of specified ongoing PDP studies, which will continue to be funded by ACADIA. These ongoing studies include our pivotal Phase III trials and related long-term safety extension study. Pursuant to our collaboration with Meiji Seika, which we established in March 2009, Meiji Seika is responsible for the first $15 million of development expenses and the companies will share remaining expenses through clinical proof-of-concept, subject to possible adjustment in the event we further license the PCAPs outside of the Asian territory. Meiji Seika is responsible for all costs associated with the development of the PCAPs in the Asian territory after proof-of-concept. We are not responsible for, nor have we incurred, development expenses, including costs related to clinical trials, in our clinical programs for chronic pain and glaucoma, which we are pursuing in collaboration with Allergan.

We use our internal research and development resources, including our employees and discovery infrastructure, across several projects and many of our costs are not attributable to a specific project but are directed to broadly applicable research activities. Accordingly, we do not report our internal research and development costs on a project basis. We use external service providers to manufacture our product candidates to be used in clinical trials and for the majority of the services performed in connection with the preclinical and clinical development of our product candidates. Our external service costs for pimavanserin increased in the three months ended March 31, 2009 compared to the three months ended March 31, 2008 primarily due to increased development costs associated with our Phase III program. Our internal research and development expenses decreased significantly in the three months ended March 31, 2009 compared to the three months ended March 31, 2008 primarily due to our strategic restructuring implemented in August 2008. To the extent that external expenses are not attributable to a specific project, they are included in other external costs. The following table summarizes our research and development expenses for the three months ended March 31, 2009 and 2008 (in thousands):

	Three Months Ended March 31,	
	2009	2008
	(unaudited)	
Costs of external service providers:		
Pimavanserin	$ 8,825	$ 6,076
ACP-104[1]	63	1,380
ACP-106 and other	244	374
Subtotal	9,132	7,830
Internal costs, excluding stock-based compensation	3,201	6,926
Stock-based compensation	221	415
Total research and development	$12,554	$15,171

1. ACP-104 was a product candidate that we were previously developing. We currently do not anticipate conducting further studies with ACP-104.

At this time, due to the risks inherent in the clinical trial process and given the stage of development of our programs, we are unable to estimate with any certainty the costs we will incur for the continued development of our product candidates for potential commercialization. Due to these same factors, we are unable to determine the anticipated completion dates for our current research and development programs. Clinical development timelines, probability of success, and development costs vary widely. While our current focus is primarily on advancing the clinical development of pimavanserin, 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 each product candidate's commercial potential and our financial position. We cannot forecast with any degree of certainty when and to what extent we will receive cash inflows from the development or commercialization of pimavanserin pursuant to our agreement with Biovail. We also 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 such arrangements would affect our development plans and capital requirements.

We expect our external research and development expenses to continue to be substantial as we pursue the development of pimavanserin and our other product candidates. The lengthy process of completing clinical trials 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.

General and Administrative Expenses

Our general and administrative expenses consist primarily of salaries and other costs for employees serving in executive, finance, business development, and business operations functions, as well as professional fees associated with legal and accounting services, and costs associated with patents and patent applications for our intellectual property.

Critical Accounting Policies and Estimates

Our discussion and analysis of our financial condition and results of operations is based on our consolidated financial statements. We have identified the accounting policies that we believe require application of management's most subjective judgments, often requiring the need to make estimates about the effect of matters that are inherently uncertain and may change in subsequent periods. Our actual results may differ substantially from these estimates under different assumptions or conditions.

Revenue Recognition

We recognize revenues in accordance with Securities and Exchange Commission Staff Accounting Bulletin No. 104, *Revenue Recognition.* Arrangements with multiple elements are accounted for in accordance with Emerging Issues Task Force Issue No. 00-21, or EITF 00-21, *Revenue Arrangements With Multiple Deliverables.* We analyze our multiple element arrangements to determine whether the elements can be separated and accounted for individually as separate units of accounting in accordance with EITF 00-21. Our revenues are primarily related to our collaboration agreements, and such agreements may provide for various types of payments to us, including upfront payments, research funding and related fees during the term of the agreement, milestone payments based on the achievement of established development objectives, licensing fees, and royalties on future product sales.

Upfront, non-refundable payments under collaboration agreements are recorded as deferred revenue once received and recognized ratably over the term of the agreement or the expected period of performance. Non-refundable payments for research funding are generally recognized as revenues over the period as the related research activities are performed. Revenues from non-refundable milestones are recognized when the earnings process is complete and the payment is reasonably assured. Non-refundable milestone payments related to arrangements under which we have continuing performance obligations are recognized as revenue upon achievement of the milestone, provided that (i) the milestone event is substantive and its achievability was not reasonably assured at the inception of the agreement and (ii) the amount of the milestone payment is reasonable in relation to the effort expended or the risk associated with the triggering event. Revenues from non-refundable license fees are recognized upon receipt of the payment if the license has stand-alone value, we do not have ongoing involvement or obligations, and the fair value of any undelivered items can be determined.

Accrued Expenses

We are required to estimate accrued expenses as part of our process of preparing financial statements. Examples of areas in which subjective judgments may be required include costs associated with services provided by contract organizations for preclinical development, manufacturing of clinical materials, and clinical trials. We accrue for costs incurred as the services are being provided by monitoring the status of the trials or services provided, and the invoices received from our external service providers. In the case of clinical trials, a portion of the cost normally relates to the projected cost to treat a patient in our trials and we recognize this cost over the estimated term of the study based on the number of patients enrolled in the trial on an ongoing basis, beginning with patient enrollment. As actual costs become known to us, we adjust our accruals. To date, our estimates have not differed significantly from the actual costs incurred. However, we have expanded the level of our clinical trials and related services. As a result, we anticipate that our estimated accruals for clinical services will be more material to our operations in future periods. 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

Effective January 1, 2006, we adopted the fair value recognition provisions of Statement of Financial Accounting Standards, or SFAS, No. 123 (revised 2004), *Share-Based Payment*, or SFAS No. 123(R), to account for employee stock options and stock issued under the employee stock purchase plan.

The 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 option pricing model. For options granted prior to January 1, 2006, we amortize the fair value on an accelerated basis. For options granted after January 1, 2006, we amortize the fair value on a straight-line basis. All option expense is amortized over the requisite service period of the awards, which is generally the vesting period. As of March 31, 2009, total unrecognized compensation cost related to stock options and purchase rights was approximately $5.0 million, and the weighted average period over which this cost is expected to be recognized is 2.8 years.

Stock-based awards issued to non-employees other than directors are accounted for using a fair value method and are re-measured to fair value at each period end until the earlier of the date that performance by the non-employee is complete or a performance commitment has been obtained. The fair value of each award is estimated using the Black-Scholes option pricing model.

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 timing and amount of payments received pursuant to our current and potential future collaborations, and the progress and timing of expenditures related to our discovery and development efforts. 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 Three Months Ended March 31, 2009 and 2008

Revenues

Revenues totaled $374,000 for the three months ended March 31, 2009 compared to $806,000 for the three months ended March 31, 2008. The decrease in revenues was primarily due to lower revenues from our agreements with Allergan as well as from smaller scale research and license agreements with other parties. Revenues from our agreements with Allergan totaled $269,000 for the three months ended March 31, 2009 compared to $328,000 for the three months ended March 31, 2008. Revenues from smaller scale research and license agreements with other parties totaled $105,000 for the three months ended March 31, 2009 compared to $387,000 for the three months ended March 31, 2008. In addition, revenues from our agreement with Sepracor, which ended in January 2008, totaled $91,000 for the three months ended March 31, 2008.

Research and Development Expenses

Research and development expenses decreased to $12.6 million for the three months ended March 31, 2009, including $221,000 in stock-based compensation, compared to $15.2 million for the three months ended March 31, 2008, including $415,000 in stock-based compensation. The decrease in research and development expenses was primarily due to $3.9 million in decreased costs associated with our internal research and development organization, partially offset by $1.3 million in increased external service costs. The decrease in internal research and development costs was primarily attributable to $2.6 million in decreased salaries and related personnel costs, and decreases in laboratory supply, equipment and other costs resulting from our strategic restructuring. External service costs totaled $9.1 million, or 72 percent of our research and development expenses for the three months ended March 31, 2009, compared to $7.8 million, or 52 percent of our research and development expenses, for the comparable period in 2008. The increase in external expenses was largely attributable to increased development costs for pimavanserin.

General and Administrative Expenses

General and administrative expenses totaled $3.0 million for the three months ended March 31, 2009, including $354,000 in stock-based compensation, compared to $3.3 million for the three months ended March 31, 2008, including $421,000 in stock-based compensation. The decrease in general and administrative expenses was primarily due to $526,000 in decreased salaries and related personnel costs, and decreases in other expenses, partially offset by $396,000 in increased external service costs.

Interest Income

Interest income decreased to $191,000 for the three months ended March 31, 2009 from $1.3 million for the three months ended March 31, 2008. The decrease in interest income during the three months ended March 31, 2009 was due to decreased yields on our investment security portfolio and lower average levels of cash and investment securities.

Liquidity and Capital Resources

Since inception, we have funded our operations primarily through sales of our equity securities, payments received under our collaboration agreements, debt financings, and interest income. As of March 31, 2009, we had received $324.8 million in net proceeds from sales of our equity securities, including $6.9 million in debt we had retired through the issuance of our common stock, $59.5 million in payments from collaboration agreements, $22.4 million in debt financing, and $21.8 million in interest income.

At March 31, 2009, we had approximately $46.4 million in cash, cash equivalents and investment securities compared to $60.1 million at December 31, 2008. Subsequent to March 31, 2009, we received an upfront payment of $30 million pursuant to terms of our collaboration agreement with Biovail, which we established in May 2009.

We have consumed substantial amounts of capital since our inception. In August 2008, we implemented a strategic restructuring designed to focus resources on our most advanced product candidates and provide additional financial flexibility and strength. Our internal operating expenses, including personnel and related costs, were reduced significantly following the restructuring and we anticipate that the cash used in our operating activities during 2009 will be below its 2008 level. We anticipate that our cash, cash equivalents and investment securities will be greater than $40 million at December 31, 2009, and that our existing cash resources and payments from our collaborations will be sufficient to fund our operations at least into the first half of 2011.

We will require significant 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:

- progress in, and the costs of, our clinical trials, preclinical studies and other research and development programs;
- the scope, prioritization and number of research and development programs;
- the ability of our collaborators and us to reach the milestones, and other events or developments, under our collaboration agreements;
- the costs involved in filing, prosecuting, enforcing and defending patent claims and other intellectual property rights;
- the costs of securing manufacturing arrangements for clinical or commercial production of product candidates; and
- the costs of establishing, or contracting for, sales and marketing capabilities if we obtain regulatory clearances to market our product candidates.

Until we can generate significant continuing revenues, we expect to satisfy our future cash needs through strategic collaborations, private or public sales of our securities, debt financings, or by licensing all or a portion of our product candidates or technology. In August 2008, we entered into a Committed Equity Financing Facility, or CEFF, which provides us with access, at our discretion, to up to $60 million of capital during a three-year period through the sale of newly-issued shares of our common stock. We may access capital under the CEFF in tranches of up to a maximum of between 2.0 and 3.5 percent of our market capitalization at the time of the draw down of each tranche, subject to certain conditions, including a minimum share price threshold of $1.50. The funds that can be raised under the CEFF, if available, will depend on the then-current price of our common stock and the number of shares actually sold, which may not exceed an aggregate of approximately 7 million shares.

We cannot be certain that funding will be available to us on acceptable terms, or at all. Turmoil in the financial markets has adversely affected the market capitalizations of many biotechnology companies and generally made equity and debt financing more difficult to obtain. This, coupled with other factors, may dramatically limit access to additional financing over the near-term future. In particular, given the current market conditions, any unfavorable outcome over the next year in one or more of the studies that we are currently conducting in our Phase III program with pimavanserin, including the first Phase III pivotal trial, could have a material adverse effect on us and our ability to raise additional capital.

If we cannot raise adequate additional capital in the future under the CEFF or from other sources, we will be required to delay, further 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. In addition, should we be required to further reduce the scope of our discovery activities, this may lead to an impairment of our equipment and additional charges, which could materially affect our balance sheet and results of operations.

We have invested a substantial portion of our available cash in a money market fund wholly-backed by U.S. Treasury collateral and in investment securities consisting of high quality, marketable debt instruments of corporations, financial institutions, and government sponsored enterprises. We have adopted an investment policy and established 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 AA or A1+/P1 as determined by Moody's Investors Service and/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. Our investment portfolio has not been adversely impacted by the disruption in the credit markets. However, if there is continued and expanded disruption in the credit markets, there can be no assurance that our investment portfolio will not be adversely affected in the future.

Net cash used in operating activities decreased to $13.3 million for the three months ended March 31, 2009 compared to $20.5 million for the three months ended March 31, 2008. This decrease was primarily due to a decrease in our net loss and changes in operating assets and liabilities, including an aggregate increase of $819,000 in accounts payable and accrued expenses during the three months ended March 31, 2009 compared to an aggregate decrease of $5.4 million in the comparable period in 2008. The decrease in accounts payable and accrued expenses during the three months ended March 31, 2008 was largely due to payments made for external service costs related to our clinical trials, which had been incurred in 2007.

Net cash provided by investing activities totaled $11.2 million for the three months ended March 31, 2009 compared to $24.6 million for the three months ended March 31, 2008, and has fluctuated significantly from period to period primarily due to the timing of purchases and maturities of investment securities. The decrease in net cash provided by investing activities for the three months ended March 31, 2009 compared to the three months ended March 31, 2008 was primarily due to lower maturities of investment securities, net of purchases of investment securities.

We have entered into equipment financing agreements from time to time, which we have utilized to fund the majority of our property and equipment purchases. The agreements contain fixed interest rates ranging from 8.92 to 10.41 percent per annum. At March 31, 2009, we had $1.0 million in outstanding borrowings under these agreements, which are secured by the related equipment.

The following table summarizes our contractual obligations, including interest, at March 31, 2009 (in thousands):

	Total	Less than 1 Year	1-3 Years	4-5 Years	After 5 Years
Operating leases	$11,029	$ 2,213	$ 6,002	$ 1,777	$1,037
Long-term debt	1,101	754	347	—	—
Total	$12,130	$ 2,967	$ 6,349	$ 1,777	$1,037

We have also entered into agreements with contract research organizations and other external service providers for services in connection with the development of our product candidates. We were contractually obligated for up to approximately $22.9 million of future services under these agreements as of March 31, 2009. The nature of the work being conducted under our agreements with contract research organizations is such that, in most cases, the services may be stopped with short notice. In such event, we would not be liable for the full amount of the contract. Our actual contractual obligations may vary depending upon several factors, including the progress and results of the underlying studies.

In addition, we have entered into an agreement pursuant to which we licensed certain intellectual property rights that complement our patent portfolio. If certain conditions are met, we would be required to make future payments, including milestone payments, sublicensing fees and royalties. The amount of potential future milestone payments is $11 million in the aggregate, which amount would be offset by any sublicensing fees we may pay under the agreement. Because these milestone payments would only be payable upon the achievement of specified regulatory events and it is uncertain when, or if, such events will occur, we cannot forecast with any degree of certainty when, or if, we will be required to make those payments under the agreement. Accordingly, none of these amounts are included in the above table.

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

In April 2009, the Financial Accounting Standards Board, or FASB, issued three FASB Staff Positions, or FSP: (i) FSP FAS 157-4, *Determining Fair Value When the Volume and Level of Activity for the Asset or Liability have Significantly Decreased and Identifying Transactions That Are Not Orderly*, (ii) FSP FAS 115-2 and FAS 124-2, *Recognition and Presentation of Other-Than-Temporary Impairments*, and (iii) FSP FAS 107-1 and APB 28-1, *Interim Disclosures about Fair Value of Financial Instruments*, which will be effective for interim and annual periods ending after June 15, 2009. FSP FAS 157-4 provides additional guidance in determining fair value when market transactions are not orderly. FSP FAS 115-2 and FAS 124-2 provides additional guidance in determining when an other-than-temporary impairment of a debt security has occurred as well as the related recognition and disclosure requirements. FSP FAS 107-1 and APB 28-1 is an amendment to FAS 107 and APB 28 in order to require disclosure about fair value of financial instruments in both interim and annual reporting periods. We do not expect the adoption of these FSPs to have a material impact on our consolidated financial statements.

ITEM 3. 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 a money market fund and in high quality marketable debt instruments of corporations, financial institutions, and government sponsored enterprises with contractual maturity dates of generally less than two years. All investment securities have a credit rating of at least AA or A1+/P1 as determined by Moody's Investors Service and/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 March 31, 2009, this change would not have had a material effect on the fair value of our investment portfolio as of that date.

Foreign Currency Risk

We have wholly owned subsidiaries in Sweden and Denmark, which expose us to foreign exchange risk. The functional currency of our subsidiary in Sweden is the Swedish kroner and the functional currency of our subsidiary in Denmark is the Danish kroner. Accordingly, all assets and liabilities of our subsidiaries are translated to U.S. dollars based on the applicable exchange rate on the balance sheet date. Expense components are translated to U.S. dollars at weighted average exchange rates in effect during the period. Gains and losses resulting from foreign currency translation are included as a component of our stockholders' equity. Other foreign currency transaction gains and losses are included in our results of operations and, to date, have not been significant. We have not hedged exposures denominated in foreign currencies or any other derivative financial instrument.

ITEM 4. 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, 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 also 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, control 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 March 31, 2009, 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 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 as of March 31, 2009.

An evaluation was also performed under the supervision and with the participation of our management, including our Chief Executive Officer and our Chief Financial Officer, of any change 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 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1A. RISK FACTORS

You should consider carefully the following information about the risks described below, together with the other information contained in this Quarterly Report and in our other public filings in evaluating our business. The risk factors set forth below that are marked with an asterisk (*) contain changes to the similarly titled risk factor included in Item 1A to our Annual Report. 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 Business

We expect our net losses to continue for at least several years and are unable to predict the extent of future losses or when we will become profitable, if ever.*

We have experienced significant net losses since our inception. As of March 31, 2009, we had an accumulated deficit of approximately $309.1 million. We expect our annual net losses to continue over the next several years as we advance our programs and incur significant clinical development costs.

We have not received, and do not expect to receive for at least the next several years, any revenues from the commercialization of our product candidates. Substantially all of our revenues for the three months ended March 31, 2009 were from our collaborations with Allergan as well as our agreements with other parties. We anticipate that collaborations, which provide us with research funding and potential milestone payments and royalties, will continue to be our primary source of revenues for the next several years. We cannot be certain that the milestones required to trigger payments under our existing collaborations will be reached or that we will secure additional collaboration agreements. To obtain revenues from our product candidates, we must succeed, either alone or with others, in developing, obtaining regulatory approval for, and manufacturing and marketing drugs with significant market potential. We may never succeed in these activities, and may never generate revenues that are significant enough to achieve profitability.

We depend on collaborations with third parties to develop and commercialize selected product candidates and to provide substantially all of our revenues.*

A key aspect of our strategy is to selectively enter into collaborations with third parties. We currently rely, and will continue to rely, on our collaborators for financial resources and for development, regulatory, and commercialization expertise for selected product candidates. Substantially all of our revenues for the three months ended March 31, 2009 were from our collaborations with Allergan as well as our agreements with other parties. Since March 31, we have received $30 million as an upfront fee from Biovail and $2 million in licensing fees from Meiji Seika, pursuant to our respective collaborations with those parties. The ongoing research term of our agreements with Allergan will end in March 2010 and, other than research funding under our 2003 collaboration with Allergan and $1 million in licensing fees to be paid under the agreement with Meiji Seika, additional payments from our agreements with Biovail, Allergan, and Meiji Seika are dependent on successful advancement of our applicable product candidates. There is no guarantee that revenues from our collaborations will continue at current or past levels. Given the current economic environment, it is possible that our existing collaborators may elect to reduce their external spending.

Our collaborators may fail to develop or effectively commercialize products using our product candidates 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;
- decide to pursue a competitive product developed outside of the collaboration; or
- cannot obtain the necessary regulatory approvals.

Each of Biovail, Meiji Seika and Allergan can terminate our existing collaborations under specific circumstances, including in some cases the right to terminate without cause upon prior notice. We may not be able to renew our existing collaborations on acceptable terms, if at all. We also face competition in our search for new collaborators. Given the current economic environment, it is possible that competition for new collaborators may increase.

Our most advanced product candidates are in clinical trials, which are long, expensive and unpredictable, and there is a high risk of failure.*

Preclinical testing and clinical trials are long, expensive and unpredictable processes that can be subject to delays. It may take several years to complete the preclinical testing and clinical development necessary to commercialize a drug, and delays or failure can occur at any stage. Interim results of clinical trials do not necessarily predict final results, and 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.

