As filed with the Securities and Exchange Commission on May 10, 2000
Registration No. 333-

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM S-3
REGISTRATION STATEMENT

UNDER
THE SECURITIES ACT OF 1933

ALEXION PHARMACEUTICALS, INC.
(Exact Name of Registrant as Specified in Its Charter)

Delaware	13-3648318
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification Number)

25 Science Park
New Haven, CT 06511
(203) 776-1790
(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant's Principal Executive Offices)

LEONARD BELL, M.D.
ALEXION PHARMACEUTICALS, INC.
25 SCIENCE PARK
NEW HAVEN, CT 06511
(203) 776-1790
(Name, Address, Including Zip Code, and Telephone Number, Including Area Code, of Agent for Service)

Copies of all communications, including all communications sent to the agent for service, should be sent to:

MERRILL M. KRAINES, ESQ.
LAWRENCE A. SPECTOR, ESQ.
Fulbright & Jaworski L.L.P.
666 Fifth Avenue
New York, New York 10103

Approximate date of commencement of proposed sale to the public: From time to time after the effective date of this Registration Statement.

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plan, please check the following box: / /

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, as amended, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box. /X/

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. / /

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. / /

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box. /X/

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities	Amount To Be Registered	Proposed Maximum Price Per Unit	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee(1)
5 3/4% Convertible Senior Subordinated Notes due 2007	$120,000,000	100%	$120,000,000	$31,680.00
Common Stock, $.0001 par value per share	1,127,555 shares (2)	N/A	N/A	N/A

(1) Pursuant to Rule 457(i) there is no filing fee with respect to the shares of Common Stock issuable upon conversion of the Notes because no

additional consideration will be received in connection with the exercise of the conversion privilege.

(2) Plus such additional indeterminate number of shares as may become issuable upon conversion of the Notes being registered hereunder by means of adjustment of the conversion price.

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities, and we are not soliciting offers to buy these securities, in any state where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED MAY 10, 2000

PROSPECTUS

[ALEXION LOGO]

$120,000,000 5 3/4% CONVERTIBLE SUBORDINATED NOTES DUE 2007
1,127,555 SHARES OF COMMON STOCK

The notes and the shares may be offered from time to time by the selling securityholders (and their donees and pledgees) in negotiated transactions or otherwise, at market prices prevailing at the time of sale or at negotiated prices. See "Plan of Distribution." Holders may convert the notes into our common stock at any time before March 15, 2007, at a conversion price of $106.425 per share, subject to adjustment in specified events. We will pay interest on the notes each March 15 and September 15. The first interest payment will be made on September 15, 2000.

We may redeem some or all of the notes on or after March 20, 2003 at the redemption prices listed in this prospectus, plus accrued interest. You may require us to repurchase your notes upon a repurchase event in cash or, at our option, common stock, at 105% of the principal amount of the notes, plus accrued interest.

Our common stock is listed on The Nasdaq National Market under the symbol "ALXN." On May 9, 2000, the reported last sale price of our common stock on The Nasdaq National Market was $43 63/64 per share.

Pursuant to a registration rights agreement we have agreed to file a shelf registration statement, of which this prospectus is a part, covering resales of the notes and common stock issuable upon conversion of the notes. If we fail to comply with our obligations under the registration rights agreement we will have to pay liquidated damages.

THE SECURITIES AND EXCHANGE COMMISSION AND STATE SECURITIES REGULATORS HAVE NOT APPROVED OR DISAPPROVED THESE SECURITIES, OR DETERMINED IF THIS PROSPECTUS IS TRUTHFUL OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

INVESTING IN THESE NOTES INVOLVES RISKS. SEE "RISK FACTORS" BEGINNING ON PAGE 8.

May , 2000

IN MAKING YOUR INVESTMENT DECISION, YOU SHOULD RELY ONLY ON THE INFORMATION CONTAINED IN THIS PROSPECTUS. WE HAVE NOT, AND THE SELLING SECURITYHOLDERS HAVE NOT, AUTHORIZED ANY OTHER PERSON TO PROVIDE YOU WITH ANY OTHER INFORMATION. IF ANYONE PROVIDES YOU WITH DIFFERENT OR INCONSISTENT INFORMATION, YOU SHOULD NOT RELY ON IT. WE ARE NOT, AND THE SELLING SECURITYHOLDERS ARE NOT, MAKING AN OFFER TO SELL THESE SECURITIES IN ANY JURISDICTION WHERE THE OFFER OR SALE IS NOT PERMITTED. YOU SHOULD ASSUME THAT THE INFORMATION APPEARING IN THIS PROSPECTUS IS ACCURATE AS OF THE DATE ON THE FRONT COVER OF THIS PROSPECTUS ONLY. OUR BUSINESS, FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS MAY HAVE CHANGED SINCE THAT DATE. NEITHER THE DELIVERY OF THIS PROSPECTUS NOR ANY SALE MADE HEREUNDER SHALL UNDER ANY CIRCUMSTANCES IMPLY THAT THE INFORMATION CONTAINED HEREIN IS CORRECT AS OF ANY DATE SUBSEQUENT TO THE DATE ON THE COVER OF THIS PROSPECTUS.

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This prospectus has been prepared based on information provided by us and by other sources that we believe are reliable. This prospectus summarizes certain documents and other information in a manner we believe to be accurate but we refer you to the actual documents for a more complete understanding of what we discuss in this prospectus. In making a decision to invest in the notes or common stock, you must rely on your own examination of our company and the terms of this offering, the notes, including the merits and risks involved.

Neither we nor the selling securityholders are making any representation to you regarding the legality of an investment in the notes by you under any legal investment or similar laws or regulations. You should not consider any information in this prospectus to be legal, business or tax advice. You should consult your own attorney, business advisor and tax advisor for legal, business and tax advice regarding an investment in the notes or common stock.

You should contact us or the selling securityholders with any questions about this offering or if you require additional information to verify the information contained in this prospectus.

Each prospective purchaser of the notes must comply with all applicable laws and regulations in force in any jurisdiction in which it purchases, offers or sells the notes or possesses or distributes this prospectus and must obtain any consent, approval or permission required by it for the purchase, offer or sale by it of the notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers or sales. Neither we nor the selling securityholders shall have any responsibility therefor.

SUMMARY

THIS SUMMARY PROVIDES AN OVERVIEW OF SELECTED INFORMATION AND DOES NOT CONTAIN ALL THE INFORMATION YOU SHOULD CONSIDER. YOU SHOULD READ THE ENTIRE PROSPECTUS, INCLUDING THE SECTION ENTITLED "RISK FACTORS," CAREFULLY BEFORE MAKING AN INVESTMENT DECISION. WHEN USED IN THIS PROSPECTUS, UNLESS OTHERWISE INDICATED, THE TERMS "WE," "OUR," AND "US" REFER TO ALEXION AND ITS SUBSIDIARY.

ALEXION

We are engaged in the development of products for the treatment of cardiovascular, autoimmune and neurologic diseases caused by undesired effects of the human immune system. Our product development programs are based on proprietary technologies which are designed to block selected components of the human immune system in order to reduce undesired inflammation while allowing other beneficial aspects of the immune system to remain functional. We are currently conducting Phase II clinical trials of our two lead product candidates, 5G1.1-SC for the treatment of acute inflammation caused by cardiopulmonary bypass surgery and acute myocardial infarction and 5G1.1 for the chronic treatment of the autoimmune diseases rheumatoid arthritis and membranous nephritis.

5G1.1-SC and 5G1.1 are C5 Complement Inhibitors designed to selectively block the production of inflammation-causing proteins in a process of the human immune system known as the complement cascade. We believe that selective suppression of this immune response will provide a significant therapeutic advantage relative to existing therapies.

In January 1999, we entered into a collaboration with Procter & Gamble Pharmaceuticals Inc. to develop and commercialize 5G1.1-SC. Under this collaboration, we intend to initially pursue the development of 5G1.1-SC for the treatment of inflammation caused by cardiopulmonary bypass surgery, myocardial infarction (heart attack) and angioplasty. Procter & Gamble has agreed to fund all clinical development and manufacturing costs relating to 5G1.1-SC for these indications. In addition, under this agreement, Procter & Gamble has agreed to pay us up to $95 million in license, milestone and additional research and development fees. We will also receive royalties on worldwide sales of 5G1.1-SC for all indications. We share co-promotion rights with Procter & Gamble to sell, market and distribute 5G1.1-SC in the United States, and have granted Procter & Gamble the exclusive rights to sell, market and distribute 5G1.1-SC outside of the United States.

In the initial Phase I/II and IIa clinical trials treating 35 cardiopulmonary bypass patients, as compared to placebo, 5G1.1-SC:

- was safe and well tolerated in the study population; and
- produced statistically significant results in the following adverse clinical effects of cardiopulmonary bypass surgery in the study population:
- 40% less heart tissue damage;
- 80% less new cognitive deficits; and
- 400 ml. less blood loss.

In order to augment and extend previous findings regarding the safety and efficacy of 5G1.1-SC, together with our partner Procter & Gamble, we:

- commenced in January 1999, a multi-center, double-blind, randomized, placebo-controlled Phase IIb clinical trial in which we expect to enroll 1,000 cardiopulmonary bypass patients; and

- commenced in December 1999, two Phase II clinical trials with approximately 1,000 patients each for the treatment of acute myocardial infarction.

In 1998, the American Heart Association estimated that in the United States, approximately 500,000 cardiopulmonary bypass operations were performed in 1996 and approximately 1.0 million people would have a heart attack in 1999.

We are currently developing 5G1.1 for the chronic treatment of autoimmune diseases such as rheumatoid arthritis, and a kidney disease known as membranous nephritis and are initiating clinical development in diseases such as psoriasis, dermatomyositis and pemphigoid. In the initial Phase I/II clinical trial treating rheumatoid arthritis patients and a Phase I clinical trial in lupus patients, a single dose of 5G1.1:

- was safe and well tolerated in each study population as compared to placebo;

- significantly reduced C-reactive protein, an objective measurement of disease activity, in rheumatoid arthritis patients;

- demonstrated that 50% of rheumatoid arthritis patients receiving 8.0 mg/kg of 5G1.1 achieved an ACR20 score, a measure of clinical benefit, as compared to 10% of placebo-treated patients;

- and resulted in significantly lower incidence of proteinuria, a measure of kidney disease, in lupus patients as compared to placebo.

In order to augment and extend previous findings regarding the safety and efficacy of 5G1.1, we commenced in August 1999:

- a multi-center, double-blind, randomized, placebo-controlled Phase II clinical trial in which we expect to enroll 200 rheumatoid arthritis patients; and

- a multi-center, double-blind, randomized, placebo-controlled Phase II clinical trial in which we expect to enroll 150 membranous nephritis patients.

It is estimated that more than 2.0 million people are currently affected by rheumatoid arthritis in the United States. We estimate that there are approximately 100,000 to 300,000 people afflicted with membranous nephritis in the United States.

We are also developing a second type of anti-inflammatory drug, known as Apogens. In contrast to our C5 Complement Inhibitors, Apogens are designed to affect disease-causing T-cells. We are currently completing preclinical studies of our first Apogen, known as MP4, targeting the treatment of patients with multiple sclerosis.

In addition, we are developing methods of blocking the immune system which are designed to permit the transplantation of cells from other species into humans, known as xenotransplantation, that may be useful in treating several neurologic diseases. Through a series of preclinical models, our scientists are currently developing two xenotransplant product candidates, UniGraft-PD and UniGraft-SCI, which are designed to permit the replacement of damaged human brain and other neurologic cells with potentially genetically modified and proprietary porcine, or pig, cells. Our UniGraft program is initially targeting the treatment of patients with Parkinson's disease and patients with spinal cord injury.

In the normal course of our business from time to time we evaluate the potential acquisition of other companies and technologies. We intend to continue to review acquisition opportunities as they arise.

We were incorporated in Delaware in January 1992. Our principal executive offices are located at 25 Science Park, New Haven, Connecticut 06511, and our telephone number is (203) 776-1790.

RECENT DEVELOPMENTS

CLINICAL STUDIES

In February 2000, we filed an Investigational New Drug Application with the FDA to commence a Phase Ib pilot clinical study trial with 5G1.1 in patients with dermatomyositis, a severe inflammatory muscle disorder.

In February 2000, the FDA designated our humanized monoclonal antibody C5 complement inhibitor 5G1.1 for the treatment of patients with the kidney disease known as membranous glomerulonephritis as a "fast track" product eligible for expedited development and FDA review. We began enrolling patients with idiopathic membranous glomerulonephritis in a Phase II efficacy trial in 1999.

In March 2000, we announced preclinical results at the 5th World Congress on Trauma, Shock, Inflammation and Sepsis in Munich, Germany that administration of our anti-inflammatory C5 inhibitor substantially prevented intestinal and lung damage associated with gastrointestinal ischemia. Further, in these preclinical studies, our C5 inhibitor therapy also substantially prevented increases in levels of cytokine TNF-alpha in the intestine associated with placebo therapy.

In March 2000, we also announced that the National Institutes of Health awarded a grant of approximately $1.0 million to the University of Colorado Health Sciences Center to fund a multi-center Phase II study of our C5 inhibitor, 5G1.1, in patients with lupus nephritis.

In March 2000, we and scientists from the Yale University School of Medicine, presented results at the 49th Annual Scientific Session of the American College of Cadiology from a collaborative study in eleven patients with acute coronary syndrome and four patients with stable angina, indicating that patients with acute coronary syndrome have severe inflammation including significant production of injurious complement components in their coronary arteries.

In April 2000 we filed an Investigational New Drug Application with the FDA to commence a Phase Ib pilot clinical trial with 5G1.1 in patients with pemphigoid, a severe inflammatory skin disorder.

In April 2000, a scientific study demonstrating that animals deficient in the complement component C5 are not susceptible to the onset of active arthritis was published in the Journal of Immunology. The study resulted from preclinical studies that are part of a collaboration between Alexion and Yale University scientists.

In May 2000, we entered into a new lease for our headquarters and research and development facility in Chesire, Connecticut. The lease is expected to commence in August 2000 and has a term of ten years and six months. Our occupancy of this lease, however, is contingent upon the timely departure of the current tenant and subsequent additional work to be completed by the landlord. We cannot be certain that either event will be completed in a timely manner. At this site, we will lease and occupy a total of approximately 82,000 square feet of space, which includes approximately 35,000 square feet of research laboratories. In addition we will be required to pay a pro rata percentage of real estate taxes and operating expenses. Our monthly rent is expected to start at approximately $80,000. Our pilot manufacturing plant, which is used for producing compounds for our current clinical trials, will remain in our current facility encompassing approximately 10,000 square feet at 25 Science Park, New Haven, Connecticut. We believe the new space and our pilot manufacturing facility will be adequate for our activities.

COLLABORATIVE AGREEMENTS

In February 2000, we entered into a collaborative research and license agreement with The Brigham and Women's Hospital, Inc. covering a newly discovered pathway of complement mediated inflammation, the

Lectin Pathway. Under such license agreement, we received exclusive worldwide rights to these novel anti-inflammatory technologies and to associated therapeutic products, including the already identified monoclonal antibodies to Mannan Binding Lectin, a lectin that activates the complement system. These products may have broad therapeutic applications in patients suffering from atherosclerosis, unstable angina, strokes and other vascular disorders.