Our drug development programs are at various stages of development and the historical rate of failures for product candidates is extremely high. In fact, we had an unsuccessful Phase II trial in 2008 with our product candidate, ACP-104. In our most advanced program, we are in Phase III development with pimavanserin for the treatment of Parkinson's disease psychosis. Our Phase III program encompasses a number of studies, including two Phase III pivotal trials, open-label safety extension trials and a range of supporting studies, including carcinogenicity studies, a QTc study, and drug-drug interaction studies. We anticipate completing certain of the studies in this program, including the first Phase III pivotal trial, during 2009. An unfavorable outcome in one or more of the studies in this program could be a major set-back for the program and for our company, generally. In particular, given the recent deterioration in the financial markets, an unfavorable outcome in one or more of these studies may require us to delay, reduce the scope of, or eliminate this program and could have a material adverse effect on our company and the value of our common stock. We also have chronic pain and glaucoma clinical programs in collaboration with Allergan, which are in Phase II and Phase I development, respectively.

In connection with clinical trials, we face risks that:

- a product candidate may not prove to be efficacious;
- 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 may not confirm the positive results of earlier trials; and
- the results may not meet the level of statistical significance required by the U.S. Food and Drug Administration, or FDA, or other regulatory agencies.

If we do not successfully complete preclinical and clinical development, we will be unable to market and sell products derived from our product candidates and to generate product revenues. 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 new drug application, or NDA, may be submitted to the FDA. Of the large number of drugs in development, only a small percentage result in the submission of an NDA to the FDA and even fewer are approved for commercialization.

Delays, suspensions and terminations in our clinical trials 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 and clinical trial sites;
- manufacturing sufficient quantities of a product candidate;
- obtaining approval of an Investigational New Drug Application, or IND, from the FDA;
- obtaining institutional review board approval to conduct a clinical trial at a prospective clinical trial site; and
- patient enrollment, which is a function of many factors, 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:

- 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;
- failure to conduct clinical trials in accordance with regulatory requirements;
- lower than anticipated retention rate 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.

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

If we fail to obtain the capital necessary to fund our operations, we will be unable to successfully develop products.*

We have consumed substantial amounts of capital since our inception. For the three months ended March 31, 2009, we used $13.3 million in net cash to fund our operating activities. Our cash and investment securities totaled approximately $46.4 million at March 31, 2009. Since March 31, we have received $30 million as an upfront fee from Biovail and $2 million in licensing fees from Meiji Seika, pursuant to our respective collaborations with those parties. We believe our existing cash resources and anticipated payments from our collaborations will be sufficient to fund our cash requirements at least into the first half of 2011. However, we will require significant additional financing in the future to continue to fund our operations. Our future capital requirements will depend on, and could increase significantly as a result of, many factors including:

- progress in, and the costs of, our preclinical studies and clinical trials and other 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 agreements or to otherwise make payments under these agreements;
- the costs involved in filing, prosecuting, enforcing and defending patent claims and other intellectual property rights;
- the costs of securing manufacturing arrangements for clinical or commercial production;
- the costs of establishing or contracting for sales and marketing capabilities if we obtain regulatory clearances to market our product candidates; and
- the costs associated with litigation.

Until we can generate significant continuing revenues, we expect to satisfy our future cash needs through our existing cash, cash equivalents and investment securities, strategic collaborations, private or public sales of our securities, debt financings, or by licensing all or a portion of our product candidates or technology. The recent deterioration in the financial markets has adversely affected the market capitalizations of many biotechnology companies, including us, and generally made equity and debt financing more difficult to obtain. This, coupled with other factors, may dramatically limit our access to additional financing over the near-term future. This could have a material adverse effect on our ability to access sufficient funding, including pursuant to our CEFF or from other sources. Specifically, to the extent that the average price of our common stock is below the minimum share price of $1.50, we will not be able to raise money under the CEFF. We cannot be certain that additional funding will be available to us on acceptable terms, if at all. If funds are not available, we may be required to delay, reduce the scope of, or eliminate one or more of our research or development programs or our commercialization efforts. Additional funding, if obtained, may significantly dilute existing stockholders, including any funds that may be raised under the CEFF.

Our Committed Equity Financing Facility, or CEFF, may not be available to us if we elect to make a draw down, may require us to make additional "blackout" or other payments to Kingsbridge and may result in dilution to our stockholders.

Pursuant to the CEFF, Kingsbridge committed to purchase up to the lesser of $60 million or up to approximately 7 million shares of our common stock over a three-year period, if we elect to use this facility. Kingsbridge will not be obligated to purchase shares under the CEFF unless specified conditions are met, which include a minimum price of $1.50 for our common stock, the effectiveness of a registration statement registering for resale the shares of common stock to be issued in connection with the CEFF, and customary other conditions, such as accuracy of representations and warranties and compliance with applicable laws. Kingsbridge is permitted to terminate the CEFF under certain circumstances. If we are unable to access funds through the CEFF or Kingsbridge terminates the CEFF, we may be unable to access capital on favorable terms or at all.

In connection with the CEFF, we filed a registration statement with the SEC to register the resale of shares of our common stock that may be issued pursuant to the CEFF or upon exercise of the warrant. This registration statement was declared effective by the SEC on September 23, 2008. We are entitled, in certain circumstances, to deliver a "blackout" notice to Kingsbridge to suspend the use of the prospectus, which is a part of such registration statement, and prohibit Kingsbridge from selling shares under that prospectus for a certain period of time. If we deliver a blackout notice in the 15 trading days following the settlement of a draw down, or if the registration statement covering the resale of the shares of common stock to be issued in connection with the CEFF is not

effective in circumstances not permitted by our registration rights agreement with Kingsbridge, then we must make a payment to Kingsbridge, or issue Kingsbridge additional shares in lieu of this payment, calculated on the basis of a specified number of shares held by Kingsbridge immediately prior to the blackout period and the change in the market price of our common stock during the period in which the use of the resale registration statement is suspended. If the trading price of our common stock declines during a suspension of the resale registration statement, the blackout or other payment could be significant.

If we sell shares to Kingsbridge under the CEFF, or issue shares in lieu of any blackout payment, it will have a dilutive effect on the holdings of our current stockholders, and may result in downward pressure on the price of our common stock. If we draw down amounts under the CEFF, we will issue shares to Kingsbridge at a discount of up to 12% from the volume weighted average price of our common stock. If we draw down amounts under the CEFF when our share price is decreasing, we will need to issue more shares to raise the same amount than if our stock price was higher. Issuances in the face of a declining share price will have an even greater dilutive effect than if our share price were stable or increasing and may further decrease our share price.

If conflicts arise with our collaborators, they may act in their self interests, which may be adverse to our interests.*

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 economic 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 of a collaborator’s development or commercialization efforts with respect to our product candidates; 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 collaborations, we generally 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. Our collaborations may have the effect of limiting the areas of research that we may pursue, either alone or with others. Our collaborators, however, may develop, either alone or with others, products in related fields that are competitive with the products or potential products that are the subject of these collaborations. Competing products, either developed by our collaborators or to which our collaborators have rights, may result in the allocation of resources by our competitors to competing products and their withdrawal of support for our product candidates or may otherwise result in lower demand for our potential products.

We have collaborations with Allergan for the development of product candidates related to chronic pain and ophthalmic diseases, including glaucoma. Allergan currently markets therapeutic products to treat glaucoma and is engaged in other research programs related to glaucoma and other ophthalmic products that are independent from our development program in this therapeutic area. Allergan is also pursuing other research programs related to pain management that are independent from our collaboration in this therapeutic area.

Our collaboration with Meiji Seika is initially focused on the advancement of precognitive drugs (“PCAPs”) as a treatment for schizophrenia and related disorders. While Meiji Seika has rights to the PCAPs in the Asian territory, we have the right to pursue them, alone or with a partner, in the rest of the world. Under our collaboration for pimavanserin, Biovail has licensed the rights to Canada and the United States for the treatment of PDP, ADP and other neurological and psychiatric conditions, which could include schizophrenia. We have retained the rights to pimavanserin for the rest of the world. It is possible that the product candidates being developed under these programs could compete with each other. In addition, Biovail’s strategy is to pursue the commercialization of product candidates for central nervous system indications that are independent of our efforts to develop and commercialize pimavanserin.

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.

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. In addition to our collaborators, we rely on contract research organizations, 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.

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. We currently use several contract research organizations 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 or additional expenditures.

Even if we or our collaborators successfully complete the clinical trials of product candidates, the product candidates may fail for other reasons.

Even if we or our collaborators successfully complete the clinical trials of product candidates, the product candidates may fail for other reasons, including the possibility that the product candidates will:

- fail to receive the regulatory clearances required to market them as drugs;
- be subject to proprietary rights held by others requiring the negotiation of a license agreement prior to marketing;
- be difficult or expensive to manufacture on a commercial scale;
- have adverse side effects that make their use less desirable; or
- fail to compete with product candidates or other treatments commercialized by competitors.

If we do not realize the expected benefits from the restructuring that we announced in August 2008, our operating results and financial conditions would be negatively impacted.*

In August 2008, we implemented a strategic restructuring designed to focus our resources on our most advanced product candidates. If we are unable to realize the expected operational efficiencies from our restructuring, our operating results and financial condition would be adversely affected. We cannot guarantee that we will not have to undertake additional restructuring activities, that any of our restructuring efforts will be successful, or that we will be able to realize the cost savings and other anticipated benefits from our restructuring. Additionally, employees whose positions are eliminated in connection with the restructuring may seek future employment with our competitors. 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 such future employment.

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

Even if our product candidates are approved for commercial sale by the FDA or other regulatory authorities, the degree of market acceptance of any approved product candidate by physicians, healthcare professionals and third-party payors, and our profitability and growth will depend on a number of factors, including:

- the ability to provide acceptable evidence of safety and efficacy;
- relative convenience and ease of administration;
- the prevalence and severity of any adverse side effects;
- availability of alternative treatments;
- pricing and cost effectiveness, which may be subject to regulatory control;
- effectiveness of our or our collaborators' sales and marketing strategy; and
- our ability to obtain sufficient third-party insurance coverage or reimbursement.

If any product candidate that we discover and/or develop does not provide a treatment regimen that is as beneficial as the current standard of care or otherwise does not provide patient benefit, that product will not achieve market acceptance and we will not generate sufficient revenues to achieve or maintain profitability.

If we are unable to attract, retain, and motivate key management and scientific staff, our drug development programs and our research and discovery efforts may be delayed and we may be unable to successfully develop or commercialize our product candidates.

Our success depends on our ability to attract, retain, and motivate highly qualified management and scientific personnel. In particular, our drug discovery and development programs depend on our ability to attract and retain highly skilled chemists, biologists, pharmacologists, and development personnel, especially in the fields of central nervous system disorders, including neuropsychiatric and related disorders. In the future, we may need to hire additional personnel if we expand our research and development efforts from our current levels. We face competition for experienced scientists, clinical operations personnel, and other technical personnel from numerous companies and academic and other research institutions. Competition for qualified personnel is particularly intense in the San Diego, California area. If we are unable to attract and retain the necessary personnel, this will significantly impede the achievement of our research and development objectives and our ability to meet the demands of our collaborators in a timely fashion.

All of our U.S. 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.

We do not know whether our drug discovery platform will lead to the discovery or development of commercially viable product candidates.

Our drug discovery platform uses new and unproven methods to identify and develop product candidates. We have never successfully completed clinical development of any of our product candidates, and there are no drugs on the market that have been discovered using our drug discovery platform.

Much of our research focuses on small molecule drugs for the treatment of central nervous system disorders. Due to our limited resources, we may have to forego potential opportunities with respect to discovering product candidates to treat diseases or conditions in other therapeutic areas. If we are not able to use our technologies to discover and develop product candidates that can be commercialized, we may not achieve profitability. In the future, we may find it necessary to license the technology of others or acquire additional product candidates to augment the results of our internal discovery activities. If we are unable to identify new product candidates using our drug discovery platform, we may be unable to establish or maintain a clinical development pipeline or generate product revenues.

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 central nervous system disorders. 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.

We will need to transition our organization in connection with our restructuring, and we may encounter difficulties managing this transition, which could adversely affect our results of operations.*

We will need to effectively manage our operations and facilities in order to advance our drug development programs, including those covered by our collaborations with Meiji Seika and Biovail, achieve milestones under our collaboration agreements, facilitate additional collaborations, and pursue other development activities. Following our restructuring, it is possible that our infrastructure may be inadequate to support our future efforts and growth. To manage our transition, we will be required to continue to improve our operational, financial and management controls, and reporting systems and procedures. In addition, we may have to develop internal sales, marketing, and distribution capabilities if we decide to market any drug that we may successfully develop. We may not successfully manage the transition of our operations and, accordingly, may not achieve our research, development, and commercialization goals.

We face financial and administrative challenges in coordinating the operations of our European activities with our activities in California, which could have an adverse impact on our operations.*

Our principal executive offices are located in San Diego and we also have a subsidiary, ACADIA Pharmaceuticals AB, located in Malmö, Sweden that employed a small percentage of our total personnel as of March 31, 2009. The additional administrative expense required to coordinate activities in both Europe and California could divert management resources from other important endeavors and, in turn, delay our development and commercialization efforts. In addition, currency fluctuations involving our Swedish operations may cause foreign currency gains and losses. These exchange-rate fluctuations could have a negative effect on our operations. We do not engage in currency hedging transactions.

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

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

- the status of development of pimavanserin and our other product candidates, including compounds being developed under our collaborations;
- whether we generate revenues 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 potential payments under these agreements;
- the incurrence of preclinical or clinical expenses that could fluctuate significantly from period to period;
- 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 and other internal research and development efforts;
- the effect of competing technologies and products and market developments;
- the costs and benefits associated with our restructuring;
- the costs associated with litigation; and
- general and industry-specific economic conditions.

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

Relying on third-party manufacturers may result in delays in our clinical trials and product introductions.

We have no manufacturing facilities and have no experience 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 product candidates for clinical trials. If any of our product candidates are approved by the FDA or other regulatory agencies for commercial sale, we may need to contract with a third party to manufacture them in larger quantities. We currently use third-party manufacturers to produce clinical supplies of our compounds for us, including pimavanserin. While we believe that there are alternative sources available to manufacture our 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.

The manufacturers of our product candidates are obliged to operate in accordance with FDA-mandated current good manufacturing practices, or cGMPs. A failure of any of our contract manufacturers to establish and follow cGMPs and to document their adherence to such practices may lead to significant delays in clinical trials or in obtaining regulatory approval of product candidates or the ultimate launch of products based on our product candidates into the market. 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 the government to grant pre-market approval of drugs, delays, suspension or withdrawal of approvals, seizures or recalls of products, operating restrictions, and criminal prosecutions.

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.

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 the provisions of the Sarbanes-Oxley Act of 2002, or SOX, and rules adopted or proposed by the SEC and by The Nasdaq Global 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. We issued an evaluation of our internal control over financial reporting under Section 404 of SOX with our Annual Report. 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.

If we are unable to establish sales and marketing capabilities or enter into agreements with third parties to sell and market any products we may develop, we may not be able to generate product revenue.

We do not currently have an organization for the sales, marketing and distribution of pharmaceutical products. In order to market any products that may be approved by the FDA, we must build our sales, marketing, managerial, and related capabilities or make arrangements with third parties to perform these services. If we are unable to establish adequate sales, marketing, and distribution capabilities, whether independently or with third parties, we may not be able to generate product revenue and may not become profitable.

If we engage in any acquisition, we will incur a variety of costs and may never realize the anticipated benefits of the acquisition.

We may attempt to acquire businesses, technologies, services, or products or license in technologies that we believe are a strategic fit with our business. We have limited experience in identifying acquisition targets, successfully completing proposed acquisitions and integrating any acquired businesses, technologies, services or products into our current infrastructure. 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.

Earthquake or fire damage to our facilities could delay our research and development efforts and adversely affect our business.

Our headquarters and research and development facilities in San Diego are located in a seismic zone, and there is the possibility of an earthquake, which could be disruptive to our operations and result in delays in our research and development efforts. In addition, while our facilities have not been adversely impacted by local wildfires, there is the possibility of future fires in the area. In the event of an earthquake or fire, if our facilities or the equipment in our facilities is significantly damaged or destroyed for any reason, we may not be able to rebuild or relocate our facilities or replace any damaged equipment in a timely manner and our business, financial condition, and results of operations could be materially and adversely affected. We do not have insurance for damages resulting from earthquakes. While we do have fire insurance for our property and equipment located in San Diego, any damage sustained in a fire could cause a delay in our research and development efforts and our results of operations could be materially and adversely affected.

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 proprietary rights to our product candidates and technologies and their uses, as well as successfully defending these rights against third-party challenges. We will only be able to protect our product candidates, proprietary technologies, and their uses from unauthorized use by third parties to the extent that valid and enforceable patents, or effectively protected trade secrets, cover them. Although we have filed numerous patent applications worldwide with respect to pimavanserin, we have been issued only a limited number of patents with respect to these filings.

Our ability to obtain patent protection for 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 independently develop similar or alternative technologies or duplicate any of our technologies;
- our disclosures in patent applications may not be sufficient to meet the statutory requirements for patentability;
- any or all of our pending patent applications may not result in issued patents;
- 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 may be challenged by third parties;
- our proprietary technologies may not be patentable;
- others may design around our patent claims to produce competitive products which fall outside of the scope of our patents; or
- others may identify prior art which could invalidate our patents.

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 central nervous system disorders and the other fields in which we are developing products. These could materially affect our ability to develop our product candidates or sell our products. 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. It is difficult to determine how such disputes would be resolved. Others may challenge the validity of our patents. If our patents are found to be invalid, we will lose the ability to exclude others from making, using or selling the inventions claimed therein.

Some of our academic institutional licensors, research collaborators and scientific advisors have rights to publish data and information to which we have rights. 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 will be impaired. In addition, technology that we may license in may become important to some aspects of our business. We generally will not control the patent prosecution, maintenance or enforcement of in-licensed technology.

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 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 United States may be less willing to protect trade secrets. The failure to obtain or maintain trade secret protection could adversely affect our competitive position. In addition, we have not entered into any noncompete agreements with any of our employees.

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 significant litigation in our industry regarding patent and other intellectual property rights. While we are not currently subject to any pending intellectual property litigation, and are not aware of any such threatened litigation, 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, 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, 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. We may need to resort to litigation to enforce a patent 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, potentially treble damages, 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, if at all.

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

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 patent positions of pharmaceutical and biotechnology companies can be highly uncertain and involve complex legal and factual questions. For example, some of our patent applications will cover gene sequences and products and the uses of those gene sequences and products. Public disclosures and patent applications related to the Human Genome Project and other genomics efforts may limit the scope of our claims or make unpatentable subsequent patent applications. No consistent policy regarding the breadth of claims allowed in biotechnology patents has emerged to date. The United States Patent and Trademark Office's standards 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, and U.S. patents may be subject to reexamination proceedings in the United States Patent and Trademark Office (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. In addition, such interference, reexamination 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 United States 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. 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 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.

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 Our Industry

We will be subject to stringent regulation in connection with the marketing of any products derived from our product candidates, 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 United States and by comparable authorities in other countries. Neither we nor our collaborators can market a pharmaceutical product in the United States 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, it 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.

Outside the United States, 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 United States and, similarly, approval by regulatory authorities outside the United States 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 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 product candidates, they may reduce or eliminate our commercial opportunity.*

Competition in the pharmaceutical and biotechnology industries is intense and expected to increase. We face competition from pharmaceutical and biotechnology companies, as well as numerous academic and research institutions and governmental agencies, both in the United States and abroad. Some of these competitors have products or are pursuing the development of drugs that target the same diseases and conditions that are the focus of our drug development programs.

For example, our potential product for Parkinson’s disease psychosis and Alzheimer’s disease psychosis would compete with off-label use of antipsychotic drugs, including Seroquel, marketed by Astra-Zeneca, and with the generic drug clozapine. In the area of chronic pain, potential products would compete with Neurontin and Lyrica, marketed by Pfizer, and Cymbalta, marketed by Eli Lilly, as well as a variety of generic or proprietary opioids. Our potential products for the treatment of glaucoma would compete with Xalatan, marketed by Pfizer, and Lumigan and Alphagan, marketed by Allergan. Our potential products for the treatment of schizophrenia would compete with Zyprexa, marketed by Eli Lilly, Fanapt to be marketed by Vanda Pharmaceuticals, Risperdal, marketed by Johnson & Johnson, Abilify, marketed jointly by Bristol-Myers Squibb and Otsuka Pharmaceutical, Seroquel, and clozapine. Our potential products for the treatment of sleep maintenance insomnia would compete with Ambien and Ambien CR, marketed by Sanofi-Aventis, Lunesta, marketed by Sepracor, Sonata, marketed by King Pharmaceuticals, Inc., Rozerem, marketed by Takeda Pharmaceuticals North America, Inc., and various benzodiazepines.

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; and
- obtaining FDA and other regulatory approvals.

In addition, many of our competitors and their collaborators have substantially greater capital and research and development resources, manufacturing, sales and marketing capabilities, 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 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 affect on our business.

Any claims relating to improper handling, storage, or disposal of biological, hazardous, and radioactive materials used in our business could be costly and delay our research and development efforts.

Our research and development activities involve the controlled use of potentially harmful hazardous materials, including volatile solvents, biological materials such as blood from patients that has the potential to transmit disease, chemicals that cause cancer, and various radioactive compounds. Our operations also produce hazardous waste products. We face the risk of contamination or injury from the use, storage, handling or disposal of these materials. We are subject to federal, state and local laws and regulations governing the use, storage, handling, and disposal of these materials and specified waste products. The cost of compliance with these laws and regulations could be significant, and current or future environmental regulations may impair our research, development, or production efforts. If one of our employees were accidentally injured from the use, storage, handling, or disposal of these materials, the medical costs related to his or her treatment would be covered by our workers' compensation insurance policy. However, we do not carry specific biological or hazardous waste insurance coverage and our general liability insurance policy specifically excludes coverage for damages and fines arising from biological or hazardous waste exposure or contamination. Accordingly, in the event of contamination or injury, we could be subject to criminal sanctions or fines or be held liable for damages, our operating licenses could be revoked, or we could be required to suspend or modify our operations and our research and development efforts.

Consumers may sue us for product liability, which could result in substantial liabilities that exceed our available resources and damage our reputation.

Researching, developing, and commercializing drug products entails significant product liability risks. Liability claims may arise from our and our collaborators' use of products in clinical trials and the commercial sale of those products. Consumers may make these claims directly and our collaborators or others selling these products may seek contribution from us if they receive claims from consumers. Although we currently have product liability insurance that covers our clinical trials, we will need to increase and expand this coverage as 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. Product liability claims could have a material adverse effect on our business and results of operations. Our liability could exceed our total assets if we do not prevail in a lawsuit from any injury caused by our drug products.

Risks Related to Our Common Stock

Our stock price may be particularly volatile because we are a drug discovery and development company.

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. 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 development status of our product candidates, including results of our clinical trials for pimavanserin or our chronic pain and glaucoma collaborations;
- the initiation, termination, or reduction in the scope of our collaborations or any disputes or developments regarding these collaborations;
- market conditions or trends related to biotechnology and pharmaceutical industries, or the market in general;

- announcements of technological innovations, new commercial products, or other material events by our competitors or us;
- disputes or other developments concerning our proprietary rights;
- changes in, or failure to meet, securities analysts' or investors' expectations of our financial performance;
- 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 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 United States and in foreign countries;
- the announcement of, or developments in, any litigation matters; or
- economic and political factors, including but not limited to economic and financial crises, wars, terrorism, and political unrest.

In particular, our Phase III program with pimavanserin for Parkinson's disease psychosis encompasses a number of studies, including two Phase III pivotal trials, open-label safety extension trials and a range of supporting studies, including carcinogenicity studies, a QTc study, and drug-drug interaction studies. We anticipate completing certain of the studies in this program, including the first Phase III pivotal trial, during 2009. An unfavorable outcome in one or more of the studies in this program could be a major set-back for our company. Given the recent deterioration in the financial markets, such an unfavorable outcome could have a material adverse effect on our company and the value of our common stock.

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. We may become subject to this type of litigation, which is often extremely expensive and diverts management's attention.

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 five percent 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 the company's 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.

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. Holders of a significant number of shares of our common stock, from investments made when we were a private company, have rights to cause us to file a registration statement on their behalf or include their shares in registration statements that we may file on our behalf or on behalf of other stockholders. Additionally, in connection with the CEFF, we filed a registration statement with the SEC to register the resale of up to a total of approximately 7.4 million shares of our common stock that may be issued pursuant to the CEFF or upon exercise of the warrant we issued in connection with establishing the CEFF. Our stock price may decline as a result of the sale of the shares of our common stock included in these registration statements.

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 percent stockholder approval; and
- provide for a board of directors with staggered terms.

We are also subject to provisions of the Delaware corporation law that, in general, prohibit any business combination with a beneficial owner of 15 percent or more of our common stock for 3 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.

Adverse securities and credit market conditions have reduced our market capitalization and may significantly affect our ability to raise capital.

The recent deterioration in the financial markets has adversely affected the market capitalizations of many biotechnology companies, including us, and generally made equity and debt financing more difficult to obtain. This, coupled with other factors, may dramatically limit access to financing over the near-term future. This could have a material adverse effect on our ability to access funding pursuant to our CEFF or from other sources on acceptable terms, or at all, and our stock price may suffer further as a result.

If the price of our common stock remains below $1.00 per share for a sustained period, our common stock may be delisted from the Nasdaq Global Market.*

The Nasdaq Global Market imposes, among other requirements, listing maintenance standards as well as minimum bid and public float requirements. In particular, Nasdaq rules require us to maintain a minimum bid price of $1.00 per share of our common stock. If the closing bid price of our common stock is below $1.00 per share for 30 consecutive trading days, we would fail to be in compliance with Nasdaq's continued listing standards and, if we are unable to cure the non-compliance within 180 days, our common stock may be delisted from the Nasdaq Global Market. In light of the recent volatility in stock prices generally and the continued turbulence in the financial markets, Nasdaq recently suspended enforcement of the $1.00 minimum bid price requirement and has informed Nasdaq-listed companies that it will not take any action to delist any security for non-compliance with this requirement. Enforcement of the $1.00 minimum bid price requirement is scheduled to be reinstated on July 20, 2009. If our stock price is below $1.00 per share and remains below that threshold for 30 consecutive trading days after July 20, 2009, we may not be able to maintain the continued listing of our common stock on the Nasdaq Global Market. Delisting could adversely affect the market liquidity of our common stock and the market price of our common stock could decrease. Such delisting could also adversely affect our ability to obtain financing for the continuation of our operations.

ITEM 6. EXHIBITS

Exhibit Number	Description of Document
3.1	Amended and Restated Certificate of Incorporation (filed as Exhibit 3.3 to Registration Statement No. 333-113137).
3.2	Amended and Restated Bylaws (filed as Exhibit 3.5 to Registration Statement No. 333-113137).
4.1	Form of common stock certificate of Registrant (filed as Exhibit 4.1 to Registration Statement No. 333-52492, dated December 21, 2000).
4.2	Form of Warrant to Purchase Preferred Stock issued to GATX Ventures on May 31, 2002 (filed as Exhibit 4.3 to Registration Statement No. 333-113137).
4.3	Form of Warrant to Purchase Common Stock issued to purchasers in a private placement on April 20, 2005 (filed as Exhibit 4.3 to Registration Statement No. 333-124753).
4.4	Form of Warrant to Purchase Common Stock issued to Kingsbridge Capital Limited on August 4, 2008 (incorporated by reference to Exhibit 4.4 to Registrant's Quarterly Report on Form 10-Q, filed August 7, 2008).
10.1[a]	Collaboration and License Agreement, dated March 24, 2009, by and among the Registrant and Meiji Seika Kaisha, Ltd.
31.1	Certification of Uli Hacksell, Ph.D., Chief Executive Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Thomas H. Aasen, Chief Financial Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Uli Hacksell, Ph.D., 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	Certification of Thomas H. Aasen, Chief Financial Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

[a] We have applied for confidential treatment of this exhibit with the SEC. The confidential portions of this exhibit are marked with an asterisk and have been omitted and filed separately with the SEC pursuant to our request for confidential treatment.

SIGNATURES

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

ACADIA Pharmaceuticals Inc.

Date: May 11, 2009

By: /s/ Uli Hacksell, Ph.D.
Uli Hacksell, Ph.D.
Chief Executive Officer
(on behalf of the registrant and as the registrant's Principal Executive Officer)

By: /s/ Thomas H. Aasen
Thomas H. Aasen
Vice President and Chief Financial Officer
(on behalf of the registrant and as the registrant's Principal Financial and Accounting Officer)

Exhibit 10.1

*****Text Omitted and Filed Separately with the Securities and Exchange Commission. Confidential Treatment Requested Under 17 C.F.R. Sections 200.80(b)(4) and 240.24b-2**

COLLABORATION AND LICENSE AGREEMENT

THIS COLLABORATION AND LICENSE AGREEMENT ("***Agreement***") is entered into as of March 24, 2009 (the "***Effective Date***") by and between **ACADIA PHARMACEUTICALS INC.**, a Delaware corporation ("***ACADIA***"), having an address of 3911 Sorrento Valley Boulevard, San Diego, CA 92121, and **MEIJI SEIKA KAISHA, LTD.**, a corporation organized under the laws of Japan ("***MSK***"), having an address of 4-16, Kyobashi 2-Chome, Chuo-ku, Tokyo 104-8002, Japan.

RECITALS

WHEREAS, ACADIA is developing the Licensed Molecules and Products for use in the Field;

WHEREAS, MSK is engaged in the research, development and commercialization of pharmaceutical products;

WHEREAS, the parties intend to collaborate on the development of the Licensed Molecules and Products in accordance with the terms and conditions of this Agreement; and

WHEREAS, MSK desires to obtain from ACADIA, and ACADIA wishes to grant to MSK, an exclusive license to research, develop, manufacture and commercialize the Licensed Molecules and Products in the Field in the Territory, subject to the terms and conditions of this Agreement.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing premises and the mutual promises, terms, conditions and covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, ACADIA and MSK hereby agree as follows:

1. DEFINITIONS

For purposes of this Agreement, initially capitalized terms used in this Agreement, whether used in the singular or plural, shall have the following meanings, unless the context clearly requires otherwise:

1.1 "ACADIA Affiliate" shall mean any entity that is an Affiliate of ACADIA; provided that, effective upon Change of Control of ACADIA, the term "ACADIA Affiliate" shall mean only any entity that is, directly or indirectly, through one or more intermediaries, controlled (as such term is defined in Section 1.8) by ACADIA, but for only so long as such control exists.

1.2 "ACADIA Data" shall mean all non-clinical (including chemistry, manufacturing and control) and clinical data and regulatory filings (including Regulatory Filings), correspondence and approvals pertaining to the Licensed Molecules or Products in the Field outside the Territory that ACADIA or any ACADIA Affiliate Controls as of the Effective Date or during the Term.

1.3 "ACADIA Indemnitee" shall have the meaning provided in Section 11.2.

1.4 "ACADIA Inventions" shall mean all Inventions discovered, made, conceived, or conceived and reduced to practice, solely by one or more employees, consultants or contractors of ACADIA or any ACADIA Affiliate in the course of development activities conducted pursuant to this Agreement.

1.5 "ACADIA Know-How" shall mean all Information that ACADIA or any ACADIA Affiliate Controls as of the Effective Date or during the Term that is necessary or useful for the research, development, manufacture, use, marketing, import, offer for sale or sale of any Licensed Molecule or Product in the Field, including any replication or any part of such Information. The ACADIA Know-How includes the ACADIA Data.

1.6 "ACADIA Patents" shall mean (a) the patent and patent applications listed on ***Exhibit A***, (b) all additions, divisions, continuations, continuations-in-part, provisionals, substitutions, reissues, re-examinations, extensions, restorations by existing or future extension or restoration mechanisms, registrations, patent term extensions, supplemental protection certificates or the equivalent thereof, and renewals of a patent or patent application, inventor's certificates, and any confirmation patent or registration patent or patent of addition based on any such patent and patent applications set forth in (a), and (c) Patents claiming or covering ACADIA Inventions, but excluding ACADIA's interest in any Joint Patents.

1.7 "ACADIA Technology" shall mean the ACADIA Know-How and ACADIA Patents.

1.8 "Affiliate" shall mean, with respect to a given party, any corporation, company, partnership, joint venture, or any other entity that, directly or indirectly, through one or more intermediaries, is controlled by, controlling, or under common control with such party, as the case may be, but for only so long as such control exists. As used in this Section 1.8, "control" shall mean direct or indirect beneficial ownership of more than fifty percent (50%) (or such lesser percentage which is the maximum allowed to be owned by a foreign corporation in a particular jurisdiction) of the voting share capital or other equity interest in any corporation, company, partnership, joint venture, or other entity.

1.9 "Annual Net Sales" shall mean Net Sales generated in a particular calendar year beginning on January 1 and ending on December 31.

1.10 "Business Day(s)" shall mean a day on which banks are open for business in both Tokyo, Japan and San Diego, California, excluding Saturdays and Sundays.

1.11 "Calendar Quarter" shall mean each respective period of three consecutive months ending on March 31, June 30, September 30, and December 31.

1.12 "Change of Control" shall mean, with respect to a party, either: (a) a sale of all or substantially all of the assets of a party, including the Licensed Molecules and Products, in one or a series of related transactions not in the ordinary course of business to a Third Party; or (b) the acquisition of a party by a Third Party by means of any transaction or series of related transactions to which such party is a party (including, any stock acquisition, merger or consolidation); in either case of subsection (a) or (b), in which transaction or series of transactions the holders of outstanding voting securities of such party immediately prior to such transaction do not beneficially own, directly or indirectly, at least fifty percent (50%) of the combined outstanding voting power of the acquiring entity (or of such party if it is the surviving entity in such transaction described in subsection (b)), or its direct or indirect parent entity, immediately after such transaction or series of related transactions.

1.13 "Collaboration Term" shall mean the period during which the parties shall collaborate on development of the Licensed Molecules and Products for the Primary Indication, commencing on the Effective Date and ending at the completion of activities specified in the Development Plan for the hPOC.

1.14 "Commercially Reasonable Efforts" shall mean those efforts, consistent with the exercise of customary scientific and business practices as applied in the pharmaceutical industry for development and commercialization activities conducted with respect to other products of similar potential and market size.

1.15 "Confidential Information" shall mean any Information possessed, obtained, developed, or created by or on behalf of a party that is disclosed by or on behalf of such party to the other party or its Affiliates under this Agreement.

1.16 "Control" or **"Controlled"** shall mean, with respect to any Information, Patent or other intellectual property right, the legal authority or right (whether by ownership, license or otherwise but without taking into account any rights granted by one party to the other party under the terms of this Agreement) of a party to grant access, a license or a sublicense of or under such Information, Patent or other intellectual property rights to another party hereto, or to otherwise disclose proprietary or trade secret information to such other party, without breaching the terms of any agreement with a Third Party, or misappropriating the proprietary or trade secret information of a Third Party.

1.17 "Cost of Goods Sold" or **"COGs"** shall mean the actual and bona fide and verifiable manufacturing and supply costs including labor, material and factory costs, and including amounts payable to Third Party manufacturers specifically associated with the manufacture and supply by ACADIA or any of its Affiliates of the Licensed Molecules or Products supplied to Licensee, in each case, as recorded in the applicable party's accounting system according to its standard accounting practices and generally accepted accounting principles for such party.

1.18 "Development Expenses" shall mean the actual and direct costs and expenses, excluding labor or other indirect costs and expenses, relating to the research and development of the Licensed Molecules and Products for the Primary Indication, incurred by either party or any ACADIA Affiliate or MSK Affiliate during the Collaboration Term pursuant to the Development Plan. Expenses shall include payments and accruals recorded in such party's accounting system according to its standard accounting practices and generally accepted accounting principles for such party.

1.19 "Development Plan" shall mean the plan and budget describing the parties' development activities during the Collaboration Term with respect to the research and development of the Licensed Molecules and Products for the Primary Indication, including the prioritization of development activities aimed at achievement of hPOC, as agreed to by the parties by letter agreement in writing as of the Effective Date and as may be amended from time to time by the JSC.

1.20 "Dropped Product" shall have the meaning provided in Section 5.3.

1.21 "EU" shall mean […***…] countries that are members of the European Union and any successor thereto (as of the applicable time during the Term), or of the European Economic Community, as applicable, which includes, […***…].

1.22 "Executive Officers" shall have the meaning provided in Section 2.3(c).

1.23 "FDA" shall mean the U.S. Food and Drug Administration, or any successor agency thereto.

1.24 "Field" shall mean all human therapeutic and prophylactic uses.

1.25 "First Commercial Sale" shall mean, on a Product-by-Product and country-by-country basis, (a) in the case of ACADIA, the first sale by ACADIA or any of its Affiliates to a Third Party for end use or consumption of a Product in a given country outside the Territory after Regulatory Approval has been granted with respect to such Product in such country, and (b) in the case of MSK, the first sale by MSK or any of its Affiliates or Sublicensees to a Third Party for end use or consumption of a Product in a given country in the Territory after Regulatory Approval has been granted with respect to such Product in such country. Any sale by a party to an Affiliate, Sublicensee (in the case of MSK), or Licensee (in the case of ACADIA), shall not constitute a First Commercial Sale.

1.26 "Human Proof of Concept" or **"hPOC"** shall mean, with respect to any Licensed Molecule or Product, the establishment of the first proof-of-concept in humans for the Primary Indication, as described in the Development Plan in detail, which shall only be changed by a writing signed by both parties.

1.27 "ICH" shall mean the International Conference on Harmonization (of Technical Requirements for Registration of Pharmaceuticals for Human Use).

1.28 "Information" shall mean all tangible and intangible scientific, technical, trade, financial or business information including: (a) cells, cell lines, organisms, animal models, genes, gene fragments, gene sequences and loci, probes, DNA, RNA, cDNA libraries, plasmids, vectors, expression systems, antibodies, proteins, and biological substances, and any constituents, progeny, mutants, derivatives or replications thereof or therefrom; and (b) compounds, solid state forms, compositions of matter, formulations,

techniques, processes, methods, trade secrets, formulae, procedures, tests, data, results, analyses, documentation, reports, testing information (including pharmacological, toxicological, non-clinical (including chemistry, manufacturing and control), and clinical test design, methods, protocols, data, results, analyses, and conclusions), quality assurance and quality control information, knowledge, know-how, skill, and experience.

1.29 "IND" shall mean an investigational new drug application filed with the applicable Regulatory Authority, which application is required to commence human clinical trials in the applicable country.

1.30 "Inventions" shall mean all inventions discovered, made, conceived, or conceived and reduced to practice, in the course of development activities conducted pursuant to this Agreement.

1.31 "Joint Inventions" shall mean all Inventions discovered, made, conceived, or conceived and reduced to practice, jointly by one or more employees, consultants or contractors of ACADIA or any ACADIA Affiliate and one or more employees, consultants, or contractors of MSK or any MSK Affiliate in the course of development activities conducted pursuant to this Agreement.

1.32 "Joint Patents" shall mean all Patents, other than an ACADIA Patent or a MSK Patent, that claim or disclose Joint Inventions.

1.33 "Joint Development Committee" or **"JDC"** shall mean the committee composed of an equal number of representatives from each of MSK and ACADIA to be formed as set forth in Section 2.4.

1.34 "Joint Steering Committee" or **"JSC"** shall mean the committee composed of an equal number of representatives from each of MSK and ACADIA during the Collaboration Term to be formed as set forth in Section 2.1.

1.35 "License Agreement" shall mean an agreement granting a Licensee a license or sublicense under the ACADIA Technology, MSK Technology, Joint Inventions or Joint Patents to research, develop, make, have made, use, market, import, offer for sale or sell the Licensed Molecules and Products in the Field outside the Territory.

1.36 "Licensed Molecules" shall mean any and all compounds that are claimed or covered by an ACADIA Patent, including […***…] whose chemical structures are shown in ***Exhibit B***, and the salts, metabolites and pro-drugs of such compounds.

1.37 "Licensee" shall mean a Third Party to whom a license or sublicense under the ACADIA Technology, MSK Technology, Joint Inventions or Joint Patents has been granted by ACADIA, any of its Affiliates or its successor (in case of Change of Control of ACADIA) to research, develop, make, have made, use, market, import, offer for sale or sell the Licensed Molecules and Products in the Field outside the Territory. For the avoidance of doubt, the parties agree that a Third Party or Affiliate of ACADIA that acquires all or substantially all of the business or assets of ACADIA relating to the Licensed Molecules and Products, whether by merger, consolidation, divesture, restructure, sale of stock, sale of assets, or otherwise, shall not be a Licensee.