SUMMARY CONSOLIDATED FINANCIAL DATA
(IN THOUSANDS, EXCEPT PER SHARE DATA)

CONSOLIDATED STATEMENT OF	UNAUDITED SIX MONTHS ENDED JANUARY 31, 2000	UNAUDITED SIX MONTHS ENDED JANUARY 31, 1999	Fiscal Year Ended July 31, 1999	1998	1997	1996	1995
OPERATIONS DATA:							
Contract research revenues(1)	$ 12,679	$ 425	$ 18,754	$ 5,037	$ 3,811	$ 2,640	$ 136
Operating expenses:							
Research and development	20,980	8,465	23,710	12,323	9,079	6,629	5,637
General and administrative	1,765	1,418	2,953	2,666	2,827	1,843	1,592
Total operating expenses	22,745	9,883	26,663	14,989	11,906	8,472	7,229
Operating loss	(9,778)	(9,458)	(7,909)	(9,952)	(8,095)	(5,832)	(7,093)
Other income (expense), net	962	918	1,514	2,087	843	397	(29)
Net loss	(8,816)	(8,540)	(6,395)	(7,865)	(7,252)	(5,435)	(7,122)
Preferred stock dividends	--	--	--	(900)	--	--	--
Net loss applicable to common shareholders	$ (8,816)	$ (8,540)	$ (6,395)	$ (8,765)	$ (7,252)	$(5,435)	$(7,122)
Net loss per common share, basic and diluted(2)	$ (0.69)	$ (0.76)	$ (0.57)	$ (0.87)	$ (.97)	$ (1.02)	$ (2.02)
Shares used in computing net loss per common share	12,779	11,246	11,265	10,056	7,451	5,351	3,528

Consolidated Balance Sheet Data:	UNAUDITED AS OF JANUARY 31, 2000 ACTUAL	PRO FORMA(3)
Cash, cash equivalents, and marketable securities.....	$62,261	$178,350
Total current assets	71,560	187,649
Total assets	80,330	200,330
Notes payable, less current position	4,199	4,199
Convertible subordinated notes	--	120,000
Total stockholders' equity	71,132	71,132

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(1) Staff Accounting Bulletin No. 101 (SAB 101), Revenue Recognition, was issued in December 1999. SAB 101 will require companies to recognize certain upfront non-refundable fees over the life of the related collaboration agreement when such fees are received in conjunction with collaboration agreements which have multiple elements. We are required to adopt this new accounting principle through a cumulative charge to retained earnings, in accordance with the provisions of APB Opinion No. 20, no later than the first quarter of fiscal 2001. We believe that the adoption of SAB 101 will have a material impact on our future operating results as it applies to the $10,000,000 upfront non-refundable payment received by us in connection with our collaboration with Procter & Gamble. Our historical financial statements reflect this payment as revenue in the year ended July 31, 1999. Based on guidance currently available, we will be required to record the $10,000,000 fee as revenue over the future life, as defined, of the collaboration agreement. As of the date of this prospectus, we have not yet adopted this new accounting principle.

(2) We compute and present net loss per common share in accordance with Statement of Financial Accounting Standard (SFAS) No. 128, "Earnings Per Share." There is no difference in basic and diluted net loss per common share.

(3) Gives effect to the issuance of $120 million principal amount of these notes sold by us in March 2000 to the initial purchasers under Rule 144A.

THE OFFERING

SECURITIES OFFERED.....	$120,000,000 aggregate principal amount of 5 3/4% convertible subordinated notes due 2007 convertible into an aggregate of 1,275,555 shares of our common stock.
INTEREST.....	5 3/4% per annum on the principal amount, payable semi- annually in arrears in cash on March 15 and September 15 of each year, commencing September 15, 2000. The first interest payment will include interest from March 8, 2000, the closing date.
MATURITY.....	March 15, 2007.
CONVERSION.....	The notes will be convertible into common stock of Alexion at the option of the holder at any time prior to redemption, repurchase or maturity at a conversion price of $106.425 per share, subject to adjustment in specified events. The conversion price is equivalent to a conversion rate of approximately 9.396 shares per $1,000 principal amount of notes. Upon conversion, except as otherwise described in this prospectus, you will not receive any cash representing accrued interest. See "Description of Notes --- Conversion of the Notes."
SUBORDINATION.....	The notes are subordinated to all of our existing and future senior indebtedness and are effectively subordinated to all of the indebtedness and other liabilities (including trade and other payables) of our subsidiaries. As of April 30, 2000, we had approximately $4.5 million of indebtedness outstanding that would have constituted senior indebtedness. The indenture governing the notes does not limit the amount of indebtedness, including senior indebtedness, that we and our subsidiaries may incur. See "Description of Notes --- Subordination of the Notes."
OPTIONAL REDEMPTION....	At any time or from time to time on or after March 20, 2003, we may redeem some or all of the notes at the declining redemption prices listed herein, plus accrued interest. See "Description of Notes--Optional Redemption by Alexion."
REPURCHASE AT HOLDER'S OPTION UPON A REPURCHASE EVENT.....	You may require us to repurchase your notes upon a repurchase event in cash, or, at our option, in common stock, at 105% of the principal amount of the notes, plus accrued and unpaid interest.
SINKING FUND.....	None.
REGISTRATION RIGHTS; LIQUIDATED DAMAGES.....	If we do not comply with certain covenants set forth in the Registration Rights Agreement, we will be required to pay liquidated damages. See "Description of the Notes --- Registration Rights."
USE OF PROCEEDS.....	We will not receive any cash proceeds from the sale of the notes or underlying common stock by the selling securityholders. We are using the proceeds from the sale of the notes to fund research and clinical development activities, manufacturing development, manufacturing and commercialization of our product candidates and drug discovery, as well as for working capital and general corporate purposes, including for potential acquisitions of additional technologies and compounds.
NASDAQ NATIONAL MARKET SYMBOL FOR COMMON STOCK.....	ALXN.

RISK FACTORS

THIS PROSPECTUS INCLUDES FORWARD-LOOKING STATEMENTS. IN PARTICULAR, STATEMENTS ABOUT OUR EXPECTATIONS, BELIEFS, PLANS, OBJECTIVES, ASSUMPTIONS OR FUTURE EVENTS OR PERFORMANCE CONTAINED OR INCORPORATED BY REFERENCE IN THIS PROSPECTUS. WE HAVE BASED THESE FORWARD-LOOKING STATEMENTS ON OUR CURRENT EXPECTATIONS ABOUT FUTURE EVENTS. WHILE WE BELIEVE THESE EXPECTATIONS ARE REASONABLE, SUCH FORWARD-LOOKING STATEMENTS ARE INHERENTLY SUBJECT TO RISKS AND UNCERTAINTIES, MANY OF WHICH ARE BEYOND OUR CONTROL. OUR ACTUAL RESULTS MAY DIFFER MATERIALLY FROM THOSE SUGGESTED BY THESE FORWARD-LOOKING STATEMENTS FOR VARIOUS REASONS, INCLUDING THOSE DISCUSSED BELOW. SOME OF THE KEY FACTORS THAT COULD CAUSE ACTUAL RESULTS TO DIFFER FROM OUR EXPECTATIONS ARE DESCRIBED BELOW. GIVEN THESE RISKS AND UNCERTAINTIES, YOU ARE CAUTIONED NOT TO PLACE UNDUE RELIANCE ON SUCH FORWARD-LOOKING STATEMENTS. THE FORWARD-LOOKING STATEMENTS INCLUDED IN THIS PROSPECTUS ARE MADE ONLY AS OF THE DATE HEREOF. WE DO NOT UNDERTAKE AND SPECIFICALLY DECLINE ANY OBLIGATION TO UPDATE ANY SUCH STATEMENTS OR TO PUBLICLY ANNOUNCE THE RESULTS OF ANY REVISIONS TO ANY OF SUCH STATEMENTS TO REFLECT FUTURE EVENTS OR DEVELOPMENTS.

RISKS RELATED TO OUR BUSINESS

IF WE CONTINUE TO INCUR OPERATING LOSSES, WE MAY BE UNABLE TO CONTINUE OUR OPERATIONS.