1.38 "Licensee Revenues" shall mean the total gross amount of consideration received and the value of any other consideration received or obtained by ACADIA, any of its Affiliates or its successor (in case of Change of Control of ACADIA) from any and all Licensee(s) pursuant to and in consideration for rights granted to such Licensee under the ACADIA Technology, MSK Technology, Joint Inventions or Joint Patents in the Field outside the Territory under any agreement, including a License Agreement, entered into by ACADIA, any of its Affiliates or its successor (in case of Change of Control of ACADIA) and such Licensee(s) after the Effective Date, including (a) license fees, (b) milestone payments, (c) other payments of any kind including royalties based on sales of Products by such Licensee including its permitted sublicensees, (d) payments made in exchange for securities of ACADIA, any of its Affiliates or its successor (in case of Change of Control of ACADIA) to the extent that such payments represent a premium over the fair market value of such […***…] and (e) the amount of any net profits of ACADIA, any of its Affiliates or its successor (in case of Change of Control of ACADIA) obtained by supplying the Licensed Molecules and Products to such Licensee (i.e. the transfer price from ACADIA, any of its Affiliates or its successor (in case of Change of Control of ACADIA) to such Licensee less COGs); but excluding all consideration paid to ACADIA, any of its Affiliates or its successor (in case of Change of Control of ACADIA) by such Licensee(s): (i) with respect to research, development and sales and marketing or promotional activities to be performed on and after the execution of the License Agreement by or on behalf of ACADIA, any of its Affiliates or its successor (in case of Change of Control of ACADIA) specifically relating to the Licensed Molecules and Products, to the extent such cost does not exceed an amount which is reasonably typical under similar circumstances, (ii) that constitute reimbursement of patent prosecution or enforcement expenses for patent rights or a payment of a share of amounts recovered in enforcing patent or other intellectual property rights excluding a payment of a share of compensatory damages relating to the Products (including without limitation, lost sales or lost profits with respect to the Products) recovered in enforcing any ACADIA Patents, MSK Patents or Joint Patents, (iii) in exchange for securities of ACADIA, any of its Affiliates or its successor (in case of Change of Control of ACADIA) to the extent that such payments represent the fair market value of such securities as determined as aforesaid, (iv) as loans, credit lines or other amounts subject to repayment in full, (v) with respect to research, development and sales and marketing or promotional activities or other services by or on behalf of ACADIA, any of its Affiliates or its successor (in case of Change of Control of ACADIA) unrelated to the Licensed Molecules or Products, or (vi) are allocable to or constitute consideration for rights granted to such Licensee with respect to technology Controlled by ACADIA that is not ACADIA Technology, Joint Inventions or Joint Patents. ACADIA confirms that, as of the Effective Date, ACADIA has not entered into any License Agreement.

1.39 "Losses" shall have the meaning provided in Section 11.1.

1.40 "Materials" shall have the meaning provided in Section 3.4.

1.41 "Most Recent Milestone" shall have the meaning provided in Section 5.3.

1.42 "MSK Affiliate" shall mean any entity that is an Affiliate of MSK; provided that, effective upon Change of Control of MSK, the term "MSK Affiliate" shall mean only any entity that is, directly or indirectly, through one or more intermediaries, controlled (as such term is defined in Section 1.8) by MSK, but for only so long as such control exists.

1.43 "MSK Data" shall mean all non-clinical (including chemistry, manufacturing and control) and clinical data and regulatory filings (including Regulatory Filings), correspondence and approvals pertaining to the Licensed Molecules or Products in the Field in the Territory that MSK or any MSK Affiliate Controls as of the Effective Date or during the Term.

1.44 "MSK Indemnitee" shall have the meaning provided in Section 11.1.

1.45 "MSK Inventions" shall mean all Inventions discovered, made, conceived, or conceived and reduced to practice, solely by one or more employees, consultants or contractors of MSK or any MSK Affiliate in the course of development activities conducted pursuant to this Agreement.

1.46 "MSK Know-How" shall mean all Information that MSK or any MSK Affiliate Controls as of the Effective Date or during the Term that is necessary or useful for the research, development, manufacture, use, marketing, import, offer for sale or sale of any Licensed Molecule or Product in the Field, including any replication or any part of such Information. The MSK Know-How includes the MSK Data.

1.47 "MSK Patents" shall mean all Patents that MSK or any MSK Affiliate Controls as of the Effective Date or during the Term that claim any Licensed Molecule or Product or its method of manufacture or use in the Field, including Patents claiming or covering MSK Inventions, but excluding MSK's interest in any Joint Patents.

1.48 "MSK Technology" shall mean MSK Know-How and MSK Patents.

1.49 "MSK Threshold" shall have the meaning provided in Section 5.2(a).

1.50 "NDA" shall mean a new drug application filed with the applicable Regulatory Authority, which application is required for marketing approval for the applicable Product in the applicable country.

1.51 "Net Sales" shall mean, with respect to each Product, the gross amounts invoiced by (a) in the case of any country outside the Territory in which ACADIA and its Affiliates is the selling party, by ACADIA or its Affiliates and (b) in the case of any country in the Territory in which MSK, MSK Affiliate and Sublicensee is the selling party, by MSK, its Affiliates and Sublicensees, for sales or other dispositions of such Product to Third Parties that are not Sublicensees of the selling party (unless such Affiliate or Sublicensee is the end user of such Product, in which case the amount billed therefor shall be deemed to be the amount that would be billed to a Third Party end user in an arm's-length transaction), less the following items, as allocable to such Product (if not previously deducted from the amount invoiced): (a) trade, quantity or cash discounts actually allowed (provided that such discounts are not applied disproportionately to Product when compared to other products of the selling party and its Affiliates and, in the case of

MSK, Sublicensees in the Field), including charge back payments, administrative fees, and rebates granted to managed care organizations, purchasers and reimbursers or to trade customers, including wholesalers and chain and pharmacy buying groups, (b) credits actually allowed for claims, allowances for damaged goods, retroactive price reductions or returned goods, (c) prepaid freight, postage, shipping, customs duties and insurance charges and (d) sales taxes, value added taxes, duties and other governmental charges, rebates or charge backs actually paid in connection with the sale, to the extent not reimbursed (but excluding what are commonly known as income taxes).

1.52 "Nondisclosure Agreement" shall mean the nondisclosure agreement between the parties dated March 11, 2005 and amended as of January 31, 2008.

1.53 […***…].

1.54 "Patents" shall mean all patents and patent applications, together with all additions, divisions, continuations, continuations-in-part, provisionals, substitutions, reissues, re-examinations, extensions, restorations by existing or future extension or restoration mechanisms, registrations, patent term extensions, supplemental protection certificates or the equivalent thereof, and renewals of a patent or patent application, inventor's certificates, and any confirmation patent or registration patent or patent of addition based on any such patents and patent applications.

1.55 "Percentage-Based Payments" shall have the meaning provided in Section 5.8.

1.56 "Phase I Clinical Study" shall mean a human clinical study conducted in a small number of healthy volunteers designed or intended to establish an initial safety profile, pharmacodynamics, or pharmacokinetics of a Product.

1.57 "Phase II Clinical Study" shall mean a study of a Product in human patients to determine initial efficacy before embarking on Phase III Clinical Studies.

1.58 "Phase III Clinical Study" shall mean a study in human patients with a defined dose or a set of defined doses of a Product designed to ascertain efficacy of such Product for inclusion in an application to be submitted for Regulatory Approval to the competent Regulatory Authorities.

1.59 "Primary Indication" shall mean the indication to be pursued as a top priority during the Collaboration Term. It is the mutual understanding between the parties that the Primary Indication shall be schizophrenia and its related diagnosed disorders, including, but not limited to, […***…]. The Primary Indication shall only be changed by a writing signed by both parties.

1.60 "Product" shall mean a pharmaceutical product containing at least one Licensed Molecule, including all dosage forms, formulations, line extensions and modes of administration thereof.

1.61 "Quarterly Report" shall have the meaning provided in Section 5.2(b).

1.62 "Regulatory Approval" shall mean any and all approvals, licenses, registrations, or authorizations of any country, federal, supranational, state or local regulatory agency, department, bureau or other government entity that are necessary for the manufacture, use, storage, import, transport and/or sale of a Product in a given jurisdiction.

1.63 "Regulatory Authority" shall mean any national, provincial or local regulatory agency, department, bureau or other government entity, that has responsibility in its applicable jurisdiction over the research, development, manufacture and/or commercialization of the Licensed Molecules and Products in a given jurisdiction.

1.64 "Regulatory Filing" shall mean any IND or NDA filed with the applicable Regulatory Authority in a given country.

1.65 "Replacement Product" shall have the meaning provided in Section 5.3.

1.66 "Research Agreement" shall mean the Research and Option Agreement between the parties entered into on March 30, 2007, and as amended as of April 18, 2007, July 9, 2007, October 17, 2007, December 21, 2007 and February 14, 2008.

1.67 "Royalty Term" shall mean, on a Product-by-Product and country-by-country basis, the period of time commencing on the First Commercial Sale of a Product in the Field in a country and ending at the later of either (a) […***…] years after the date of the First Commercial Sale of such Product in such country and (b) […***…].

1.68 "SEC" shall mean the U.S. Securities and Exchange Commission or any successor entity.

1.69 […***…].

1.70 "Sublicensee" shall mean a Third Party or Affiliate of MSK to whom MSK has granted a license or sublicense to research, develop, make, have made, use, market, import, offer for sale or sell Products (either independently from or in cooperation with MSK) in the Field in the Territory, beyond the mere right to purchase Products from MSK or its Affiliates. For the avoidance of doubt, the parties agree that a Third Party or Affiliate of MSK that acquires all or substantially all of the business or assets of MSK relating to the Licensed Molecules and Products, whether by merger, consolidation, divesture, restructure, sale of stock, sale of assets, or otherwise, shall not be a Sublicensee.

1.71 "Term" shall have the meaning provided in Section 10.1.

1.72 "Territory" shall mean Japan, Bangladesh, Brunei, Cambodia, China, India, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, South Korea, Taiwan, Thailand and Vietnam.

1.73 "Third Party" shall mean any entity other than ACADIA or MSK or an Affiliate of ACADIA or MSK.

1.74 "Unachieved Payment" shall have the meaning provided in Section 5.4.

1.75 "US" shall mean the United States of America, including the District of Columbia.

1.76 "Valid Claim" shall mean a claim of an issued and unexpired patent within any ACADIA Patent, MSK Patent or Joint Patent, […***…], which claim has not been revoked or held unenforceable or invalid by a decision of a court or governmental agency of competent jurisdiction from which no further appeal can be taken, and which has not been disclaimed, denied or admitted to be invalid or unenforceable through reissue or disclaimer or otherwise.

1.77 "Withdrawal Notice" shall have the meaning provided in Section 2.5.

2. DEVELOPMENT GOVERNANCE

2.1 Joint Steering Committee Formation and Meetings.

(a) Formation; Composition. Promptly after the Effective Date, the parties will form the Joint Steering Committee. The JSC shall have three (3) representatives from each of ACADIA and MSK. The JSC shall remain in place during the Collaboration Term. Each party may change the identity of any or all of its members on the JSC at any time in its sole discretion. One member of the JSC shall be selected to act as the chairperson of the JSC, with each chairperson acting for a term of twelve (12) months. The chairperson shall be selected alternately by ACADIA and MSK, and ACADIA shall designate the first chairperson.

(b) Meetings. The JSC shall meet at pre-scheduled meetings four (4) times per year and at any other meetings called from time to time by the mutual agreement of the parties. Such meetings may be conducted by videoconference, teleconference or in person, as agreed by the parties, and the parties shall agree upon the time of meetings. Each member of the JSC may be represented at any JSC meeting by a designee appointed by such member for such meeting, provided that such member shall designate such designee in writing to the chairperson of the JSC at least two (2) days prior to such JSC meeting. A reasonable number of additional representatives of a party may attend meetings of the JSC in a non-voting capacity upon written notice to the other party. The chairperson of the JSC or his or her designee shall prepare minutes of each meeting of the JSC and shall circulate such minutes no later than four (4) weeks following such meeting. At each meeting of the JSC, following the first meeting, the prior meeting's minutes will be approved by the JSC with such changes to the minutes as may be agreed to by the members of the JSC. Any costs and expenses incurred by each party related to a JSC meeting, including, if applicable, travel and/or telecommunication expenses, shall be borne by each party, and shall not be deemed Development Expenses.

2.2 Joint Steering Committee Functions and Powers. The responsibilities of the JSC shall be as follows:

(a) oversight of the joint research and development of the Licensed Molecules and Products by the parties during the Collaboration Term, including reviewing and discussing non-clinical (including chemistry, manufacturing and control) and clinical study results, patent strategies for any Joint Patent, regulatory strategies, and process and product development and supply of the Licensed Molecules and Products under the Development Plan during the Collaboration Term;

(b) review and approve amendments to the Development Plan; and

(c) so long as the JSC remains in effect, act as a mechanism for the parties to share information with respect to the research and development and commercialization of the Licensed Molecules and Products.

2.3 Joint Steering Committee Decision-Making.

(a) Decisions of the JSC shall be made by unanimous vote, with the JSC representatives of ACADIA collectively having one vote and the JSC representatives of MSK collectively having one vote.

(b) If the JSC is unable to reach a unanimous vote on any matter, then the matter shall be referred to the most senior research and development executive of each of ACADIA and MSK for further discussion and resolution. These individuals shall have thirty (30) calendar days to attempt in good faith, with due consideration for the parties' respective territorial rights and economic interests, to resolve the matter and thereby make the decision on behalf of the JSC.

(c) If the individuals referred to in Section 2.3(b) above are unable to reach an agreement by the end of such thirty (30) calendar days, then the matter shall be referred to the Chief Executive Officer of ACADIA and the President of Pharmaceutical Company of MSK (the "**Executive Officers**"). The Executive Officers shall have twenty (20) calendar days to attempt in good faith, with due consideration for the parties' respective territorial rights and economic interests, to resolve the matter and thereby make the decision on behalf of the JSC. If the Executive Officers cannot resolve the issue then it will be settled by arbitration as provided for in Section 12.1.

2.4 Joint Development Committee. Prior to the earlier of (i) the commencement of development of any Licensed Molecule or Product by MSK in the Territory or (ii) the end of the Collaboration Term, the parties shall establish a Joint Development Committee. The JDC shall have three (3) representatives from each of ACADIA and MSK. The JDC shall provide the forum, with respect to the Licensed Molecules and Products, for (a) oversight of and sharing information about the development activities and plan in the Field in and outside the Territory; (b) planning and coordination regarding a possible implementation of the international clinical trials including Japanese population and/or sites; (c) planning and coordination regarding a possible implementation of the non-clinical studies, including, but not limited to, long-term toxicity studies, carcinogenicity studies, which shall be commonly necessary in and outside the Territory from the standpoint of regulations; (d) coordination of global safety database for the Licensed Molecules and/or Products under development and commercialization; and (e) such other functions and powers as mutually agreed upon by the parties in writing on a case-by-case basis. Any costs and expenses incurred by each party related to a JDC meeting, including, if applicable, travel and/or telecommunication expenses, shall be borne by each party.

2.5 Withdrawal. At any time during the Term and for any reason, ACADIA shall have the right to withdraw from participation in the JSC and/or JDC upon written notice to MSK, which notice shall be effective immediately upon receipt by MSK (the "**Withdrawal Notice**"). Following the issuance of a Withdrawal Notice and subject to this Section 2.5, ACADIA's representatives on

the JSC or JDC, as applicable, shall not participate in any meetings of such committee, nor shall ACADIA have any right to vote on any decision within the authority of such committee. If, at any time, following the issuance of a Withdrawal Notice, ACADIA wishes to resume participation in the applicable committee, ACADIA shall notify MSK in writing and, thereafter, ACADIA's representatives on such committee shall be entitled to attend any subsequent meeting of such committee and to participate in the activities of, and decision-making by, such committee, as provided in this Section 2 as if a Withdrawal Notice had not been issued by ACADIA. Following ACADIA's issuance of a Withdrawal Notice, unless and until ACADIA resumes participation in the applicable committee in accordance with this Section 2.5, (i) all meetings of the applicable committee may be held at MSK's facilities at MSK's sole discretion; (ii) MSK shall have the right to make the final decision on all matters within the scope of authority of the applicable committee; and (iii) ACADIA shall have the right to continue to receive the minutes of the applicable committee meetings, but shall not have the right to approve the minutes for any committee meeting held after ACADIA's issuance of a Withdrawal Notice with respect to such committee. Notwithstanding the foregoing, in the event that ACADIA withdraws from the JSC, any changes to the Development Plan after such withdrawal must be approved by both ACADIA and MSK.

2.6 Limited Authority. Notwithstanding the creation of the JSC and JDC, each party shall retain the rights and powers granted to it hereunder, and the JSC and JDC shall not be delegated or vested with such rights or powers unless such delegation or vesting is expressly provided herein or both parties expressly so agree in writing. The JSC and JDC shall not have the power to amend or modify this Agreement, and its decision shall not be in contravention of any terms and conditions of this Agreement. It is understood and agreed that issues to be formally decided by the JSC and JDC are only those specific issues that are expressly provided for in this Agreement to be decided by the JSC and JDC.

3. DEVELOPMENT AND COMMERCIALIZATION

3.1 Development Activities.

(a) Development Prior to hPOC. Subject to the terms and conditions of this Agreement, during the Collaboration Term, each party shall be responsible for managing and controlling its respective research and development activities in accordance with the Development Plan under the leadership and oversight of the JSC, which shall specify the product and process development and supply activities to be conducted by the parties. The costs of such joint research and development activities during the Collaboration Term shall be allocated in accordance with Section 5.2.

(b) MSK's Development Obligation in the Territory. MSK shall solely be responsible, at its sole cost and expense, for development and commercialization activities for the Licensed Molecules and Products in the Field in the Territory that are not covered by the Development Plan, including product and process development and supply of the Licensed Molecules and Products in the Territory.

(c) Conduct of Development. Each party shall use its Commercially Reasonable Efforts during the Collaboration Term to perform its development activities under this Agreement in accordance with the Development Plan and the terms and conditions of this Agreement. The initial Development Plan has been agreed upon in writing by the parties by letter agreement dated concurrently herewith and may be amended by the JSC. Each party shall conduct its development activities under this Agreement in good scientific manner and in compliance in all material respects with all requirements of applicable laws, rules and regulations. Each party hereby certifies that it will not and has not employed or otherwise used in any capacity the services of any person debarred under Section 21 USC 335a or comparable law in performing any development activities hereunder. Each party shall proceed diligently and in a timely manner with the work set out in the Development Plan by using its good faith efforts to allocate sufficient time, effort, equipment and facilities to such development activities and to use personnel with sufficient skills and experience as are required to accomplish such development activities in accordance with the terms of this Agreement. Each party shall maintain records, in sufficient detail and in good scientific manner appropriate for patent and regulatory purposes, which shall fully and properly reflect all work done and results achieved by or on behalf of such party in the performance of its development activities under this Agreement.

(d) Consideration of Supply Proposal. At any time, during or after the Collaboration Term, ACADIA shall consider in good faith any proposal by MSK to supply the Licensed Molecules and/or Products to ACADIA for use in the Field outside the Territory, which proposal shall include terms and conditions for quality, quantity, back-up supply rights and pricing that are competitive with terms available from potential Third Party suppliers considered by ACADIA at such time. In the event that the parties reach mutual agreement for MSK to supply the Licensed Molecules and/or Products to ACADIA for use in the Field outside the Territory, such agreement shall be set forth in a separate written agreement between the parties.

3.2 Disclosure of Technology. To facilitate the further development of the Licensed Molecules and Products by the parties, (i) ACADIA shall within thirty (30) days from the Effective Date, or a later time that is mutually acceptable to both parties, make available to MSK the ACADIA Technology existing as of the Effective Date and (ii) MSK shall within thirty (30) days from the Effective Date, or a later time that is mutually acceptable to both parties, make available to ACADIA the MSK Technology existing as of the Effective Date. In addition, each party shall from time to time, but in no event less frequently than once every three (3) months, notify the other party in writing of any Information generated or obtained by or on behalf of such party in the course of development activities conducted under this Agreement and any Patents filed claiming Inventions, in each case in sufficient detail to enable the other party to practice such Inventions and Information pursuant to the licenses granted hereunder.

3.3 Use of Subcontractors. Each party may perform some of its development activities under this Agreement through one or more subcontractors, provided that (a) none of the other party's rights hereunder are diminished or otherwise adversely affected as a result of such subcontracting, and (b) the subcontractor undertakes in writing obligations of confidentiality and non-use regarding Confidential Information which are substantially the same as those undertaken by the parties pursuant to Section 9. In the event a party performs any of its development activities hereunder through a subcontractor, then such party will at all times be fully responsible for the performance and payment of such subcontractor.

3.4 Materials Transfer. In order to facilitate the development activities contemplated by this Agreement, either party may provide to the other party certain biological materials or chemical compounds Controlled by the supplying party (collectively, "**Materials**") for use by the other party in furtherance of such development activities. Except as otherwise provided for under this Agreement, all such Materials delivered to the other party will remain the sole property of the supplying party, will be used only in furtherance of the development activities conducted in accordance with this Agreement, will not be used or delivered to or for the benefit of any Third Party, except for subcontractors pursuant to Section 3.3, without the prior written consent of the supplying party, and will be used in compliance with all applicable laws, rules and regulations. The Materials supplied under this Agreement must be used with prudence and appropriate caution in any experimental work because not all of their characteristics may be known. Except as expressly set forth in this Agreement, THE MATERIALS ARE PROVIDED "AS IS" AND WITHOUT ANY REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION ANY IMPLIED WARRANTY OF MERCHANTABILITY OR OF FITNESS FOR ANY PARTICULAR PURPOSE OR ANY WARRANTY THAT THE USE OF THE MATERIALS WILL NOT INFRINGE OR VIOLATE ANY PATENT OR OTHER PROPRIETARY RIGHTS OF ANY THIRD PARTY.