We have incurred losses since our inception. As of January 31, 2000, we had an accumulated deficit of approximately $55.8 million. If we continue to incur operating losses and fail to become profitable or are unable to sustain profitability, we may be unable to continue our operations. Since we began our operations in January 1992, we have been engaged primarily in the research and development of potential drug products. We currently have no products that are available for commercial sale. We expect to continue to operate at a net loss for at least the next several years as we increase our research and development efforts, continue to conduct clinical trials and develop manufacturing, sales, marketing and distribution capabilities. Our future profitability depends on our receiving regulatory approval of our product candidates and our ability to successfully manufacture and market approved drugs, either by ourselves or jointly with others. The extent of our future losses and the timing of our profitability are highly uncertain.

IF WE FAIL TO OBTAIN REGULATORY APPROVAL OF OUR PRODUCT CANDIDATES, OR IF REGULATORY APPROVAL IS DELAYED FOR ANY REASON, WE WILL BE UNABLE TO COMMERCIALIZE AND SELL OUR PRODUCTS AS WE EXPECT.

WE MUST OBTAIN REGULATORY APPROVAL TO MARKET OUR PRODUCTS IN THE U.S. AND FOREIGN JURISDICTIONS.

We must obtain regulatory approval before marketing or selling our products. In the United States, we must obtain approval from the U.S. Food and Drug Administration, or FDA, for each product that we intend to commercialize. The FDA approval process is typically lengthy and expensive, and approval is highly uncertain. Products distributed outside the United States are also subject to foreign government regulation. None of our product candidates has received regulatory approval to be commercially marketed and sold and we do not anticipate receiving approval of any of our product candidates for at least the next several years. If we fail to obtain regulatory approval we will be unable to market and sell our future products. Because of the risks and uncertainties in biopharmaceutical development, our product candidates could take a significantly longer time to gain regulatory approval than we expect or may never gain approval. If regulatory approval is delayed, the value of our company and our results of operations may be harmed.

The process of obtaining FDA and other required regulatory approvals, including foreign approvals, often takes many years and can vary substantially based upon the type, complexity and novelty of the products involved. Furthermore, this approval process is extremely expensive and uncertain. We cannot guarantee that any of our products under development will be approved for marketing by the FDA. Even if regulatory

approval of a product is granted, we cannot be certain that we will be able to obtain the labeling claims necessary or desirable for the promotion of that product.

WE MAY NEED TO CONDUCT ADDITIONAL PRECLINICAL STUDIES AND WILL NEED TO CONDUCT COSTLY AND LENGTHY CLINICAL TRIALS BEFORE ANY OF OUR PRODUCT CANDIDATES CAN BE COMMERCIALIZED; THE RESULTS OF THESE STUDIES AND TRIALS ARE HIGHLY UNCERTAIN.

Many of our product candidates are in an early stage of development. As part of the regulatory approval process, we may need to conduct preclinical studies on animals and will need to conduct clinical trials in humans with each product candidate and for each clinical indication. We may need to perform multiple preclinical studies using various doses and formulations both before and after we have commenced clinical trials, which could result in delays in our ability to market any of our product candidates. Furthermore, even if we obtain favorable results in preclinical studies on animals, the results in humans may be different.

After we have conducted preclinical studies in animals we must, among other requirements, demonstrate that our product candidates are safe and effective for use in humans suffering from targeted indications in order to receive regulatory approval for commercial sale. Currently, only two of our product candidates are being tested in clinical trials. Adverse or inconclusive preclinical or clinical results could cause us to abandon a product development program.

The completion of clinical trials of our potential products may be delayed or terminated by many other factors. One factor is the rate of enrollment of patients, which can vary greatly. Enrollment depends on many factors, including:

- patient receptivity to participate in experimental clinical trials;
- the size of the patient population and the number of clinical trial sites;
- the proximity of patients to clinical trial sites;
- the performance of the clinical trial sites;
- the eligibility criteria for the clinical trial;
- the existence of competing clinical trials;
- the emergence of newly improved competing products; and
- the performance and reliability of contract research organizations.

We cannot control the rate of patient enrollment. For example, we are conducting clinical trials in patients with acute cardiovascular conditions, the timing and frequency of which cannot be predicted. The rate of patient enrollment may not be sufficient to enable our clinical trials to be completed as expected, if at all. Further, we cannot be certain that clinical trial research results will be analyzed or produced in a timely manner, if at all.

Additional factors that can cause delay or termination of our clinical trials include:

- longer treatment time required to demonstrate efficacy;
- lack of sufficient supplies of the product candidate;
- adverse medical events or side effects in treated patients;
- lack of effectiveness of the product candidate being tested; and
- lack of sufficient funds.

Typically, if a drug product is intended to treat a chronic disease, safety and efficacy data must be gathered over an extended period of time. In addition, clinical trials on humans are typically conducted in three phases. In the final phase of clinical testing, the FDA generally requires two pivotal clinical trials that demonstrate substantial evidence of safety and efficacy and appropriate dosing in a broad patient population at multiple sites to support an application for regulatory approval.

Results from initial clinical trials may not reflect results that are obtained in later stage clinical trials. Further, clinical trials of our product candidates may demonstrate that our product candidates are not sufficiently safe or effective to obtain the requisite regulatory approvals. Ultimately, our product candidates may not result in marketable products.

WE WILL NOT BE ABLE TO SELL OUR PRODUCTS IF WE OR OUR THIRD-PARTY MANUFACTURERS FAIL TO COMPLY WITH MANUFACTURING REGULATIONS.

Before we can begin commercially manufacturing our products we must either secure manufacturing in an approved manufacturing facility or obtain regulatory approval of our own manufacturing facility and process. In addition, manufacture of our drug products must comply with the FDA's current Good Manufacturing Practices requirements, commonly known as cGMP. The cGMP requirements govern, among other things, quality control and documentation policies and procedures. Our manufacturing facilities are continuously subject to inspection by the FDA, before and after product approval. We cannot guarantee that we, or any third-party manufacturer of our drug products, will be able to comply with cGMP requirements. Material changes to the manufacturing processes of our drug products after approvals have been granted are also subject to review and approval by the FDA or other regulatory agencies.

IF WE FAIL TO OBTAIN THE CAPITAL NECESSARY TO FUND OUR OPERATIONS, WE WILL BE UNABLE TO COMPLETE OUR PRODUCT DEVELOPMENT PROGRAMS.

In the future, we will need to raise substantial additional capital to fund operations and complete our product development and commercial manufacturing programs. Funding, whether from a public or private offering of debt or equity, a bank loan or a collaborative agreement, may not be available when needed or on favorable terms. If we raise additional funds by selling stock, the percentage ownership of our then current stockholders will be reduced. If we cannot raise adequate funds to satisfy our capital requirements, we may have to limit, delay, scale-back or eliminate our research and development activities or future operations. We might be forced to license our technology or to commercialize our products with the help of others when it would be more profitable or strategically important for us to not take these actions. Any of these actions may harm our business.

We expect to continue to spend substantial amounts of capital for our operations for the foreseeable future, including funds for:

- research and development programs;
- preclinical studies and clinical trials;
- regulatory approval processes;
- production of product candidates for clinical trials;
- establishment of commercial scale manufacturing capabilities; and
- establishment of sales and marketing capabilities.

The amount of capital we may need depends on many factors, including:

- the progress, timing and scope of our research and development programs;
- the progress, timing and scope of our preclinical studies and clinical trials;
- the time and cost necessary to obtain regulatory approvals;
- the time and cost necessary to further develop manufacturing processes, arrange for contract manufacturing or build manufacturing facilities and obtain the necessary regulatory approvals for those facilities;
- the time and cost necessary to respond to technological and market developments;
- the time and cost necessary to develop sales, marketing and distribution capabilities;
- any changes made or new developments in our existing collaborative, licensing and other commercial relationships; and
- any new collaborative, licensing and other commercial relationships that we may establish.

IF OUR COLLABORATION WITH PROCTER & GAMBLE IS TERMINATED, WE MAY BE UNABLE TO COMMERCIALIZE 5G1.1-SC IN THE TIME EXPECTED, IF AT ALL.