3.5 Disclosure Regarding Development Efforts. ACADIA will share with MSK on a quarterly basis information regarding the development of the Licensed Molecules and Products in the Field outside the Territory and (to the extent the license granted under Section 4.2(b) is exercised) in the Territory by ACADIA, its Affiliates and Licensees, including the results of non-clinical (including chemistry, manufacturing and control) studies and clinical trials conducted by, or on behalf of, ACADIA, its Affiliates and Licensees in the Field outside the Territory and (to the extent the license granted under Section 4.2(b) is exercised) in the Territory, and ACADIA shall provide MSK with prompt written notice of (i) the initiation of any Phase I Clinical Study, Phase II Clinical Study and Phase III Clinical Study and (ii) the making of any Regulatory Filing and the receipt of any Regulatory Approval outside the Territory, in each case in any country. MSK will share with ACADIA on a quarterly basis information regarding the development of the Licensed Molecules and Products in the Field in the Territory and (to the extent the license granted under Section 4.1(b) is exercised) outside the Territory by MSK, its Affiliates and Sublicensees, including the results of non-clinical (including chemistry, manufacturing and control) studies and clinical trials conducted by, or on behalf of, MSK and its Affiliates and Sublicensees in the Field in the Territory and (to the extent the license granted under Section 4.1(b) is exercised) outside the Territory, and MSK shall provide ACADIA with prompt written notice of (i) the initiation of any Phase I Clinical Study, Phase II Clinical Study and Phase III Clinical Study and (ii) the making of any Regulatory Filing and the receipt of any Regulatory Approval in the Territory, in each case in any country. Sharing of information under this Section 3.5 may be accomplished by providing such information through the JDC.

3.6 Commercialization.

(a) Outside the Territory. Subject to the terms and conditions of this Agreement, ACADIA, and as applicable its Affiliates and Licensees, shall control, and be solely responsible for the costs associated with, the registration and commercialization of the Licensed Molecules and Products in the Field outside the Territory, including the supply of the Licensed Molecules and Products necessary for the foregoing activities.

(b) In the Territory. Subject to the terms and conditions of this Agreement, MSK, and as applicable its Affiliates and Sublicensees, shall control, and be solely responsible for the costs associated with, the registration and commercialization of the Licensed Molecules and Products in the Field in the Territory, including the supply of the Licensed Molecules and Products necessary for the foregoing activities. MSK agrees to use Commercially Reasonable Efforts (directly and/or through one or more Affiliates and Sublicensees) to obtain Regulatory Approval for and, after such Regulatory Approval is obtained, commercialize at least one Product in the Field in Japan, however, both parties understand that (i) the failure to obtain such Regulatory Approval and to achieve such commercialization due to poor efficacy or safety issues or other commercially justifiable reasons shall not be deemed a breach of this Agreement and (ii) the delay or suspension of obtaining Regulatory Approval and the commercialization of the Licensed Molecules and Products in the Territory shall not be deemed a breach of this Agreement if such delay or suspension is due to the development and commercialization of the corresponding Licensed Molecules and Products outside the Territory being delayed or suspended.

3.7 Adverse Event Reporting; Pharmacovigilance Agreement. As between the parties: (a) ACADIA shall be responsible for the timely reporting of all relevant adverse drug reactions/experiences, Product quality, Product complaints and safety data relating to the Licensed Molecules and Products in the Field to the appropriate Regulatory Authorities outside the Territory; and (b) except as otherwise agreed in writing by the parties, MSK shall be responsible for the timely reporting of all relevant adverse drug reactions/experiences, Product quality, Product complaints and safety data relating to the Licensed Molecules and Products in the Field to the appropriate Regulatory Authorities in the Territory; all in accordance with applicable laws, rules and regulations of the relevant countries and Regulatory Authorities. The parties shall enter into a pharmacovigilance agreement on terms no less stringent than those required by ICH guidelines, including: (i) providing detailed procedures regarding the maintenance of core safety information and the exchange of safety data relating to the Licensed Molecules and Products worldwide within appropriate timeframes and in an appropriate format to enable each party to meet both expedited and periodic regulatory reporting requirements; and (ii) ensuring compliance with the reporting requirements of all applicable Regulatory Authorities on a worldwide basis for the reporting of safety data in accordance with standards stipulated in the ICH guidelines, and all applicable regulatory and legal requirements regarding the management of safety data.

4. GRANT OF RIGHTS

4.1 License Grant to MSK

(a) Exclusive License in the Territory. Subject to the terms and conditions of this Agreement, ACADIA hereby grants to MSK, during the Term, an exclusive (except as to ACADIA, its Affiliates and its Licensee(s), as required to utilize the license granted in Section 4.2(b) for the limited purpose of such license grant under Section 4.2(b)), royalty-bearing license, with the right to sublicense subject to Section 4.1(c), under the ACADIA Patents that cover the Territory and the ACADIA Know-How and ACADIA's rights under the Joint Inventions and the Joint Patents, to research, develop, make, have made, use, import, market, offer for sale and sell the Licensed Molecules and Products in the Field in the Territory. The license granted in this Section 4.1(a) includes the grant to MSK, during the Term, of the right to access, use and reference all ACADIA Data in order to practice the license granted in the foregoing sentence and the license granted in Section 4.1(b).

(b) Research and Manufacturing License Outside the Territory. ACADIA hereby grants to MSK, during the Term, a non-exclusive license, with the right to sublicense subject to Section 4.1(c), under the ACADIA Patents that cover outside of the Territory and the ACADIA Know-How and ACADIA's rights under the Joint Inventions and Joint Patents, to research, develop and manufacture the Licensed Molecules and Products outside the Territory solely for the purpose of advancing the research, development and commercialization of the Licensed Molecules and Products in the Field in the Territory.

(c) Sublicenses. MSK shall have the right to grant sublicenses (through multiple tiers of sublicense) of any rights that have been granted to MSK under Sections 4.1(a) and (b) to a Sublicensee; provided that […***…]. Any such sublicense granted by MSK shall be set forth in a written agreement that binds such Sublicensee to all applicable provisions in this Agreement, including obligations with respect to ownership of intellectual property, confidentiality, indemnity and reporting, as well as access to Information and Patents as provided in this Section 4.1(c) and assignment of rights of Sublicensees in the event that such Sublicensees do not become direct licensees of ACADIA as set forth in Section 10.5(b)(vi). MSK shall provide ACADIA a copy of any agreement pursuant to which any rights granted to MSK under Sections 4.1(a) and (b) are sublicensed within twenty (20) calendar days of the execution of such sublicense agreement (from which MSK may redact any confidential provisions that are not related to such sublicense and the terms thereof). MSK shall obtain from each Sublicensee a license or other grant of rights to MSK of all Information (including all non-clinical (including chemistry, manufacturing and control) and clinical data and Regulatory Filings, correspondence and approvals pertaining to the Licensed Molecules or Products in the Field in the Territory) and Patents owned by or licensed to such Sublicensee (or its Affiliates or further sublicensees), which arise or are developed or acquired in the course of practicing the ACADIA Technology, the MSK Technology, Joint Inventions or Joint Patents and are necessary for the research, development, manufacture, use, marketing, import, offer for sale or sale of the Licensed Molecules and Products in the Field outside the Territory and for the research, development and manufacture of the Licensed Molecules and Products in the Territory for the limited purpose set forth in Section 4.2(b), as necessary so that rights to such Information and Patents are included in the MSK Technology licensed to ACADIA pursuant to Section 4.2(a) and (b). […***…].

4.2 License Grant to ACADIA.

(a) Exclusive License Outside the Territory. Subject to the terms and conditions of this Agreement, MSK hereby grants to ACADIA, during the Term, an exclusive (except as to MSK, its Affiliates and its Sublicensees as required to utilize the license granted in Section 4.1(b) for the limited purpose of such license grant under Section 4.1(b)), royalty-bearing, license, with the right to sublicense subject to Section 4.2(c), under the MSK Patents that cover outside of the Territory and MSK Know-How and MSK's rights under the Joint Inventions and the Joint Patents to research, develop, make, have made, use, import, market, offer for sale and sell the Licensed Molecules and Products in the Field outside the Territory. The license granted in this Section 4.2(a) includes the grant to ACADIA, during the Term, of the right to access, use and reference all MSK Data in order to practice the license granted in the foregoing sentence and the license granted in Section 4.2(b).

(b) Research and Manufacturing License in the Territory. MSK hereby grants to ACADIA, during the Term, a non-exclusive license, with the right to sublicense subject to Section 4.2(c), under the MSK Patents that cover the Territory and MSK Know-How and MSK's rights under the Joint Inventions and Joint Patents, to research, develop and manufacture the Licensed Molecules and Products in the Territory solely for the purpose of advancing the research, development and commercialization of the Licensed Molecules and Products outside the Territory.

(c) Licenses and Sublicenses. ACADIA shall have the right to grant sublicenses (through multiple tiers of sublicense) of any rights that have been granted to ACADIA under Sections 4.2(a) and 4.2(b) to its Affiliates and to Third Parties. Any such sublicense granted by ACADIA shall be set forth in a written agreement that binds such sublicensee to all applicable provisions in this Agreement, including obligations with respect to ownership of intellectual property, confidentiality, indemnity and reporting, as well as access to Information and Patents as provided in this Section 4.2(c). ACADIA shall provide MSK a copy of any agreement pursuant to which any rights granted to ACADIA under Sections 4.2(a) and 4.2(b) are sublicensed within twenty (20) calendar days of the execution of such sublicense agreement (from which ACADIA may redact any confidential provisions that are not related to such sublicense and the terms thereof, except for the financial terms including royalties, upfront and license fees necessary to permit MSK to confirm the accuracy of the Licensee Revenues). ACADIA shall obtain from each Licensee and each such sublicensee a license or other grant of rights to ACADIA of all Information (including all non-clinical (including chemistry, manufacturing and control) and clinical data and Regulatory Filings, correspondence and approvals pertaining to the Licensed Molecules or Products in the Field outside the Territory) and Patents owned by or licensed to such Licensee or sublicensee (or its Affiliates or further sublicensees), which arise or are developed or acquired in the course of practicing the ACADIA Technology, the MSK Technology, Joint Inventions or Joint Patents and are necessary for the research, development, manufacture, use, marketing, import, offer for sale or sale of the Licensed Molecules and Products in the Field in the Territory and for the research, development and manufacture of the Licensed Molecules and Products outside the Territory for the limited purpose set forth in Section 4.1(b), as necessary so that rights to such Information and Patents are included in the ACADIA Technology licensed to MSK pursuant to Section 4.1(a) and (b). […***…].

4.3 Limitations.

(a) Limitations on MSK. To the extent not otherwise prohibited by law, MSK shall not, and shall cause its Affiliates and Sublicensees not to, (i) sell any Product to customers outside the Territory or to any Third Party in the Territory that MSK has reasonable grounds to believe is likely to export any Product outside of the Territory or (ii) sell any Product outside the Field in the Territory or to any Third Party in the Territory that MSK has reasonable grounds to believe is likely to sell such Product outside the Field. If MSK becomes aware that a Third Party is exporting Products acquired from MSK or its Affiliates or Sublicensees to a country outside the Territory, then MSK shall use Commercially Reasonable Efforts within its legal rights and the remedies afforded by applicable laws to stop or deter such Third Party from continuing such exportation, including by ceasing or limiting the supply of the Product to such Third Party. All inquiries or orders received by MSK or its Affiliates or Sublicensees for Products to be delivered outside the Territory or outside the Field shall be referred to ACADIA or its designee.

(b) Limitations on ACADIA. To the extent not otherwise prohibited by law, ACADIA shall not, and shall cause its Affiliates, Licensees and its sublicensees not to, sell any Product for use in the Field to customers in the Territory or to any Third Party that ACADIA has reasonable grounds to believe are likely to import any Product into the Territory for sale in the Field. If ACADIA becomes aware that a Third Party is exporting any Product acquired from ACADIA or its Affiliates or Licensee into the Territory for sale in the Field, then ACADIA shall use Commercially Reasonable Efforts within its legal rights and the remedies afforded by applicable laws to stop or deter such Third Party from continuing such exportation, including by ceasing or limiting the supply of such Product to such Third Party. All inquiries or orders received by ACADIA or its Affiliates or Licensees for Products to be distributed in the Territory for sale in the Field shall be referred to MSK or its designee.

4.4 Retained Rights; No Implied Licenses.

(a) ACADIA Retained Rights. For avoidance of doubt, the license granted in Section 4.1 shall not in any way be interpreted as granting MSK a license or sublicense with respect to the Licensed Molecules, Products and the ACADIA Technology and with respect to ACADIA's rights under the Joint Inventions and Joint Patents, in each case, for use outside of the Territory (except as expressly provided in Section 4.1(b)) or for use outside of the Field within the Territory during the Term, which rights are reserved to ACADIA. ACADIA hereby expressly reserves the right to practice, and to grant licenses under, the ACADIA Technology and ACADIA's rights in the Joint Inventions and Joint Patents for any and all purposes, except to the extent that MSK has been granted a license under Section 4.1. MSK agrees not to practice any ACADIA Technology except pursuant to the license expressly granted to MSK under Section 4.1 or any other written agreement between the parties.

(b) MSK Retained Rights. For avoidance of doubt, the license granted in Section 4.2 shall not in any way be interpreted as granting ACADIA a license or sublicense with respect to the MSK Technology and MSK's rights under the Joint Inventions and Joint Patents for use in the Territory (except as expressly provided in Section 4.2(b)) and for use outside of the Field during the Term, which rights are reserved to MSK. MSK hereby expressly reserves the right to practice, and to grant licenses under, the MSK Technology and MSK's rights in the Joint Inventions and Joint Patents for any and all purposes, except to the extent that ACADIA has been granted a license under Section 4.2. ACADIA agrees not to practice any MSK Technology except pursuant to the license expressly granted to ACADIA under Section 4.2 or any other written agreement between the parties.

(c) No Implied License. No right or license under any Patents or other intellectual property rights of a party is granted or shall be granted by implication to the other party, and each party agrees not to practice any Patents or other intellectual property rights of the other party except pursuant to the licenses expressly granted in this Agreement or any other written agreement between the parties. All such rights or licenses are or shall be granted only as expressly provided in the terms of this Agreement.

5. FEES AND PAYMENTS

5.1 License Fees.

(a) Initial Fee. Promptly following the Effective Date, but in any event within ten (10) Business Days after the Effective Date, MSK shall pay ACADIA a non-refundable, non-creditable fee of […***…] as partial consideration for the rights granted to MSK under this Agreement.

(b) Additional Fees. Subject to Section 5.4, **[**…***…], MSK shall pay ACADIA a non-refundable, non-creditable fee of […***…] as partial consideration for the rights granted to MSK under this Agreement. […***…], MSK shall pay ACADIA a second non-refundable, non-creditable fee of […***…] as partial consideration for the rights granted to MSK under this Agreement.

5.2 Development Funding.

(a) Funding Obligation. During the Collaboration Term, subject to the terms of this Section 5.2, (i) MSK shall bear one hundred percent (100%) of the Development Expenses for the first fifteen million US Dollars (US$15,000,000) (the "MSK Threshold"), subject to its right to […***…], and (ii) once the MSK Threshold is reached, […***…]. If ACADIA or its successor (in case of Change of Control of ACADIA) enters into a License Agreement […***…].

(b) Payment. Following the end of each Calendar Quarter during the Collaboration Term, each party will provide a written report (each, a "**Quarterly Report**") to the other party setting forth in reasonable detail the Development Expenses relating to such Calendar Quarter and, in case of ACADIA, the payment due to ACADIA from MSK in accordance with Section 5.2(a). MSK shall pay the amount due as set forth in the applicable Quarterly Report within thirty (30) calendar days after receipt of such Quarterly Report.

(c) Audit. Each party shall have the right to cause an independent, certified public accounting firm reasonably acceptable to the other party to audit the other party's records relating to Development Expenses to confirm the amount of the Development Expenses reflected in the Quarterly Reports. Such audit right may be exercised during normal business hours upon reasonable prior written notice to the audited party; provided that such audit right may be exercised no more than once in any twelve (12) month period and no more than once with regard to any given Calendar Quarter. As appropriate, prompt adjustments to payments made pursuant to the terms of this Agreement shall be made by the parties to reflect the results of such audit. The auditing party shall bear the full cost of such audit unless such audit discloses an over-reporting by the audited party of more than […***…] of the amount of Development Expenses for a given Calendar Quarter, in which case, the audited party shall bear the full cost of such audit.

5.3 Milestone Payments. Subject to Section 5.4, within thirty (30) calendar days following the occurrence of each of the events set forth below with respect to a Product, MSK shall pay to ACADIA the milestone payments set forth below:

Milestone Event	Milestone Payment
[...***...]	[...***...]
[...***...]	[...***...]
[...***...]	[...***...]
[...***...]	[...***...]
[...***...]	[...***...]

Each of the milestone payments described in this Section 5.3 shall be payable only one time for each Product, regardless of the number of indications, dosage forms, formulations, line extensions and modes of administration in the Field for which such Product is developed or commercialized; *provided, further,* that (i) if (a) development of a Product is abandoned after one or more of the milestone payments under this Section 5.3 has been made (a **"Dropped Product"**) and (b) a different Product (the "**Replacement Product**") is developed for any indication as a replacement for such Dropped Product, then only those milestone payments under this Section 5.3 that were not previously made with respect to the Dropped Product shall be payable with respect to the Replacement Product and (ii) the milestone payments payable pursuant to this Section 5.3 shall be […***…] for any Product (other than a Replacement Product) that reaches the applicable milestone event after the initial Product has reached such milestone event, *provided, however,* that such […***…] milestone payments for such Product shall not become due so long as such Product has a possibility of becoming the Replacement Product. If any milestone event (the "**Most Recent Milestone**") is achieved with respect to a Product without MSK having paid milestone payments for achievement of earlier milestone events with respect to such Product (or, if applicable, the Dropped Product that it is replacing), then MSK shall pay to ACADIA any missed milestone payments at the same time the Most Recent Milestone payment is due. All payments made to ACADIA pursuant to this Section 5.3 are non-refundable and may not be credited against any other payments payable by MSK to ACADIA under this Agreement.

5.4 […***…]

5.5 Royalties Payable to ACADIA. MSK shall pay to ACADIA royalties on Net Sales of each Product by MSK and its Affiliates and Sublicensees in the Territory as follows:

(a) […***…] of that portion of total Annual Net Sales of each Product in the Territory that is less than […***…];

(b) […***…] of that portion of total Annual Net Sales of each Product in the Territory that is greater than or equal to […***…] and less than […***…];

(c) […***…] of that portion of total Annual Net Sales of each Product in the Territory that is greater than or equal to […***…] and less than […***…]; and

(d) […***…] of that portion of total Annual Net Sales of each Product in the Territory that is greater than […***…].

[…***…]

5.6 Royalties Payable to MSK. ACADIA shall pay to MSK royalties on Net Sales of each Product by ACADIA and its Affiliates (but not Net Sales of its Licensees) outside the Territory at the following rates:

(a) […***…] of that portion of total Annual Net Sales of each Product outside the Territory that is less than […***…]; and

(b) […***…] of that portion of total Annual Net Sales of each Product outside the Territory that is greater than or equal to […***…].

[…***…].

5.7 Licensee Revenues. ACADIA, its Affiliates or its successor (in case of Change of Control of ACADIA) shall pay to MSK so long as ACADIA, such Affiliates or such successor obtains any Licensee Revenues […***…].

5.8 Royalty Term. The payments specified in Section 5.5 and 5.6 (the "**Percentage-Based Payments**") shall be payable on a Product-by-Product and country-by-country basis for a period equal to the Royalty Term for such Product in such country.

5.9 Royalty Adjustment.

(a) Adjustment to MSK Royalty. Without prejudice to the provision of Section 7.4, in the event MSK desires to utilize an issued Patent owned or Controlled by a Third Party which is useful for research, development, manufacture and commercialization of

the Licensed Molecules and Products in the Field, both ACADIA and MSK shall discuss the feasibility of obtaining the license or other similar right under such Patent. If both ACADIA and MSK agree to obtain a license or other similar right under any issued Patent owned or Controlled by any Third Party in a particular country in the Territory (which agreement not to be unreasonably withheld by ACADIA), MSK shall have the right to offset […***…] due to such Third Party in such country against the amount of royalties that would otherwise be payable pursuant to Section 5.5 for such country, provided, however, that the amount of the offset allowed in any particular Calendar Quarter shall […***…] of the amount of the royalty payable by MSK to ACADIA for such Calendar Quarter in such country. MSK shall be permitted to carry forward the amount of any offset that […***…] of the amount of the royalties payable in a particular Calendar Quarter in such country, and apply such amount against royalties payable in subsequent Calendar Quarter(s) for such country until such amount has been exhausted but so long as MSK's royalty obligation in such country remains. If ACADIA does not agree as provided for in the second sentence of this paragraph, MSK shall be free to obtain such license or other similar right at its sole discretion and expenses.