We rely exclusively on Procter & Gamble to provide funding and additional resources for the development and commercialization of 5G1.1-SC. These include funds and resources for:

- clinical development and manufacturing;
- obtaining regulatory approvals; and
- sales, marketing and distribution efforts worldwide.

We cannot guarantee that Procter & Gamble will devote the resources necessary to successfully develop and commercialize 5G1.1-SC. Either party may terminate the agreement for specified reasons, including if the other party is in material breach of the agreement or has experienced a change of control. We have granted Procter & Gamble an exclusive worldwide license to our intellectual property related to 5G1.1-SC, with a right to sublicense. Pursuant to the collaboration agreement, Procter & Gamble has the right to develop 5G1.1-SC for any other indication, including those that we may be pursuing independently with other product candidates.

If our agreement with Procter & Gamble is terminated, we will need to fund the development and commercialization of 5G1.1-SC on our own or identify a new development partner, either of which would cause significant delays and result in additional development costs. A termination may also require us to repeat development stages already completed with Procter & Gamble, which could result in significant additional delay or costs.

IF WE ARE UNABLE TO ENGAGE AND RETAIN THIRD-PARTY COLLABORATORS, OUR RESEARCH AND DEVELOPMENT EFFORTS MAY BE DELAYED.

We depend upon third-party collaborators, including manufacturers, to assist us in the development of our product candidates. If any of our collaborators breaches or terminates its agreement with us or otherwise fails to conduct its collaborative activities in a timely manner, we may experience significant delays in the development or commercialization of the product candidate or the research program covered by the agreement.

In addition, we may be required to devote additional funds or other resources to these activities or to terminate them.

Our continued success will depend in large part upon the efforts of outside parties. For the research, development, manufacture and commercialization of our products, we will likely enter into various arrangements with other corporations, licensors, licensees, outside researchers, consultants and others. However, we cannot assure you that:

- we will be able to negotiate acceptable collaborative arrangements to develop or commercialize our products;

- any arrangements with third parties will be successful; or

- current or potential collaborators will not pursue treatments for other diseases or seek alternative means of developing treatments for the diseases targeted by our programs.

IF WE ARE UNABLE TO PROTECT OUR PROPRIETARY TECHNOLOGY, WE MAY BE UNABLE TO COMPETE EFFECTIVELY.

Our ability to secure patent protection and the extent of protection can be very limited. Patent protection currently only lasts approximately 17 to 20 years depending on the time of filing and, sometimes, the time required for FDA approval. However, it can take many more years than offered by patent protection to transform a drug discovery through testing and development into a commercially-viable product. Moreover, once a drug has hit the marketplace, it is often forced to compete not only with different drugs treating the same ailments, but also with "copy-cat" drug products or even generic versions of the same drug if the drug has lost its patent protection. Consequently, protection of our patents and trade secrets and those of our licensors, is very important to our ability to commercially succeed. Other pharmaceutical companies are similarly very focused on protecting their patents and technology, so it is also very important for us to avoid infringing the rights of others while developing our own drug discoveries.

Patent applications filed by us or on our behalf may not result in patents being issued to us. Even if a patent is issued, the patent may not afford protection against competitors with similar technology. Furthermore, others may independently develop similar technologies or duplicate any of our technology. It is possible that before any of our potential product candidates can be commercialized, their related patents may expire, or remain in existence for only a short period following commercialization, thus reducing any advantage of the patent. Moreover, composition of matter patent protection, which gives patent protection for a compound or a composition per se, may not be available for some of our product candidates.

Our processes and potential product candidates may conflict with patents that have been or may be granted to competitors, universities or others. As the biopharmaceutical industry expands, more patents are issued. Thus, the risk increases that our processes and potential product candidates may give rise to claims that they infringe the patents of others. These other patent holders could bring legal actions against us claiming damages and seeking to prevent clinical testing, manufacturing and marketing of the affected product or process. If any of these actions are successful, in addition to any potential liability for damages, we could be required to obtain a license in order to continue to conduct clinical tests, manufacture or market the affected product or use the affected process. Required licenses may not be available on acceptable terms, if at all. Moreover, if we become involved in litigation or legal disputes, it could consume a substantial portion of our financial resources and the efforts of our personnel for uncertain results. In addition, we may have to expend resources to protect our interests from possible infringement by others.

We are aware of broad patents owned by third parties relating to the manufacture, use and sale of recombinant humanized antibodies, recombinant humanized single chain antibodies and genetically engineered animals.

We have received notice from certain of these parties regarding the existence of certain of these patents which the owners claim may be relevant to the development and commercialization of certain of our proposed product candidates. We have acquired licenses with respect to certain of these patents, which we believe are relevant for the timely development and commercialization of certain of our product candidates. With regard to certain other patents, we have either determined in our judgment that:

- our products do not infringe the patents;
- we do not believe the patents are valid; and/or
- we have identified and are testing various modifications which we believe should not infringe the patents and which should permit commercialization of our product candidates.

However, owners of these patents might still seek to enforce their patents against our so-modified commercial products or against the development activities related to the non-modified products. If we are unable to obtain necessary licenses on commercially reasonable terms, we could encounter delays in product market introductions while we attempt to design around such patent or could find that the development, manufacture or sale of products requiring such a license could be nearly impossible. Further, owners of patents that we do not believe are relevant to our product development and commercialization might seek to enforce their patents against us. Such action could result in litigation which would be costly and time consuming.

In addition, our business requires using sensitive technology, techniques, proprietary compounds, as well as cultivating relationships with outside parties, including suppliers, outside scientists and potential customers and sources of funding. Moreover, since we are a small pharmaceutical company with no commercial products and limited resources, we rely heavily on collaboration with other companies and other scientists in our research and development efforts and expect to continue to do so since collaboration is important for scientific research. Unfortunately, such arrangements and relationships carry with them a strong risk of exposing our trade secrets often to the scrutiny of others. As a result, we are susceptible to the loss of our trade secrets.

We cannot assure you that:

- others will not independently develop substantially equivalent proprietary information and techniques;
- others will not gain access to our trade secrets;
- our trade secrets will not be disclosed; or
- we can effectively protect our rights to unpatented trade secrets.

IF THE TESTING OR USE OF OUR PRODUCTS HARMS PEOPLE, WE MAY BE SUBJECT TO COSTLY AND DAMAGING PRODUCT LIABILITY CLAIMS.

Our business exposes us to product liability risks that are inherent in the testing, manufacturing, marketing and sale of drugs for use in humans, including but not limited to, unacceptable side effects. Such side effects and other risks could give rise to product liability claims against us or force us to recall our products, if any, from the marketplace. Some of these risks are unknown at this time. For example, little is known about the potential long-term health risks of transplanting non-human tissue into humans, a goal of our UniGraft program.

In addition to product liability risks associated with sales of products, we may be liable to the claims of individuals who participate in clinical trials of our products. A number of patients who participate in such trials are already critically ill when they enter a study. We cannot assure you that any waivers we may obtain will protect us from liability or the costs of product liability litigation. Our product liability insurance may not

provide adequate protection against potential liabilities. Moreover, we may not be able to maintain our insurance on acceptable terms. As a result of these factors, a product liability claim, even if successfully defended, could have a material adverse effect on our business, financial condition and results of operations.

IF WE ARE UNABLE TO MANUFACTURE OUR DRUG PRODUCTS IN SUFFICIENT QUANTITIES AND AT ACCEPTABLE COST, WE MAY BE UNABLE TO MEET DEMAND FOR OUR PRODUCTS WHICH WOULD RESULT IN A LOSS OF POTENTIAL REVENUES.

We have no experience manufacturing drug products in volumes that will be necessary to support commercial sales. Our unproven manufacturing process may not meet initial expectations as to schedule, reproducibility, yields, purity, costs, quality, and other measurements of performance. Improvements in manufacturing processes typically are very difficult to achieve and are often very expensive. We cannot know with any certainty how long it might take to make improvements if it became necessary to do so. If we contract for manufacturing services with an unproven process, our, contractor is subject to the same uncertainties, high standards and regulatory controls. If we are unable to establish and maintain commercial scale manufacturing within our planned time and cost parameters, sales of our products and our financial performance will be adversely affected.