(b) Adjustment to ACADIA Royalty. In the event ACADIA desires to utilize an issued Patent owned or Controlled by a Third Party which is useful for research, development, manufacture and commercialization of the Licensed Molecules and Products in the Field, both MSK and ACADIA shall discuss the feasibility of obtaining the license or other similar right under such Patent. If both MSK and ACADIA agree to obtain a license or other similar right under any issued Patent owned or Controlled by any Third Party in a particular country outside the Territory (which agreement not to be unreasonably withheld by MSK), ACADIA shall have the right to offset […***…] due to such Third Party in such country against the amount of royalties that would otherwise be payable pursuant to Section 5.6 for such country, provided, however, that the amount of the offset allowed in any particular Calendar Quarter shall […***…] of the amount of the royalty payable by ACADIA to MSK for such Calendar Quarter in such country. ACADIA shall be permitted to carry forward the amount of any offset that […***…] of the amount of the royalties payable in a particular Calendar Quarter in such country, and apply such amount against royalties payable in subsequent Calendar Quarter(s) for such country until such amount has been exhausted but so long as ACADIA's royalty obligation in such country remains. If MSK does not agree as provided for in the second sentence of this paragraph, ACADIA shall be free to obtain such license or other similar right at its sole discretion and expenses.

6. PAYMENT; RECORDS; AUDITS

6.1 Payment; Reports. The Percentage-Based Payments due by one party to the other party hereunder shall be calculated and reported for each Calendar Quarter. All payments due to either party under this Agreement shall be paid within forty-five (45) calendar days of the end of each Calendar Quarter, unless otherwise specifically provided herein. Each Percentage-Based Payment shall be accompanied by a report setting forth (a) in the case of payments by ACADIA, Net Sales of Products by ACADIA, its Affiliates and/or Licensee and Licensee Revenues, as applicable, in each case in sufficient detail to permit confirmation of the accuracy of the payment made, including the gross sales and Net Sales of each Product (including the deductions made in calculating

Net Sales as provided in Section 1.51) and the COGs and supply price of the Licensed Molecules and Products, if applicable and (b) in the case of payments by MSK, Net Sales of Products by MSK and its Affiliates and Sublicensees, as applicable, in each case in sufficient detail to permit confirmation of the accuracy of the payment made, including the gross sales and Net Sales of each Product (including the deductions made in calculating Net Sales as provided in Section 1.52) and (c) in each case, the Percentage-Based Payments payable, the method used to calculate such Percentage-Based Payments and the exchange rates used.

6.2 Exchange Rate; Manner and Place of Payment. All references to dollars and "$" herein shall refer to U.S. dollars. All payments hereunder shall be payable in U.S. dollars. When conversion of payments from any foreign currency is required, such conversion shall be at an exchange rate equal to the weighted average of the rates of exchange for the currency of the country from which such payments are payable as published by *The Wall Street Journal*, Western U.S. Edition, during the Calendar Quarter in which the applicable sales were made. All payments owed under this Agreement shall be made by wire transfer in immediately available funds to a bank and account designated in writing by the receiving party, unless otherwise specified in writing by such party.

6.3 Tax Withholding. All payments made by one party to the other party pursuant to Section 5 shall be made without reduction for any taxes, charges or remittance fees, provided that the receiving party shall be responsible for any income taxes payable by the receiving party on payments made to such receiving party under this Agreement. The paying party shall pay over to the appropriate taxing authorities the withholding taxes or charges deducted from the payments to the receiving party and shall deliver to the receiving party true copies of receipt or tax return covering such tax payments, and the receiving party shall provide the paying party with documentation necessary for the paying party to file an application with the applicable tax office to avoid or reduce withholding or other applicable taxes.

6.4 Records, Audits, Adjustments.

(a) Records. Each party shall keep, and shall cause its Affiliates and, in the case of MSK, its Sublicensees to keep, complete and accurate records pertaining to the sale or other disposition of Products and, in the case of ACADIA, the receipt of Licensee Revenues in sufficient detail to permit the other party to confirm the accuracy of all Percentage-Based Payments due to it hereunder.

(b) Audits. Upon thirty (30) calendar days' prior written notice from the other party, a party shall permit an independent, certified public accounting firm of nationally recognized standing to have access during normal business hours to examine pertinent books and records of such party and its Affiliates and, in the case of MSK, its Sublicensees, as may be reasonably necessary to verify the accuracy of reports provided pursuant to Section 6.1. The examination shall be limited to pertinent books and records kept by either party and its Affiliates and, in the case of MSK, its Sublicensees, as applicable, for any year ending not more than 36 months prior to the date of the written notice. An examination under this Section 6.4 shall not occur more than once in any calendar year. The accounting firm shall disclose to the auditing party only whether the reports are correct or incorrect and the specific details concerning any discrepancies. No other information shall be provided to such auditing party. The accounting firm shall provide the party subject

to audit with a copy of any disclosures or reports made to the auditing party. Information, disclosures, or reports arising from any such examination shall be Confidential Information of the party subject to audit subject to the confidentiality and other obligations of Section 9 of this Agreement.

(c) Adjustments. Prompt adjustments shall be made by the party subject to audit to compensate or adjust for any errors or omissions disclosed by such audit. The auditing party shall bear the full cost of such audit unless such audit discloses an underpayment by the party subject to audit of more than […***…] of the amount of royalty payments or other payments due under this Agreement, in which case, the party subject to audit shall bear the full cost of such audit and shall promptly, and in any event within 21 calendar days of written notice of such underpayment, remit to the auditing party the amount of any underpayment.

6.5 Late Payments. In the event that any payment due under this Agreement is not sent to the party entitled to receive such payment when due in accordance with the applicable provisions of Sections 5 and 6, the payment shall accrue interest from the date due at the rate of one and a half percent (1.5%) per month; provided, however, that in no event shall such rate exceed the maximum legal annual interest rate. The payment of such interest shall not limit the party entitled to receive payment from exercising any other rights it may have as a consequence of the lateness of any payment.

7. INTELLECTUAL PROPERTY

7.1 Ownership of Intellectual Property.

(a) Ownership of Technology. As between ACADIA and MSK, all right, title and interest in the ACADIA Technology shall belong solely to ACADIA and all right, title and interest in the MSK Technology shall belong solely to MSK.

(b) Ownership of Inventions. Inventorship of Inventions shall be determined in good faith in accordance with the rules of inventorship under United States patent laws. ACADIA shall own all ACADIA Inventions and all ACADIA Patents claiming or covering such ACADIA Inventions. MSK shall own all MSK Inventions and all MSK Patents claiming or covering such MSK Inventions. All Joint Inventions and Joint Patents shall be owned jointly by ACADIA and MSK, with each party having an equal undivided interest therein.

7.2 Patent Prosecution and Maintenance.

(a) ACADIA Patents.

(i) Initial Responsibility. ACADIA shall be responsible for the preparation, filing, prosecution, maintenance, and enforcement of all ACADIA Patents worldwide, at ACADIA's sole expense and discretion. ACADIA shall keep MSK in a timely manner, but not less frequently than a quarterly basis informed of progress with regard to the preparation, filing, prosecution and maintenance of ACADIA Patents in the Territory. ACADIA will consider in good faith the requests and suggestions of MSK with respect to strategies for filing and prosecuting ACADIA Patents in the Territory.

(ii) Option of MSK to Prosecute, Maintain and Enforce. In the event that ACADIA desires to abandon or cease prosecution, maintenance and/or enforcement of any ACADIA Patent in the Territory and which contains claims or disclosure directed to any Product or Licensed Molecule, compositions comprising the same, a method of manufacture thereof, or methods of use thereof, under which ACADIA Patent MSK then has a license under this Agreement, ACADIA shall provide reasonable prior written notice to MSK of such intention to abandon (which notice shall, to the extent possible, be given no later than ninety (90) calendar days prior to the next deadline for any action that must be taken with respect to any such ACADIA Patent in the relevant patent office). In such case, ACADIA shall permit MSK, at MSK's sole discretion, to continue prosecution, maintenance and/or enforcement of such ACADIA Patent in the Territory at MSK's own expense. If MSK elects to continue prosecution, maintenance and/or enforcement of such ACADIA Patent, ACADIA shall execute such documents and perform such acts, at MSK's expense, as may be reasonably necessary to effect an assignment of such ACADIA Patent to MSK. Any such assignment shall be completed in a timely manner to allow MSK to continue prosecution, maintenance and/or enforcement of any such ACADIA Patent. Any Patents so assigned shall no longer be considered ACADIA Patents, no royalties or other payments under Section 5.5 shall be due to ACADIA for any Products encompassed by such ACADIA Patents (and not encompassed by any MSK Technology, by any other ACADIA Technology or by any Joint Patents), and shall become Patents owned by MSK (but not included within the MSK Patents definition); provided, however, that MSK hereby grants to ACADIA a fully paid up, royalty-free, perpetual, irrevocable, non-exclusive license, without the right to sublicense and further sublicense, under such Patents to research, develop, manufacture and commercialize the Licensed Molecules and Products outside the Field in the Territory.

(b) MSK Patents.

(i) Initial Responsibility. MSK shall be responsible for the preparation, filing, prosecution, maintenance, and enforcement of MSK Patents, at MSK's sole expense and discretion worldwide. MSK shall keep ACADIA in a timely manner, but not less frequently than a quarterly basis informed of progress with regard to the preparation, filing, prosecution and maintenance of MSK Patents outside the Territory. MSK will consider in good faith the requests and suggestions of ACADIA with respect to strategies for filing and prosecuting MSK Patents outside the Territory.

(ii) Option of ACADIA to Prosecute, Maintain and Enforce. In the event that MSK desires to abandon or cease prosecution, maintenance and/or enforcement of any MSK Patent outside the Territory and which contains claims or disclosure directed to any Product or Licensed Molecule, compositions comprising the same, a method of manufacture thereof, or methods of use thereof, under which MSK Patent ACADIA then has a license under this Agreement, MSK shall provide reasonable prior written notice to ACADIA of such intention to abandon (which notice shall, to the extent possible, be given no later than ninety (90) calendar days prior to the next deadline for any action that must be taken with respect to such MSK Patent in the relevant patent office). In such case, MSK shall permit ACADIA, at ACADIA's sole discretion, to continue prosecution, maintenance and/or enforcement of

such MSK Patent outside the Territory at ACADIA's own expense. If ACADIA elects to continue prosecution, maintenance and/or enforcement of such MSK Patent, MSK shall execute such documents and perform such acts, at ACADIA's expense, as may be reasonably necessary to effect an assignment of such MSK Patents to ACADIA. Any such assignment shall be completed in a timely manner to allow ACADIA to continue prosecution maintenance and/or enforcement of any such MSK Patent. Any Patents so assigned shall no longer be considered MSK Patents, no royalties or other payments under Section 5.6 shall be due to MSK for any Products encompassed by such MSK Patents (and not encompassed by any ACADIA Technology, by any other MSK Technology or by any Joint Patents), and shall become Patents owned by ACADIA (but not included within the ACADIA Patents definition), provided, however, that ACADIA hereby grants to MSK a fully paid up, royalty-free, perpetual, irrevocable, non-exclusive license, without the right to sublicense and further sublicense, under such Patents to exercise or exploit such Patents for any purposes outside the Field outside the Territory to the extent not related to the Licensed Molecules and Products.

(c) Joint Patents.

(i) Initial Responsibility. ACADIA shall, at its cost and expenses, be responsible for, the preparation, filing, prosecution, maintenance and enforcement of Joint Patents worldwide, subject to this Section 7.2(c). MSK shall bear the cost and expenses of the preparation, filing, prosecution maintenance and enforcement of Joint Patents in the Territory, and MSK shall reimburse ACADIA for such cost and expenses incurred by ACADIA within thirty (30) days from the date of invoice for such cost and expenses by ACADIA.

(ii) Cooperation. For any Joint Patents, ACADIA shall keep MSK fully informed of progress with regard to the preparation, filing, prosecution and maintenance of the Joint Patents in and outside the Territory. For the sake of this, ACADIA shall:

(1) provide MSK with a copy of the final draft of any proposed application at least thirty (30) calendar days prior to filing the same in any patent office worldwide, unless otherwise agreed by patent counsel for both parties, and ACADIA shall consider in good faith any comments or revisions suggested by MSK or its counsel;

(2) promptly provide MSK with a copy of all patent applications as filed, together with a notice of its filing date and serial number;

(3) provide MSK with a copy of any action, communication, letter, or other correspondence issued by the relevant patent office within at least ten (10) Business Days of receipt thereof, and ACADIA shall consult with MSK regarding responding to the same and shall consider in good faith any comments, strategies, and the like proposed by MSK;

(4) provide MSK with a copy of any response, amendment, paper, or other correspondence filed with the relevant patent office within ten (10) Business Days of ACADIA's receipt of the as-filed document;

(5) promptly notify MSK of the allowance, grant, or issuance of such Joint Patents; and

(6) consult with MSK regarding the countries to be filed and maintained, the payment of annuities, taxes and maintenance fees for any such Joint Patents.

(iii) Option of MSK to Prosecute, Maintain and Enforce. In the event that ACADIA desires to abandon or cease prosecution, maintenance and/or enforcement of any Joint Patent in and outside the Territory, ACADIA shall provide reasonable prior written notice to MSK of such intention to abandon (which notice shall, to the extent possible, be given no later than ninety (90) calendar days prior to the next deadline for any action that must be taken with respect to such Joint Patent in the relevant patent office). In such case or if ACADIA refuses to pay its share of costs related to any such Joint Patent, at MSK's sole discretion, upon written notice from MSK, MSK may elect to continue prosecution, maintenance and/or enforcement of any such Joint Patent in and outside the Territory at its own expense, and ACADIA shall execute such documents and perform such acts, at ACADIA's expense, as may be reasonably necessary to effect an assignment of ACADIA's entire right, title, and interest in and to such Joint Patents to MSK. Any such assignment shall be completed in a timely manner to allow MSK to continue prosecution, maintenance and/or enforcement of any such Joint Patent. […***…].

(iv) MSK Declines Responsibility. If MSK refuses to pay its share of costs related to any Joint Patent in the Territory, upon written notice from ACADIA, MSK shall assign its entire right, title, and interest in and to any such Joint Patent to ACADIA. […***…].

7.3 Infringement by Third Parties.

(a) Notice. In the event that either ACADIA or MSK becomes aware of any infringement or threatened infringement by a Third Party of any Patents that are subject to the prosecution, maintenance or enforcement of the other party under this Agreement, it will notify the other party in writing to that effect. Any such notice shall include evidence to support an allegation of infringement or threatened infringement by such Third Party.

(b) ACADIA Patents. Subject to this Section 7.3(b), ACADIA shall have the first right, as between ACADIA and MSK, to bring and control any action or proceeding with respect to infringement of any ACADIA Patent worldwide, at its own expense and by counsel of its own choice. With respect to infringement of any ACADIA Patent that may, in MSK's good faith determination, have a material adverse effect on any Licensed Molecules or Product being developed or commercialized for use in the Field in the Territory by MSK or its Affiliates or its Sublicensees pursuant to a license granted under this Agreement, MSK shall have the right, at its own expense, to be represented in any such action by counsel of its own choice, and ACADIA and its counsel will reasonably cooperate with MSK and its counsel in strategizing, preparing and presenting any such action or proceeding. If ACADIA fails to bring an action or proceeding with respect to infringement of any ACADIA Patent described in the preceding sentence within (i) seventy-five (75) calendar days following the notice of alleged infringement or (ii) ten (10) calendar days before the time limit, if any, set forth in the appropriate laws and regulations for the filing of such actions, whichever comes first, MSK shall have the right to

bring and control any such action 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. Except as otherwise agreed to by the parties as part of a cost-sharing arrangement, any recovery or damages realized as a result of such action or proceeding shall be used first to reimburse the parties' documented out-of-pocket legal expenses relating to the action or proceeding, and […***…].

(c) MSK Patents. Subject to this Section 7.3(c), MSK shall have the first right, as between ACADIA and MSK, to bring and control any action or proceeding with respect to infringement of any MSK Patent worldwide, at its own expense and by counsel of its own choice. With respect to infringement of any MSK Patent that may, in ACADIA's good faith determination, have a material adverse effect on any Licensed Molecules or Product being developed or commercialized for use in the Field outside the Territory by ACADIA or its Affiliates or Licensees, ACADIA shall have the right, at its own expense, to be represented in any such action by counsel of its own choice, and MSK and its counsel will reasonably cooperate with ACADIA and its counsel in strategizing, preparing and presenting any such action or proceeding. If MSK fails to bring an action or proceeding with respect to infringement of any MSK Patent described in the preceding sentence within (i) seventy-five (75) calendar days following the notice of alleged infringement or (ii) ten (10) calendar days before the time limit, if any, set forth in the appropriate laws and regulations for the filing of such actions, whichever comes first, ACADIA shall have the right to bring and control any such action at its own expense and by counsel of its own choice, and MSK shall have the right, at its own expense, to be represented in any such action by counsel of its own choice. Except as otherwise agreed to by the parties as part of a cost-sharing arrangement, any recovery or damages realized as a result of such action or proceeding shall be used first to reimburse the parties' documented out-of-pocket legal expenses relating to the action or proceeding, […***…].

(d) Joint Patents. Subject to this Section 7.3(d), ACADIA shall have the first right to bring and control any action or proceeding with respect to infringement of any Joint Patent worldwide, at its own expense and by counsel of its own choice, and MSK shall have the right, at its own expense, to be represented in any such action by counsel of its own choice. If ACADIA fails to bring an action or proceeding within (i) seventy-five (75) calendar days following the notice of alleged infringement or (b) ten (10) calendar days before the time limit, if any, set forth in the appropriate laws and regulations for the filing of such actions, whichever comes first, MSK shall have the right to bring and control any such action 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. Except as otherwise agreed to by the parties as part of a cost-sharing arrangement, any recovery or damages from an action or proceeding relating to Joint Patents in which ACADIA has brought or controlled the action or proceeding shall be used first to reimburse ACADIA (or in the case where both participate, each of ACADIA and MSK) for its documented out-of-pocket legal expenses relating to the action or proceeding, […***…]. Any recovery or damages from an action or proceeding relating to Joint Patents in which MSK has brought or controlled the action or proceeding shall be used first to reimburse MSK (or in the case where both participate, each of ACADIA and MSK) for its documented out-of-pocket legal expenses relating to the action or proceeding, […***…].

(e) Cooperation. In the event a party brings an infringement action in accordance with this Section 7.3, the other party shall cooperate fully, including, if required to bring such action, the furnishing of a power of attorney or being named as a party.

7.4 Infringement of Third Party Rights. Each party shall promptly notify the other in writing of any allegation by a Third Party that the activity of ACADIA, MSK or any of their respective Affiliates or Sublicensees or Licensees, as applicable, pursuant to this Agreement infringes or may infringe the intellectual property rights of a Third Party. 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, ACADIA Affiliates and Licensees at its own expense and by counsel of its own choice, and MSK shall have the right, at its own expense, to be represented in any such action by counsel of its own choice. MSK shall have the sole right to control any defense of any such claim involving alleged infringement of Third Party rights by activities of MSK, MSK Affiliates and Sublicensees 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. (I) […***…]. (II) In the event MSK needs to obtain a license or other similar right under any issued Patent […***…] owned or Controlled by a Third Party in a particular country which, in the absence of such license or other grant of rights to such issued Patent, would preclude MSK from practicing the ACADIA Technology in such country under the license granted in Sections 4.1(a) and 4.1(b), MSK shall be fully responsible for obtaining such license or other similar right and shall have the right to offset […***…] of the payments […***…] due to such Third Party in such country against the amount of royalties that would otherwise be payable pursuant to Section 5.5 for such country, provided, however, that the amount of the offset allowed in any particular Calendar Quarter shall […***…] of the amount of the royalty payable by MSK to ACADIA for such Calendar Quarter in such country. MSK shall be permitted to carry forward the amount of any offset […***…] of the amount of the royalties payable in a particular Calendar Quarter in such country, and apply such amount against royalties payable in subsequent Calendar Quarter(s) for such country until such amount has been exhausted but so long as MSK's royalty obligation in such country remains. (III) In the event ACADIA needs to obtain a license or other similar right under any issued Patent owned or Controlled by a Third Party in a particular country which, in the absence of such license or other grant of rights to such issued Patent, would preclude ACADIA from practicing the MSK Technology and developing and commercializing the Licensed Molecules or Products in such country under the license granted in Sections 4.2(a) and 4.2(b), ACADIA shall be fully responsible for obtaining such license or other similar right and shall have the right to offset […***…] of the payments […***…] due to such Third Party in such country against the amount of royalties that would otherwise be payable pursuant to Section 5.6 for such country, provided, however, that the amount of the offset allowed in any particular Calendar Quarter shall […***…] of the amount of the royalty payable by ACADIA to MSK for such Calendar Quarter in such country. ACADIA shall be permitted to carry forward the amount of any offset that […***…] of the amount of the royalties payable in a particular Calendar Quarter in such country, and apply such amount against royalties payable in subsequent Calendar Quarter(s) for such country until such amount has been exhausted but so long as ACADIA's royalty obligation in such country remains. For avoidance of any doubt, the provision of this Section 7.4 shall be without prejudice to each party's obligation to use its Commercially Reasonable Efforts to obtain a license or other grant of rights in respect to any Patent owned or Controlled by a Third Party Sublicensee (in case of MSK) or a Licensee (in case of ACADIA), as set forth in Section 4.1(c) and Section 4.2(c), respectively.

7.5 Consent for Settlement. Neither party shall enter into any settlement or compromise of any action or proceeding under this Section 7 which would in any manner alter, diminish, or be in derogation of the other party's rights under this Agreement without the prior written consent of such other party.

7.6 Trademarks. MSK shall own and be responsible for all trademarks, trade names, branding, or logos related to Products or commercialization thereof in the Field in the Territory, and will be responsible for selecting, registering, defending, and maintaining the same.

7.7 Registration of License. ACADIA agrees to cooperate with MSK in registering the exclusive license under the ACADIA Patents and the Joint Patents in the Field in the Territory granted under Section 4.1(a) with the applicable patent offices in the Territory immediately upon request of MSK, at MSK's expense. MSK agrees to cooperate with ACADIA in registering the exclusive license under the MSK Patents and the Joint Patents in the Field outside the Territory granted under Section 4.2(a) with the applicable patent offices outside the Territory immediately upon request of ACADIA, at ACADIA's expense.

8. REPRESENTATIONS AND WARRANTIES

8.1 Mutual Representations and Warranties. Each party represents and warrants to the other that, as of the Effective Date: (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 or partnership action, (c) this Agreement is legally binding upon it, enforceable in accordance with its terms, and does not conflict with any agreement, instrument or understanding, oral or written, to which it is a party or by which it may be bound, nor violate any material law or regulation of any court, governmental body or administrative or other agency having jurisdiction over it, and (d) it has the right to grant the licenses contemplated under this Agreement.

8.2 ACADIA Representations and Warranties. ACADIA represents and warrants to MSK that, as of the Effective Date:

(a) ACADIA has received no written notice of alleged infringement by any issued ACADIA Patent of any Third Party intellectual property rights in relation to the Licensed Molecules;

(b) no claim or action has been brought or, to ACADIA's knowledge, threatened by any person alleging that the ACADIA Patents are invalid or unenforceable; and

(c) to its knowledge there is no Third Party infringing any of the ACADIA Patents.

8.3 Covenant. Each party covenants that it has obtained or will obtain written agreements from each of its employees, consultants and contractors who perform development activities pursuant to this Agreement, which agreements will obligate such persons to obligations of confidentiality and non-use and to assignment to such party of all Inventions consistent with the provisions of this Agreement.

8.4 Disclaimer. Except as expressly set forth in this Agreement, THE TECHNOLOGY AND INTELLECTUAL PROPERTY RIGHTS PROVIDED BY EACH PARTY HEREUNDER ARE PROVIDED "AS IS" AND EACH PARTY 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, (a) ACADIA expressly does not warrant that the clinical and other data obtained from conducting clinical trials in the U.S. or any other jurisdiction outside of the Territory, regulatory filings, correspondence and approvals that it has obtained or may obtain from the FDA comply with the laws and regulations of any country in the Territory, (b) MSK expressly does not warrant that the clinical and other data obtained from conducting clinical trials in the Territory, regulatory filings, correspondence and approvals that it has obtained or may obtain from any Regulatory Authority in the Territory comply with the laws and regulations of the U.S. or any other jurisdiction outside of the Territory, and (c) each party expressly does not warrant the success of any study or test conducted by it pursuant to this Agreement or the safety or usefulness for any purpose of the technology it provides hereunder.

8.5 Limitation of Liability. EXCEPT FOR LIABILITY FOR BREACH OF SECTION 9, NEITHER PARTY SHALL BE ENTITLED TO RECOVER FROM THE OTHER PARTY ANY SPECIAL, INCIDENTAL, CONSEQUENTIAL OR PUNITIVE DAMAGES IN CONNECTION WITH THIS AGREEMENT OR ANY LICENSE GRANTED HEREUNDER; *provided, however,* that this Section 8.5 shall not be construed to limit either party's indemnification obligations under Section 11.

9. CONFIDENTIALITY

9.1 Confidential Information. Except to the extent expressly authorized by this Agreement or otherwise agreed in writing by the parties, the parties agree that, during the Term and for ten (10) years thereafter, the receiving party shall keep confidential and shall not publish or otherwise disclose and shall not use for any purpose other than as expressly provided for in this Agreement any Confidential Information furnished to it by the other party pursuant to this Agreement or any Confidential Information developed by the other party hereunder, and both parties shall keep confidential and, subject to Section 9.5, shall not publish or otherwise disclose the terms of this Agreement. For purposes of clarification, Joint Inventions and Joint Patents shall be deemed to be Confidential Information of each party. Each party may use the other party's Confidential Information only to the extent required to accomplish the purposes of this Agreement. Each party will use at least the same standard of care as it uses to protect proprietary or confidential information of its own (but no less than reasonable care) to ensure that its employees, agents, consultants, contractors and other representatives do not disclose or make any unauthorized use of the Confidential Information of the other party. Each party will promptly notify the other upon discovery of any unauthorized use or disclosure of the Confidential Information of the other party.

9.2 Exceptions. The obligations of confidentiality and restriction on use under this Article 9 shall not apply to any information which the receiving party can prove by competent written evidence: (a) is now, or hereafter becomes, through no act or failure to act on the part of the receiving party, generally known or available to the public; (b) is known by the receiving party at the time of receiving such information, other than by previous disclosure of the disclosing party, or its Affiliates, employees, agents, consultants, or contractors; (c) is hereafter furnished to the receiving party without restriction by a Third Party who has no obligation of confidentiality or limitations on use with respect thereto, as a matter of right; or (d) is independently discovered or developed by the receiving party without the use of Confidential Information belonging to the disclosing party.

9.3 Authorized Disclosure. Each party may disclose Confidential Information belonging to the other party as expressly permitted by this Agreement or if and to the extent such disclosure is reasonably necessary in the following instances:

(a) filing, prosecuting, or maintaining Patents as permitted by this Agreement;

(b) regulatory filings for Products that such party has a license or right to develop hereunder;

(c) prosecuting or defending litigation as permitted by this Agreement;

(d) complying with applicable court orders or governmental regulations;

(e) in the case of MSK, conducting development and/or commercialization activities in accordance with a license granted under Section 4.1, and in the case of ACADIA, conducting development and/or commercialization activities in accordance with a license granted under Section 4.2; and

(f) disclosure to Affiliates, licensees, sublicensees, employees, consultants, contractors, agents or other Third Parties in connection with due diligence or similar investigations by such Third Parties, and disclosure to potential Third Party investors in confidential financing documents, provided, in each case, that any such Affiliate, licensee, sublicensee, employee, consultant, contractor, agent or Third Party agrees to be bound by terms of confidentiality and non-use at least equivalent in scope to those set forth in this Section 9.

Notwithstanding the foregoing, in the event a party is required to make a disclosure of the other party's Confidential Information pursuant to Section 9.3(c) or (d), it will, except where impracticable, give reasonable advance notice to the other party of such disclosure and use Commercially Reasonable Efforts to secure confidential treatment of such Confidential Information and at least as diligently as such party would use to protect its own confidential information. In any event, the parties agree to take all reasonable action to avoid disclosure of Confidential Information hereunder. Any information disclosed pursuant to 9.3(c) or (d) shall still be deemed Confidential Information and subject to the restrictions set forth in this Agreement, including the foregoing provisions of Section 9.

9.4 Publications. Each party shall have the right to review and comment on any material proposed for disclosure or publication by the other party regarding results of and other information regarding the other party's research or development activities with respect to the Licensed Molecules and Products, whether by oral presentation, manuscript or abstract. Before any such material is submitted for publication or presentation of the same is made, each party shall deliver a complete copy to the other party at least sixty (60) calendar days prior to submitting the material to a publisher or initiating any other disclosure. Each party shall review any such material and give its comments to the other party within thirty (30) calendar days of the receipt of such material. With respect to oral presentation materials and abstracts, each party shall make reasonable efforts to expedite review of such materials and abstracts, and shall return such items as soon as practicable to the other party with appropriate comments, if any, but in no event later than thirty (30) calendar days from receipt. Each party shall comply with the other party's request to delete references to its Confidential Information in any such material and agrees to delay any submission for publication or other public disclosure for a period of up to an additional ninety (90) calendar days for the purpose of preparing and filing appropriate patent applications.

9.5 Publicity; Public Disclosures. The parties agree to issue a joint press release substantially in the form attached hereto as ***Exhibit D*** on, or as promptly as practicable following, the Effective Date. It is understood that each party may desire or be required to issue subsequent press releases relating to this Agreement or activities hereunder. The parties agree to consult with each other reasonably and in good faith with respect to the text and timing of such press releases prior to the issuance thereof, provided that a party may not unreasonably withhold, condition or delay consent to such releases, and that either party may issue such press releases or make such disclosures to the SEC pursuant to Form 8-K or otherwise as it determines, based on advice of counsel, are reasonably necessary to comply with laws or regulations or for appropriate market disclosure. 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 law. 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.

10. TERM AND TERMINATION

10.1 Term. The term of this Agreement shall commence on the Effective Date and continue until the expiration of the last Royalty Term applicable to any Product or the expiration of payment obligations of ACADIA to MSK under Section 5.7 with respect to Licensee Revenues, whichever comes later, unless earlier terminated pursuant to Section 10.2, 10.3 or 10.4, or unless otherwise agreed in writing by the parties (the "**Term**"). Upon expiration (but not early termination) of the Royalty Term applicable to a Product in a country in the Territory, MSK shall have a fully paid-up, irrevocable, exclusive and sublicensable license under the ACADIA Technology and ACADIA's rights in the Joint Inventions and Joint Patents to research, develop, make, have made, use, import, market, offer for sale and sell the applicable Licensed Molecule and such Product in the Field in such country and a fully

paid-up, irrevocable, non-exclusive and sublicensable license under the ACADIA Technology and ACADIA's rights in the Joint Inventions and Joint Patents to research, develop and manufacture the applicable Licensed Molecule and such Product outside the Territory solely for the purpose of commercializing the applicable Licensed Molecules and such Product in the Field in such country. Upon expiration (but not early termination) of the Royalty Term applicable to a Product in a country outside the Territory, ACADIA shall have a fully paid-up, irrevocable, exclusive and sublicensable license under the MSK Technology and MSK's rights in the Joint Inventions and Joint Patents to research, develop, make, have made, use, import, market, offer for sale and sell the applicable Licensed Molecule and such Product in the Field in such country and a fully paid-up, irrevocable, non-exclusive and sublicensable license under the MSK Technology and MSK's rights in the Joint Inventions and Joint Patents to research, develop and manufacture the applicable Licensed Molecule and such Product in the Territory solely for the purpose of commercializing the applicable Licensed Molecules and such Product in the Field in such country. […***…].

10.2 Termination for Cause. A party shall have the right to terminate this Agreement upon thirty (30) calendar days' (ten (10) calendar days' for any payment default) prior written notice to the other party upon the occurrence of any of the following:

(a) Upon or after the bankruptcy, insolvency, dissolution or winding up of the other party (other than a dissolution or winding up for the purpose of reconstruction or amalgamation); or

(b) After the breach of any material provision of this Agreement by the other party if the breaching party has not cured such breach within the thirty (30) calendar day period (ten (10) calendar day period for any payment default) following written notice of termination by the non-breaching party.

10.3 Termination by MSK. MSK shall have the right to terminate this Agreement without any penalty, including, but not limited to termination compensation and loss of profits […***…].

10.4 Termination by ACADIA.

(a) Abandonment of All Development in the Territory. If (i) MSK notifies ACADIA in writing that it intends to abandon development of all the Licensed Molecules and Products in the Territory or (ii) MSK fails to comply with its diligence obligations set forth in Section 3.6, then ACADIA shall be entitled to terminate this Agreement immediately upon written notice to MSK.

(b) Patent Challenge. ACADIA shall have the right to terminate this Agreement immediately upon written notice to MSK if (a) MSK or any of its Affiliates directly, or indirectly through any Third Party, commences any interference or opposition proceeding with respect to, challenges the validity or enforceability of, or opposes any extension of or the grant of a supplementary protection certificate with respect to, any ACADIA Patent or (b) any non-Affiliate Sublicensee directly, or indirectly through any Third Party, commences any interference or opposition proceeding with respect to, challenges the validity or enforceability of, or

opposes any extension of or the grant of a supplementary protection certificate with respect to, any ACADIA Patent or Joint Patent and (i) MSK does not have such Sublicensee withdraw such action or (ii) MSK does not terminate the sublicense agreement with such Sublicensee, in each case, within five (5) Business Days of MSK receiving from ACADIA written notice of any such action being taken by such Sublicensee with sufficient evidence showing that such Sublicensee has taken such action.

10.5 Effect of Termination; Surviving Obligations.

(a) Upon termination of this Agreement by MSK pursuant to Section 10.2:

(i) the licenses granted to MSK under Section 4.1 shall become an exclusive (except for the license granted in Section 4.1(b) which shall remain non-exclusive) fully paid-up, royalty-free, perpetual and irrevocable license with the right to sublicense (through multiple tiers of sublicense), under ACADIA Technology and ACADIA's right under the Joint Inventions and the Joint Patents for the research, development, manufacture, use, marketing, import, offer for sale or sale of any Licensed Molecule or Product in the Field in the Territory (and outside the Territory with respect to the license granted in Section 4.1(b));

(ii) the licenses granted to ACADIA under Section 4.2 shall automatically terminate and revert to MSK;

(iii) all MSK Know-How shall be returned to MSK within thirty (30) days of such termination;

(iv) any permitted sublicenses granted under Section 4.2 by ACADIA shall remain in effect and become direct licenses from MSK, so long as actions or omissions by the applicable sublicensee did not cause or contribute to such termination;

(v) with respect to a termination occurring prior to the completion of hPOC, ACADIA shall reimburse MSK for ACADIA's share of all non-cancellable obligations for Development Expenses incurred by MSK under this Agreement through the effective date of such termination in accordance with Section 5.2;

(vi) MSK shall […***…] be entitled to access and utilize any Regulatory Approvals, clinical data, materials, promotional, advertising, marketing and distribution rights, contracts or other assets relating to the Licensed Molecules and/or Products Controlled by ACADIA, its Affiliates or its Licensee(s) as of the effective date of termination that are necessary for the research, development, manufacture and commercialization of the Licensed Molecules and/or Products by MSK in the Field in the Territory; and

(vii) […***…].

(b) Upon termination of this Agreement by ACADIA pursuant to Section 10.2 or 10.4 or by MSK pursuant to Section 10.3:

(i) the licenses granted to ACADIA under Section 4.2 shall become an exclusive (except for the license granted in Section 4.2(b) which shall remain non-exclusive) fully paid-up, royalty-free, perpetual and irrevocable license with the right to sublicense (through multiple tiers of sublicense), under MSK Technology and MSK's right under the Joint Inventions and the Joint Patents for the research, development, manufacture, use, marketing, import, offer for sale or sale of any Licensed Molecule or Product in the Field outside the Territory (and in the Territory with respect to the license granted in Section 4.2(b));

(ii) the licenses granted to MSK under Section 4.1 shall automatically terminate and revert to ACADIA;

(iii) all ACADIA Know-How shall be returned to ACADIA within thirty (30) days of such termination;

(iv) any permitted sublicenses granted under Section 4.1 by MSK shall remain in effect and become direct licenses from ACADIA so long as actions or omissions by such Sublicensee did not cause or contribute to such termination;

(v) with respect to a termination occurring prior to the completion of hPOC, MSK shall reimburse ACADIA for MSK's share of all non-cancellable obligations for Development Expenses incurred by ACADIA under this Agreement through the effective date of such termination in accordance with Section 5.2; and

(vi) MSK shall, and hereby does as of the effective date of termination, assign to ACADIA such rights as MSK or any of its Affiliates or Sublicensees (limited to those Sublicensees who do not become direct licensees of ACADIA as contemplated in clause (iv) above) has or may acquire in any Regulatory Approvals, clinical data, materials, promotional, advertising, marketing and distribution rights, contracts or other assets relating to the Licensed Molecules and/or Products Controlled by MSK or its Affiliates that are necessary or useful for the research, development, manufacturing and commercialization of the Licensed Molecules and Products in the Field in the Territory and, to the extent necessary to convey sole ownership of the data obtained pursuant to the Development Plan to ACADIA, shall, at its own expense and using Commercially Reasonable Efforts, transfer to ACADIA all data obtained pursuant to the Development Plan within thirty (30) days of such date.

(c) Expiration or termination of this Agreement shall not relieve the parties of any obligation or right accruing prior to such expiration or termination. Except as set forth below or elsewhere in this Agreement, the obligations and rights of the parties under the following provisions of this Agreement shall survive expiration or termination of this Agreement:

Section 1 – Definitions
Section 6.4 – Records, Audits, Adjustments
Section 6.5 – Late Payments
Section 7.1 – Ownership of Intellectual Property
Section 8.4 – Disclaimer
Section 8.5 – Limitation of Liability

Section 9 – Confidentiality
Section 10.5 – Effect of Termination; Surviving Obligations
Section 10.6 – Exercise of Right to Terminate
Section 10.7 – Rights in Bankruptcy
Section 11 – Indemnification
Section 12 – Dispute Resolution
Section 13 – General Provisions

(d) Within thirty (30) days following the expiration or termination of this Agreement, except to the extent and for so long as a party retains license rights under Sections 10.1 and 10.5, each party shall deliver to the other party any and all Confidential Information of the other party in tangible form in its possession.

10.6 Exercise of Right to Terminate. The use by either party hereto of a termination right provided for under this Agreement shall not give rise to the payment of damages or any other form of compensation or relief to the other party with respect thereto; provided, however, that termination of this Agreement shall not preclude either party from claiming any other damages, compensation or relief that it may be entitled to upon such termination.

10.7 Rights in Bankruptcy. All rights and licenses granted under or pursuant to this Agreement by one party to the other party are, and will otherwise be deemed to be, for purposes of Section 365(n) of the U.S. Bankruptcy Code or comparable provision of applicable bankruptcy or insolvency laws, licenses of right to "intellectual property" as defined under Section 101 of the U.S. Bankruptcy Code or comparable provision of applicable bankruptcy or insolvency laws. The parties agree that a party that is a licensee of such rights under this Agreement will retain and may fully exercise all of its rights and elections under the U.S. Bankruptcy Code or comparable provision of applicable bankruptcy or insolvency laws. The parties further agree that, in the event of the commencement of a bankruptcy proceeding by or against a party to this Agreement under the U.S. Bankruptcy Code or comparable provision of applicable bankruptcy or insolvency laws, the other party will be entitled to a complete duplicate of (or complete access to, as appropriate) any such intellectual property and all embodiments of such intellectual property, and same, if not already in its possession, will be promptly delivered to it (a) upon any such commencement of a bankruptcy or insolvency proceeding upon its written request therefor, unless the bankrupt party elects to continue to perform all of its obligations under this Agreement, or (b) if not delivered under (a) above, following the rejection of this Agreement by or on behalf of the bankrupt party upon written request therefor by the other party.

11. INDEMNIFICATION

11.1 Indemnification by ACADIA. ACADIA hereby agrees to save, defend and hold MSK, its Affiliates, its Sublicensees and their respective directors, officers, employees and agents (each, a "**MSK Indemnitee**") harmless from and against any and all claims, suits, actions, demands, liabilities, expenses and/or loss, including reasonable legal expenses and attorneys' fees (collectively, "**Losses**"), to which any MSK Indemnitee may become subject as a result of any claim, demand, action or other proceeding by any Third Party to the extent such Losses arise directly or indirectly out of: (a) the practice by ACADIA of any license granted to it hereunder by MSK, (b) the development, manufacture, use, handling, storage, sale or other disposition of any Licensed Molecule or

Product in the Field outside the Territory by ACADIA or its Affiliates or Licensees, or (c) the breach by ACADIA of any warranty, representation, covenant or agreement made by ACADIA in this Agreement; except, in each case, to the extent such Losses result from the gross negligence or willful misconduct of any MSK Indemnitee or the breach by MSK of any warranty, representation, covenant or agreement made by MSK in this Agreement.

11.2 Indemnification by MSK. MSK hereby agrees to save, defend and hold ACADIA, its Affiliates, its Licensees and their respective directors, officers, employees and agents (each, a "**ACADIA Indemnitee**") harmless from and against any and all Losses to which any ACADIA Indemnitee may become subject as a result of any claim, demand, action or other proceeding by any Third Party to the extent such Losses arise directly or indirectly out of: (a) the practice by MSK of any license granted to it hereunder by ACADIA, (b) the development, manufacture, use, handling, storage, sale or other disposition of any Licensed Molecule or Product in the Field in the Territory by MSK or its Affiliates or Sublicensees, or (c) the breach by MSK of any warranty, representation, covenant or agreement made by MSK in this Agreement; except, in each case, to the extent such Losses result from the gross negligence or willful misconduct of any ACADIA Indemnitee or the breach by ACADIA of any warranty, representation, covenant or agreement made by ACADIA in this Agreement.