We may encounter problems with any of the following if we attempt to increase the scale, process or size of manufacturing:

- design, construction and qualification of manufacturing facilities that meet regulatory requirements;

- production yields from the manufacturing process;

- purity of our drug products;

- quality control and assurance;

- shortages of qualified personnel; and

- compliance with FDA regulations.

IF WE ARE UNABLE TO ESTABLISH SALES, MARKETING AND DISTRIBUTION CAPABILITIES OR TO ENTER INTO AGREEMENTS WITH THIRD PARTIES TO DO SO, WE MAY BE UNABLE TO SUCCESSFULLY MARKET AND SELL ANY FUTURE DRUG PRODUCTS.

We currently have no sales, marketing or distribution capabilities. If we are unable to establish sales, marketing or distribution capabilities either by developing our own sales, marketing and distribution organization or by entering into agreements with others, we may be unable to successfully sell our products. If we are unable to effectively sell our drug products, our ability to generate revenues will be harmed. We cannot guarantee that we will be able to hire in a timely manner, the qualified sales and marketing personnel we need, if at all. In addition, we cannot guarantee that we will be able to enter into any marketing or distribution agreements on acceptable terms, if at all. If we cannot establish sales, marketing and distribution capabilities as we intend, either by developing our own capabilities or entering into agreements with third parties, sales of our future drug products may be harmed.

We have entered into a collaboration with Procter & Gamble relating to 5G1.1-SC. Under the agreement, Procter & Gamble will be responsible for selling, marketing and distributing 5G1.1-SC. We cannot guarantee Procter & Gamble or any future collaborators will successfully sell any of our future drug products.

EVEN IF OUR PRODUCT CANDIDATES RECEIVE REGULATORY APPROVAL, WE MAY STILL FACE DEVELOPMENT AND REGULATORY DIFFICULTIES RELATING TO THE DRUG PRODUCTS IN THE FUTURE.

If we receive regulatory approval of any of our product candidates, the FDA or a comparable foreign regulatory agency may, nevertheless, limit the indicated uses of the product candidate. In addition, a marketed product, its manufacturer and the manufacturer's facilities are subject to continual review and periodic inspections by regulatory agencies. The discovery of previously unknown problems with a product, manufacturer or facility may result in restrictions on the product or manufacturer, including withdrawal of the product from the market. The failure to comply with applicable regulatory requirements can, among other things, result in:

- warning letters;
- fines and other civil penalties;
- suspended regulatory approvals;
- refusal to approve pending applications or supplements to approved applications;
- refusal to permit exports from the United States;
- product recalls;
- seizure of products;
- injunctions;
- operating restrictions;
- total or partial suspension of production; and/or
- criminal prosecutions.

Even if we obtain regulatory approval, we may be required to undertake post-marketing trials. In addition, identification of side effects after a drug is on the market or the occurrence of manufacturing problems could result in withdrawal of approval, or require reformulation of the drug, additional preclinical testing or clinical trials, changes in labeling of the product, and/or additional marketing applications.

If we receive regulatory approval, we will also be subject to ongoing FDA obligations and continued regulatory review. In particular, we or our third-party manufacturers will be required to adhere to requirements pertaining to cGMP. Under cGMP, we are required to manufacture our products and maintain our records in a prescribed manner with respect to manufacturing, testing and quality control activities. Furthermore, we or our third-party manufacturers must pass a preapproval inspection of manufacturing facilities by the FDA before the product can obtain marketing approval. We will also be subject to ongoing FDA requirements for submission of safety and other post-market information.

We have not made significant investments in the development of commercial manufacturing, marketing, distribution or sales capabilities. Moreover, we have insufficient capacity to manufacture more than one product candidate at a time or to manufacture our product candidates for later stage clinical development or commercialization. If we are unable to find an acceptable outside manufacturer on reasonable terms, we will have to divert resources. As a result, our ability to conduct human clinical testing would be materially adversely affected, resulting in delays in the submission of products for regulatory approval and in the initiation of new development programs. Our competitive position and our prospects for achieving profitability could be materially and adversely affected.

In addition, as our product development efforts progress, we may need to hire additional personnel skilled in, or enter into collaborations with corporate partners for, clinical testing, regulatory compliance and, if we develop products with commercial potential, manufacturing, marketing and sales. We cannot assure you that we will be able to acquire, or establish third-party relationships to provide, any or all of these resources on a timely or economically feasible basis, if at all.

IF WE ARE UNABLE TO OBTAIN ADEQUATE REIMBURSEMENT FROM GOVERNMENT HEALTH ADMINISTRATION AUTHORITIES, PRIVATE HEALTH INSURERS AND OTHER ORGANIZATIONS, OUR FUTURE BUSINESS, RESULTS OF OPERATIONS AND FINANCIAL CONDITION COULD BE HARMED.

Our ability to commercialize our products successfully may depend in part on the extent to which reimbursement for the cost of such products and related treatments will be available from government authorities, private health insurers and other organizations. Third-party payors are attempting to control costs by limiting coverage of products and treatments and the level of reimbursement for medical products and services. Significant uncertainty exists as to the reimbursement status of newly approved healthcare products. If we succeed in bringing any products to market, these products may not be considered cost-effective and reimbursement may not be available. If reimbursement becomes available, the payor's reimbursement policies may affect the market for our product, thus materially adversely affecting the profitability of our products.

XENOTRANSPLANTATION IS AN UNPROVEN TECHNOLOGY AND MAY ACHIEVE LIMITED MARKET ACCEPTANCE DUE TO ETHICAL OR MEDICAL CONCERNS.

Our UniGraft Program may never result in the development of any therapeutic products. Xenotransplantation technology is subject to extensive clinical testing. We are not aware of any xenotransplantation technology that has been approved for sale by the FDA or comparable foreign regulatory authorities. In addition, there is currently very little regulatory guidance for how to conduct research or use products developed in this area since the FDA has only issued interim guidelines.

Xenotransplantation also poses a risk that viruses, prions or other animal pathogens may be unintentionally transmitted not only to a human patient recipient, but other human beings. While these viruses have not been shown to cause any disease in pigs or humans, it is not known what effect, if any, such viruses might have on humans. Recent scientific publications by others demonstrate, under laboratory conditions, that porcine retroviruses have the potential to infect human cells. The introduction of previously non-transmittable viruses to the human species poses ethical concerns. Further detection of infection of porcine virus in our preclinical and clinical testing or the testing by our competitors in this field could adversely affect the commercial acceptability of this research and our future ability to secure research funding.

Consequently, even if we succeed in developing xenotransplantation products, our products may not be widely accepted by the medical community or third-party payors until more facts are established and ethical consensus is reached. In addition, such concerns may also create additional regulatory hurdles for FDA approval or for consideration in use of our products by hospital ethics committees. If accepted, the degree of acceptance may limit the size of the market for our products. Moreover, due to the controversial nature of xenotransplantation, market prices for our securities may be subject to increased volatility.

IF WE FAIL TO COMPETE SUCCESSFULLY WITH OUR COMPETITORS, OUR REVENUES AND OPERATING RESULTS WILL BE HARMED.

Our competitors may develop, manufacture and market products that are more effective or less expensive than ours, or simply market their products more successfully to patients or doctors. They may also obtain regulatory approvals faster than we can obtain them or commercialize products before we do. These companies also compete with us to attract qualified personnel and parties for acquisitions, joint ventures or other

collaborations. They also compete with us to attract academic research institutions as partners, including for licensing these institutions' proprietary technology. If our competitors successfully enter into such arrangements with academic institutions, we will then be precluded from pursuing those specific unique opportunities and may not be able to find equivalent opportunities elsewhere. In addition, products or treatments developed in the future by third parties may adversely affect the marketability of our products by rendering them less competitive or obsolete. For example, the recent development of tumor necrosis factor inhibitors for rheumatoid arthritis may render obsolete a number of current drugs used for treating such ailment from the marketplace.