11.3 Control of Defense. Any entity entitled to indemnification under this Article 11 shall give notice to the indemnifying party of any Losses that may be subject to indemnification, promptly after learning of such Losses, and the indemnifying party shall assume the defense of such Losses 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 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.

11.4 Insurance.

(a) MSK. MSK, at its own expense, shall maintain product liability insurance (or self-insure) in the Territory in an amount consistent with industry standards at all times from the commencement of clinical trials with Products by MSK, its Affiliates or its Sublicensees and through the earlier of (i) the end of the Term and (ii) the date that no Products are being commercialized in the Territory. MSK shall provide a certificate of insurance (or evidence of self-insurance) evidencing such coverage to ACADIA upon request.

(b) ACADIA. ACADIA, at its own expense, shall maintain product liability insurance (or self-insure) in an amount consistent with industry standards at all times from the commencement of clinical trials with Products by ACADIA, its Affiliates or its Licensees and through the earlier of (i) the end of the Term and (ii) the date that no Products are being commercialized outside the Territory. ACADIA shall provide a certificate of insurance (or evidence of self-insurance) evidencing such coverage to MSK upon request.

12. DISPUTE RESOLUTION

12.1 Dispute Resolution. In the event of any dispute arising out of or relating to this Agreement, except as otherwise provided in Section 2.3 of this Agreement, the parties shall, through their respective Executive Officers, first meet and attempt to resolve the dispute in face-to-face negotiations. This meeting shall occur within fifteen (15) calendar days after either party provides notice to the other party that it wishes to invoke such negotiations. If the parties are unable to resolve such dispute through such negotiations, then, except in the case of a dispute, controversy or claim that concerns (a) the validity or infringement of a patent, trademark or copyright, or (b) any antitrust, anti-monopoly or competition law or regulation, whether or not statutory, the dispute shall be resolved by binding arbitration before a single independent and neutral experienced arbitrator selected by mutual agreement of the parties. In the event that the parties are unable to mutually agree on the appointment of such arbitrator, then such arbitration shall be conducted before a panel of three independent and neutral experienced arbitrators, one chosen by ACADIA, one chosen by MSK and the third chosen by the foregoing two arbitrators. Any such arbitration proceeding, which arises out of Section 2.3(c) of this Agreement, shall be administered by the American Arbitration Association, with limited discovery, in accordance with its then current rules governing commercial disputes and the place of arbitration shall be Honolulu, Hawaii. Any other arbitration (i.e., one not arising under Section 2.3(c)), (A) if initiated by MSK, such arbitration proceeding shall be administered by the American Arbitration Association, with limited discovery, in accordance with its then current rules governing commercial disputes and the place of arbitration shall be San Diego or (B) if initiated by ACADIA, such arbitration proceeding shall be administered by the Japan Commercial Arbitration Association , with limited discovery, in accordance with its then current rules governing commercial disputes and the place of arbitration shall be Tokyo, Japan. Any arbitration shall be conducted in the English language and applicable arbitration association shall use California law as the governing law for this Agreement and the parties' obligations hereunder. The arbitrator(s) shall have no authority to award punitive or any other type of damages not measured by a party's compensatory damages. Except to the extent necessary to confirm or enforce an award or as may be required by law, neither a party nor any arbitrator may disclose the existence, content, or results of an arbitration without the prior written consent of both MSK and ACADIA. In no event shall an arbitration be initiated after the date when commencement of a legal or equitable proceeding based on the dispute, controversy or claim would be barred by the applicable California statute of limitations. Each party shall bear its own attorneys' fees, costs and disbursements arising out of the arbitration, and shall pay an equal share of the fees and costs of the arbitrators; provided, however, that the arbitrators shall be authorized to determine whether a party is the prevailing party, and if so, to award to that prevailing party reimbursement for its reasonable attorneys' fees, costs and disbursements (including, for example, expert witness fees and expenses, photocopy charges, travel expenses, etc.) and/or the fees and costs of the arbitrators. Each party agrees to fully perform and satisfy any arbitration award made against it within fifteen (15) calendar days of the service of the award. By agreeing to this binding arbitration provision, the parties understand that they are waiving certain rights and protections which may otherwise be available if a dispute between the parties were determined by litigation in court, including the right to seek or obtain certain types of damages precluded by this provision, the right to a jury trial, certain rights of appeal and a right to invoke formal rules of procedure and evidence.

12.2 Injunctive Relief. Notwithstanding the provisions of Section 12.1, each party acknowledges and agrees that, due to the unique and valuable nature of the other party's proprietary information and materials, there can be no adequate remedy at law for any breach by such party of the provisions of this Agreement, that any such breach may result in irreparable harm to the other party for which monetary damages would be inadequate to compensate such party and that the other party shall have the right, in addition to any other rights available under applicable law, to obtain from any court of competent jurisdiction injunctive relief to restrain any breach or threatened breach of, or otherwise to specifically enforce, any covenant or obligation of such party under such provisions, without the necessity of posting any bond or security.

13. GENERAL PROVISIONS

13.1 Governing Law. This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of California, excluding its conflicts of laws principles.

13.2 Entire Agreement; Modification. This Agreement is both a final expression of the parties' agreement and a complete and exclusive statement with respect to all of its terms. This Agreement supersedes all prior and contemporaneous agreements and communications, whether oral, written or otherwise, concerning any and all matters contained herein, other than (i) the Nondisclosure Agreement and the Research Agreement, which shall continue as provided for by their individual terms, and (ii) the letter agreement between the parties dated concurrently herewith (including the Development Plan and the exhibits attached thereto), which shall continue in full force and effect during the Term. This Agreement may only be modified or supplemented in a writing expressly stated for such purpose and signed by the parties to this Agreement.

13.3 Relationship Between the Parties. The parties' relationship, as established by this Agreement, is solely that of independent contractors. This Agreement does not create any partnership, joint venture or similar business relationship between the parties. Neither party is a legal representative of the other party, and neither party can assume or create any obligation, representation, warranty or guarantee, express or implied, on behalf of the other party for any purpose whatsoever.

13.4 Non-Waiver. The failure of a party to insist upon strict performance of any provision of this Agreement or to exercise any right arising out of this Agreement shall neither impair that provision or right nor constitute a waiver of that provision or right, in whole or in part, in that instance or in any other instance. Any waiver by a party of a particular provision or right shall be in writing, shall be as to a particular matter and, if applicable, for a particular period of time and shall be signed by such party.

13.5 Assignment. Except as expressly provided hereunder, neither this Agreement nor any rights or obligations hereunder may be assigned or otherwise transferred by either party without the prior written consent of the other party (which consent shall not be unreasonably withheld); provided, however, that either party may assign or otherwise transfer this Agreement and its rights and obligations hereunder without the other party's consent:

(a) in connection with the transfer or sale of all or substantially all of the business or assets of such party relating to the Licensed Molecules and Products to a Third Party, whether by merger, consolidation, divesture, restructure, sale of stock, sale of assets or otherwise, provided that in the event of a transaction (whether this Agreement is actually assigned or is assumed by the acquiring party by operation of law (*e.g.*, in the context of a reverse triangular merger)), intellectual property rights of the acquiring party to such transaction (if other than one of the parties to this Agreement) shall not be included in the technology licensed hereunder; or

(b) to an Affiliate, provided that the assigning party shall remain liable and responsible to the non-assigning party hereto for the performance and observance of all such duties and obligations by such Affiliate.

The rights and obligations of the parties under this Agreement shall be binding upon and inure to the benefit of the successors and permitted assigns of the parties specified above, and the name of a party appearing herein will be deemed to include the name of such party's successors and permitted assigns to the extent necessary to carry out the intent of this section. Any assignment not in accordance with this Agreement shall be void.

13.6 No Third Party Beneficiaries. This Agreement is neither expressly nor impliedly made for the benefit of any party other than those executing it, except for the persons expressly entitled to indemnification as provided in Section 11.

13.7 Severability. If, for any reason, any part of this Agreement is adjudicated invalid, unenforceable or illegal by a court of competent jurisdiction, such adjudication shall not, to the extent feasible, affect or impair, in whole or in part, the validity, enforceability, or legality of any remaining portions of this Agreement. All remaining portions shall remain in full force and effect as if the original Agreement had been executed without the invalidated, unenforceable or illegal part.

13.8 Notices. Any notice to be given under this Agreement must be in writing and delivered either in person, by (i) air mail (postage prepaid) requiring return receipt, or (ii) overnight courier or (iii) email or facsimile confirmed thereafter by any of the foregoing, to the party to be notified at its address(es) given below, or at any address such party may designate by prior written notice to the other in accordance with this Section 13.8. Notice shall be deemed sufficiently given for all purposes upon the earliest of: (a) the date of actual receipt; (b) if air mailed, five (5) Business Days after the date of postmark; (c) if delivered by overnight courier, the next Business Day the overnight courier regularly makes deliveries or (d) if emailed or sent by facsimile, the date of confirmation of receipt if during the recipient's normal business hours, otherwise the next Business Day.

If to MSK, notices must be addressed to:

Meiji Seika Kaisha, Ltd.
4-16, Kyobashi 2-Chome
Chuo-ku, Tokyo 104-8002
Japan
Attention: President of Pharmaceutical Company
Telephone: […***…]
Facsimile: […***…]
Email: […***…]

With a required copy to:

Meiji Seika Kaisha, Ltd.
4-16, Kyobashi 2-Chome
Chuo-ku, Tokyo 104-8002
Japan
Attention: Director, Business Planning and Administration
Telephone: […***…]
Facsimile: […***…]
Email: […***…]

If to ACADIA, notices must be addressed to:

ACADIA Pharmaceuticals Inc.
3911 Sorrento Valley Boulevard
San Diego, CA 92121
Attention: Chief Executive Officer
Telephone: […***…]
Facsimile: […***…]
Email: […***…]

with a required copy to:

ACADIA Pharmaceuticals Inc.
3911 Sorrento Valley Boulevard
San Diego, CA 92121
Attention: General Counsel
Telephone: […***…]
Facsimile: […***…]
Email: […***…]

13.9 Force Majeure. Each party shall be excused from liability for the failure or delay in performance of any obligation under this Agreement (other than failure to make payment when due) by reason of any event beyond such party's reasonable control including but not limited to Acts of God, fire, flood, explosion, earthquake, pandemic flu, or other natural forces, war, civil unrest,

acts of terrorism, accident, destruction or other casualty, any lack or failure of transportation facilities, any lack or failure of supply of raw materials, or any other event similar to those enumerated above. Such excuse from liability shall be effective only to the extent and duration of the event(s) causing the failure or delay in performance and provided that the party has not caused such event(s) to occur. Notice of a party's failure or delay in performance due to force majeure must be given to the other party within 10 calendar days after its occurrence. All delivery dates under this Agreement that have been affected by force majeure shall be tolled for the duration of such force majeure. In no event shall any party be required to prevent or settle any labor disturbance or dispute.

13.10 Interpretation.

(a) Captions & Headings. The captions and headings of clauses contained in this Agreement preceding the text of the articles, sections, subsections and paragraphs hereof are inserted solely for convenience and ease of reference only and shall not constitute any part of this Agreement, or have any effect on its interpretation or construction.

(b) Singular & Plural; Interpretation of Other Terms. All references in this Agreement to the singular shall include the plural where applicable, and all references to gender shall include both genders and the neuter. Use of the word "including" in this Agreement shall be deemed to be followed by the phrase "without limitation" or like expression and shall not be construed to limit any general statement which it follows to the specific or similar items or matters immediately following it.

(c) Articles, Sections & Subsections. Unless otherwise specified, references in this Agreement to any article shall include all sections, subsections, and paragraphs in such article; references in this Agreement to any section shall include all subsections and paragraphs in such sections; and references in this Agreement to any subsection shall include all paragraphs in such subsection.

(d) Days. All references to days in this Agreement shall mean calendar days, unless otherwise specified.

(e) Ambiguities. Ambiguities and uncertainties in this Agreement, if any, shall not be interpreted against either party, irrespective of which party may be deemed to have caused the ambiguity or uncertainty to exist.

(f) English Language. This Agreement has been prepared in the English language and the English language shall control its interpretation. In addition, all notices required or permitted to be given hereunder, and all written, electronic, oral or other communications between the parties regarding this Agreement shall be in the English language.

13.11 Counterparts; Facsimile. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original document, and all of which, together with this writing, shall be deemed one instrument. This Agreement may be executed and delivered by facsimile or PDF and upon such delivery the facsimile or PDF signature will be deemed to have the same effect as if the original signature had been delivered to the other party.

13.12 Exhibits & Schedules. All exhibits or schedules referred to in this Agreement are attached hereto and incorporated herein by this reference.

[Remainder of this page intentionally left blank.]

IN WITNESS WHEREOF, the parties hereto have caused this **COLLABORATION AND LICENSE AGREEMENT** to be executed and entered into by their duly authorized representatives as of the Effective Date.

ACADIA PHARMACEUTICALS INC.

By: /s/ Uli Hacksell
Name: Uli Hacksell
Title: Chief Executive Officer

MEIJI SEIKA KAISHA, LTD.

By: /s/ Masahito Matsuo
Name: Masahiko Matsuo
Title: Executive Vice President
President of Pharmaceutical Company

EXHIBIT A

ACADIA PATENTS

[…***…]

EXHIBIT B

[…***…]

EXHIBIT C

[…*…]**

EXHIBIT D

FORM OF JOINT PRESS RELEASE

ACADIA PHARMACEUTICALS AND MEIJI SEIKA KAISHA FORM COLLABORATION TO DEVELOP AND COMMERCIALIZE A NEW CLASS OF PRO-COGNITIVE SCHIZOPHRENIA DRUGS

Meiji Seika Granted Rights to Develop and Commercialize Products in Asian Territory; ACADIA Retains All Rights in the Rest of the World

SAN DIEGO, CA March ___, 2009 – ACADIA Pharmaceuticals Inc. (Nasdaq: ACAD) and Meiji Seika Kaisha, Ltd. (TSE: 2202) today announced that they have established a collaboration to develop and commercialize a novel class of pro-cognitive drugs to treat patients with schizophrenia and related disorders in Japan and several other Asian countries. The collaboration will focus on developing a product candidate, which was discovered by ACADIA and has been nominated by the parties for IND-track development.

“We are very pleased to be working with ACADIA having strong expertise within CNS drug discovery. We trust this collaboration will boost our portfolio of psychiatric products, a strategic therapeutic focus area for Meiji Seika.” said Osamu Makabe, Ph.D., Senior Vice President, Research and Development of Meiji Seika. “The exciting profile of this class of drugs may offer a promising new approach to treating schizophrenia and related disorders, including the potential to address cognitive disturbances frequently experienced by these patients, which represents an area of major unmet medical need.”

“We are delighted to establish this innovative partnership with Meiji Seika,” said Uli Hacksell, Ph.D., Chief Executive Officer of ACADIA. “With its strong development and commercial capabilities and focus on CNS disorders, we believe Meiji Seika is an excellent partner to help advance the development of this exciting program and to commercialize in Japan and other Asian markets.”

The collaboration is based on a novel class of compounds that combine muscarinic m1 agonism with dopamine and serotonin receptor antagonism. These compounds have demonstrated a unique combination of pro-cognitive and antipsychotic activity in preclinical behavioral models. The companies plan to initiate IND-enabling studies and co-develop a product candidate through completion of proof-of-concept clinical studies. Meiji Seika has exclusive rights to develop and commercialize the product in Japan and several other Asian countries. ACADIA retains the right to develop and commercialize the product in the rest of the world, including the U.S. and Europe. Pursuant to the terms of the agreement, ACADIA is eligible to receive from Meiji Seika up to $25 million in aggregate payments, including upfront fees, and development and regulatory milestone payments, as well as royalties on product sales in the Asian territory, if the product is commercialized successfully. Meiji Seika is responsible for the initial development expenses up to a specified level and the companies will share the remaining expenses through clinical proof-of-concept. Meiji Seika is responsible for all costs associated with the development, manufacturing and commercialization of the product in the Asian territory after proof-of-concept. Meiji Seika is eligible to share a portion of any product-related revenues received by ACADIA in the rest of the world.

About Schizophrenia

Schizophrenia is a chronic, debilitating mental illness characterized by disturbances in thinking, emotional reaction, and behavior. Approximately one percent of the population develops schizophrenia during their lifetime and more than two million people in the United States suffer from this disease. Disturbances associated with schizophrenia may include positive symptoms, such as hallucinations and delusions, and a range of negative symptoms, including loss of interest and emotional withdrawal, as well as cognitive disturbances. It is believed that cognitive disturbances prevent patients with schizophrenia from readjusting to society. As a result, patients with schizophrenia are normally required to be under medical care for their entire lives. Currently prescribed treatments do not effectively address or may exacerbate cognitive disturbances associated with schizophrenia.

About ACADIA Pharmaceuticals

ACADIA is a biopharmaceutical company utilizing innovative technology to fuel drug discovery and clinical development of novel treatments for central nervous system disorders. ACADIA's most advanced product candidates include pimavanserin in Phase III for Parkinson's disease psychosis, a product candidate in Phase II for chronic pain and a product candidate in Phase I for glaucoma, both in collaboration with Allergan, as well as additional compounds in IND-track development. All of the product candidates in ACADIA's pipeline emanate from discoveries made using its proprietary drug discovery platform. ACADIA maintains a website at www.acadia-pharm.com to which ACADIA regularly posts copies of its press releases as well as additional information and through which interested parties can subscribe to receive email alerts.

About Meiji Seika Kaisha, Ltd.

Meiji Seika Kaisha, Ltd. is located in Tokyo, Japan and is operating its business in the fields of confectionaries and pharmaceuticals. In the pharmaceutical division, Meiji Seika is dedicated to the discovery, development and commercialization of a wide variety of pharmaceutical products throughout Japan and some countries outside of Japan, as well. The main areas of its interest are infectious disease and central nervous system disorders. For more information on Meiji Seika, please visit the company's website at www.meiji.co.jp.

ACADIA Forward-Looking Statements

Statements in this press release that are not strictly historical in nature are forward-looking statements. These statements include but are not limited to statements related to the benefits to be derived from the class of compounds subject to the collaboration, including efficacy for various indications and pro-cognitive benefits, the development and clinical research plans for this class of compounds, and future payments that may be made pursuant to the collaboration agreement. These statements are only predictions based on current information and expectations and involve a number of risks and uncertainties. Actual events or results may differ materially from those projected in any of such statements due to various factors, including the risks and uncertainties inherent in drug discovery, development and commercialization, and collaborations with others, and the fact that past results may not be indicative of future

findings. For a discussion of these and other factors, please refer to ACADIA's annual report on Form 10-K for the year ended December 31, 2007 as well as other subsequent filings with the Securities and Exchange Commission. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. This caution is made under the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. All forward-looking statements are qualified in their entirety by this cautionary statement and ACADIA undertakes no obligation to revise or update this press release to reflect events or circumstances after the date hereof.

Contacts:

ACADIA Pharmaceuticals Inc.
Lisa Barthelemy, Director, Investor Relations
Thomas H. Aasen, Vice President and Chief Financial Officer
(858) 558-2871

Exhibit 31.1

CERTIFICATION
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Uli Hacksell, Ph.D., certify that:

1. I have reviewed this quarterly report on Form 10-Q for the three months ended March 31, 2009 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 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: May 11, 2009

/S/ ULI HACKSELL

Uli Hacksell, Ph.D.
Chief Executive Officer

Exhibit 31.2

CERTIFICATION
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Thomas H. Aasen., certify that:

1. I have reviewed this quarterly report on Form 10-Q for the three months ended March 31, 2009 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 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: May 11, 2009

/S/ THOMAS H. AASEN

Thomas H. Aasen
Vice President and Chief 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 quarterly report of ACADIA Pharmaceuticals Inc. (the "Company") on Form 10-Q for the period ending March 31, 2009, as filed with the Securities and Exchange Commission on or about the date hereof (the "Report"), I, Uli Hacksell, Ph.D., 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, that:

(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; 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: May 11, 2009

/s/ ULI HACKSELL

Uli Hacksell, Ph.D.
Chief Executive Officer

This certification shall not be deemed "filed" for purposes of Section 18 of the Securities and Exchange Act of 1934, or 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 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 quarterly report of ACADIA Pharmaceuticals Inc. (the "Company") on Form 10-Q for the period ending March 31, 2009, as filed with the Securities and Exchange Commission on or about the date hereof (the "Report"), I, Thomas H. Aasen, 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, that:

(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; 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: May 11, 2009

/s/ THOMAS H. AASEN

Thomas H. Aasen
Vice President and Chief Financial Officer

This certification shall not be deemed "filed" for purposes of Section 18 of the Securities and Exchange Act of 1934, or 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 or the Exchange Act, except to the extent that the Company specifically incorporates it by reference.