IF WE FAIL TO RECRUIT AND RETAIN PERSONNEL, OUR RESEARCH AND PRODUCT DEVELOPMENT PROGRAMS MAY BE DELAYED.

We are highly dependent upon the efforts of our senior management and scientific personnel. There is intense competition for qualified scientific and technical personnel. Since our business is very science-oriented and specialized, we need to continue to attract and retain such people. We may not be able to continue to attract and retain the qualified personnel necessary for developing our business. If we lose the services of, or fail to recruit, key scientific and technical personnel, our research and product development programs would be significantly and detrimentally affected.

In particular, we highly value the services of Dr. Leonard Bell, our President and Chief Executive Officer. The loss of his services could materially and adversely affect our ability to achieve our development objectives.

FUTURE ACQUISITIONS OF OUR COMPANY MAY BE DISCOURAGED DUE TO ANTI-TAKEOVER MEASURES ADOPTED BY OUR BOARD OF DIRECTORS, PROVISIONS OF DELAWARE LAW AND FUTURE ISSUANCES OF PREFERRED STOCK.

Anyone seeking to acquire control of our company may encounter difficulties as a result of our anti-takeover measures. Our board of directors has adopted a shareholder rights plan, or "poison pill," which enables our board of directors to issue preferred stock purchase rights triggered by an acquisition of 20% or more of the outstanding shares of our common stock. In addition, our board of directors is authorized to issue one or more series of preferred stock with those preferences and rights that it may designate. These provisions and specific provisions of Delaware Law relating to business combinations with interested stockholders are intended to encourage any person interested in acquiring us to negotiate with and obtain the approval of our board of directors in connection with an acquisition or merger. However, these provisions could have an opposite effect of delaying, deterring or preventing a merger or change in control. Some of these provisions may discourage a future acquisition of our company even if stockholders would receive an attractive value for their shares or if a significant number of our stockholders believed that such a proposed transaction to be in their best interest. As a result, stockholders who desire to participate in such a transaction may not have the opportunity to do so.

UNFORESEEN YEAR 2000 PROBLEMS MAY HAVE ADVERSE EFFECTS ON OUR BUSINESS AND RESULTS OF OPERATIONS.

While we have not experienced any Year 2000 problems as of the date of this prospectus, such problems could arise in the future. In that event, our operations could be affected in several adverse ways. Failure of a scientific instrument or laboratory facility or by any of our suppliers could result, among other things, in the loss of experiments that would take weeks to set up and repeat. Such delays in the progress of research could have an adverse impact on our stock price and on our ability to raise capital, and the cost of repeating lost experiments cannot reasonably be estimated at this time. In addition, research delays could occur due to the impact of Year 2000 problems at major vendors, government research funding agencies, or development partners.

RISKS RELATED TO THE NOTES

TO SERVICE OUR DEBT, WE WILL REQUIRE A SIGNIFICANT AMOUNT OF CASH, WHICH DEPENDS ON MANY FACTORS BEYOND OUR CONTROL.

Our ability to make payments on and to refinance our debt, including the notes, will depend on our ability to generate cash. We currently have no products that are available for commercial sale. Our sole sources of revenue, today and for the foreseeable future, consist of research and development support payments, license fees and milestone payments under collaborations with third parties and awards under various government grants. For more detailed information, see footnote 4 to our unaudited financial statements included in our Quarterly Report on From 10-Q for the fiscal quarter ended January 31, 2000 and footnote 8 to our audited financial statements included in our Annual Report on Form 10-K for the year ended July 31, 1999. Our ability to continue to generate these revenues will depend on the results of our research and development efforts and other factors, including general economic, financial, competitive, legislative and regulatory conditions, some of which are beyond our control. In addition, the indenture does not limit our ability to incur additional indebtedness in the future. If new indebtedness is incurred, the related risks that we now face could intensify. Our ability to make required payments on the notes and to satisfy any other debt obligations will depend upon our future operating performance and our ability to obtain additional debt or equity financing.

THE NOTES ARE SUBORDINATED AND UNSECURED.

The notes are unsecured and subordinated in right of payment in full to all of our existing and future senior indebtedness. As a result, in the event of our bankruptcy, liquidation or reorganization or upon acceleration of the notes due to an event of default under the indenture and in certain other events, our assets will be available to pay obligations on the notes only after all senior indebtedness has been paid in full. After retiring our senior indebtedness, we may not have sufficient assets remaining to pay amounts due on any or all of the notes then outstanding. In addition, in the event of any acceleration of the notes because of an event of default, holders of any senior indebtedness would be entitled to payment in full in cash or other payment satisfactory to holders of all senior indebtedness before the holders of the notes are entitled to receive any payment or distribution.

THE NOTES ARE NOT PROTECTED BY RESTRICTIVE COVENANTS.

The indenture governing the notes does not contain any financial or operating covenants or restrictions on the payments of dividends, the incurrence of indebtedness or the issuance or repurchase of securities by us or any of our subsidiaries. The indenture contains no covenants or other provisions to afford protection to holders of the notes in the event of a fundamental change involving Alexion Pharmaceuticals, Inc. except to the extent described under "Description of Notes---Redemption at Option of the Holder."

WE MAY BE REQUIRED TO REPURCHASE THE NOTES UPON A REPURCHASE EVENT.

You may require us to repurchase all or any portion of your notes upon a repurchase event. We may not have sufficient cash funds to repurchase the notes upon a repurchase event. We may elect, subject to certain conditions, to pay the repurchase price in common stock. Although there are currently no restrictions on our ability to pay the repurchase price, future debt agreements may prohibit us from repaying the repurchase price in either cash or common stock. If we are prohibited from repurchasing the notes, we could seek consent from our lenders to repurchase the notes. If we are unable to obtain their consent, we could attempt to refinance the notes. If we were unable to obtain a consent or refinance, we would be prohibited from repurchasing the notes. If we were unable to repurchase the notes upon a repurchase event, it would result in an event of default under the indenture. An event of default under the indenture could result in a further event of default under our other then-existing debt. In addition, the occurrence of the repurchase event may be an event of default under our

other debt. As a result, we would be prohibited from paying amounts due on the notes under the subordination provisions of the indenture.

THE TRADING PRICE OF OUR SECURITIES COULD BE SUBJECT TO SIGNIFICANT FLUCTUATIONS.

The trading price of our common stock has been volatile, and the trading price for the notes and the common stock may be volatile in the future. Factors such as announcements of fluctuations in our or our competitors' operating results, changes in our prospects and market conditions for biotechnology stocks in general could have a significant impact on the future trading prices of our common stock and the notes. In particular, the trading price of the common stock of many biotechnology companies, including us, has experienced extreme price and volume fluctuations, which have at times been unrelated to the operating performance of such companies whose stocks were affected. In particular, since August 1, 1999, the intraday sales price of our common stock has ranged from a low of $10.00 per share to a high of $119.88 per share.

Some of the factors that may cause volatility in the price of our securities include:

- quarterly variations in results;
- business and product market cycles;
- fluctuations in customer requirements;
- the availability and utilization of manufacturing capacity;
- the timing of new product introductions; and
- the ability to develop and implement new technologies.

The price of our securities may also be affected by the estimates and projections of the investment community, general economic and market conditions, and the cost of operations in our product markets. While we cannot predict the individual effect that these factors may have on the price or our securities, these factors, either individually or in the aggregate, could result in significant variations in price during any given period of time. There can be no assurance that these factors will not have an adverse effect on the trading prices of our common stock and the notes.

THE NOTES AND THE SHARES OF COMMON STOCK ISSUABLE UPON CONVERSION OF THE NOTES WILL NOT BE FREELY TRADABLE ON THE OPEN MARKET.

The notes and the shares of common stock issuable upon conversion of the notes have not been registered under the Securities Act of 1933 or under any state securities laws. Unless the notes and the shares of common stock issuable upon conversion of the notes are registered, you cannot offer or sell them, except in a transaction that is exempt from, or not subject to, the registration requirements of the Securities Act of 1993 and applicable state securities laws. See "Notice to Investors."

WE CANNOT ASSURE YOU THAT AN ACTIVE TRADING MARKET WILL DEVELOP FOR THE NOTES.

The notes constitute a new issue of securities for which there is no established trading market. We have been informed by the selling securityholders that they intend to make a market in the notes after the offering is completed. Any initial purchaser may cease its market-making at any time without notice. Although the notes are eligible for trading in The Portal Market, we do not expect the notes to remain eligible for trading on that

market. We do not intend to list the notes for trading on any national securities exchange or the Nasdaq National Market. We cannot assure you that an active trading market for the notes will develop or, if such market develops, how liquid it will be. If a trading market does not develop or is not maintained, holders of the notes may experience difficulty in reselling, or an inability to sell, the notes and the trading price of the notes may decline.

THE MARKET PRICE OF OUR COMMON STOCK COULD BE AFFECTED BY THE SUBSTANTIAL NUMBER OF SHARES THAT ARE ELIGIBLE FOR FUTURE SALE.

As of April 30, 2000, we had 15,075,110 shares of common stock outstanding, excluding 39,759 shares issuable upon the exercise of warrants and 2,160,128 shares issuable upon the exercise of options granted under our existing stock option plans. We cannot predict the effect, if any, that future sales of the notes or shares of common stock, including common stock issuable upon conversion of the notes, or the availability of the notes or shares of common stock for future sale, will have on the market price of common stock prevailing from time to time.

We have agreed not to, and our executive officers and directors will agree that they will not, offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, or file a registration statement under the Securities Act relating to, any shares of common stock or securities convertible or exchangeable or exercisable for any shares of our common stock for a period of 90 days after March 3, 2000, subject to limited exceptions as described under "Plan of Distribution," without the prior written consent of J.P. Morgan Securities Inc.

USE OF PROCEEDS

We will not receive any cash proceeds from the sale of the notes or underlying common stock by the selling securityholders. See "Selling Securityholders" for a list of those persons and entities receiving the proceeds from the sales of the notes or the underlying common stock.

We are using the proceeds of approximately $116.1 million from the sale of the notes to fund research and clinical development activities, manufacturing development, manufacturing and commercialization of our product candidates; drug discovery; as well as for working capital and general corporate purposes, including for potential acquisitions of additional technologies and compounds. Our management retained broad discretion in the allocation of the net proceeds of the offering. Pending such uses, we invested the net proceeds in short-term, investment grade, interest-bearing securities.

SELLING SECURITYHOLDERS

We originally sold the notes to the initial purchasers on March 3, 2000. The initial purchasers have advised us that they resold the notes in transactions exempt from the registration requirements of the Securities Act of 1933 to "qualified institutional buyers" (as defined in Rule 144A of the Securities Act). These subsequent purchasers, or their transferees, pledgees, donees or successors, may from time to time offer and sell any of the notes and/or shares of our common stock issuable upon conversion of the notes pursuant to this prospectus.

We are registering these notes and shares of common stock pursuant to a registration rights agreement, dated March 3, 2000, between us and the initial purchasers. Under the agreement, we must file a registration statement with regard to the notes and the shares of common stock within 90 days of March 8, 2000. This prospectus is part of that registration statement. We must also keep the registration statement effective until March 8, 2002 or the earlier of (a) the sale pursuant to the registration statement of all the securities registered thereunder, (b) the date on which all the securities (x) held by the persons who are not our affiliates may sell such securities under Rule 144(k) or (y) cease to be outstanding or (c) a subsequent shelf registration statement covering all of these securities has been declared effective under the Securities Act.

As of the date of this prospectus, the aggregate principal amount of notes outstanding is $120,000,000. Prior to any use of this prospectus in connection with an offering of the notes and/or shares of common stock, this prospectus will be supplemented to set forth the name and number of shares beneficially owned by the selling securityholder intending to sell these notes and/or shares of common stock and the number of these securities to be offered. The prospectus supplement will also disclose whether any selling securityholder selling in connection with the prospectus supplement has held any position or office with, been employed by or otherwise has had a material relationship with us or any of our affiliates during the three years prior to the prospectus supplement.

Because the selling securityholders may offer all or some of the notes and shares of common stock issued upon conversion thereof pursuant to the offering contemplated by this prospectus, and because there are currently no agreements, arrangements or understandings with respect to the sale of any of the notes or shares of common stock that will be held by the selling securityholders after completion of this offering, no estimate can be given as to the principal amount of notes or shares of common stock that will be held by the selling securityholders after completion of this offering. See "Plan of Distribution."

DESCRIPTION OF NOTES

We issued the notes under an indenture, dated as of March 8, 2000, between Alexion Pharmaceuticals, Inc. and The Chase Manhattan Bank, as trustee. The following summarizes some, but not all, of the provisions of the notes and the indenture. As used in this section, the words "we," "us," "our" or "Alexion" refer to Alexion Pharmaceuticals, Inc. and its successors under the indenture and do not include any current or future subsidiary of Alexion Pharmaceuticals, Inc.

GENERAL

The notes are unsecured general obligations of Alexion and will be subordinate in right of payment as described under "---Subordination of the Notes." The notes are convertible into common stock of Alexion as described under "---Conversion of the Notes." The notes will be limited to $120,000,000 aggregate principal amount. The notes will be issued only in denominations of $1,000 or in multiples of $1,000.

The notes bear interest at 5-3/4% per annum from March 8, 2000, or from the most recent payment date to which interest has been paid or duly provided for. Interest will be payable semi-annually in arrears on March 15 and September 15, commencing on September 15, 2000, to holders of record at the close of business on the preceding March 1 and September 1, respectively, except:

- that the interest payable upon redemption or repurchase, unless the date of redemption or repurchase is an interest payment date, will be payable to the person to whom principal is payable; and

- as set forth in the next succeeding paragraph.

In the case of any note, or portion of any note, that is converted into common stock of Alexion during the period from, but excluding, a record date for any interest payment date to, but excluding, that interest payment date, either:

- if the note, or portion of the note, has been called for redemption on a redemption date that occurs during that period, or is to be repurchased on a repurchase date, as defined below, that occurs during that period, Alexion will not be required to pay interest on that interest payment date in respect of any note, or portion of any note, that is so redeemed or repurchased; or

- if otherwise, any note or portion of any note that is not called for redemption is submitted for conversion during that period must be accompanied by funds equal to the interest payable on that interest payment date on the principal amount so converted.

See "---Conversion of the Notes."

Interest will be paid, at Alexion's option, either:

- by check mailed to the address of the person entitled to the interest as it appears in the note register, provided that a holder of notes with an aggregate principal amount in excess of $10 million will, at the written election of the holder, filed on or before the relevant record date with the trustee, be paid by wire transfer in immediately available funds; or

- by transfer to an account maintained by that person located in the United States.

Payments to The Depository Trust Company, New York, New York, or DTC, will be made by wire transfer of immediately available funds to the account of DTC or its nominee. Interest will be computed on the basis of a 360-day year composed of twelve 30-day months.

The notes will mature on March 15, 2007 unless earlier converted, redeemed or repurchased as described below. The indenture does not contain any financial covenants or restrictions on the payment of dividends, the incurrence of indebtedness, or the issuance or repurchase of securities by Alexion or any of its subsidiaries. The indenture contains no covenants or other provisions to protect holders of the notes in the event of a highly leveraged transaction or a change in control of Alexion except to the extent described below under "---Repurchase at Option of Holders."

CONVERSION OF THE NOTES

Any registered holder of notes may, at any time prior to close of business on the business day prior to the date of repurchase, redemption or final maturity of the notes, as appropriate, convert the principal amount of any notes or portions thereof, in denominations of $1,000 or integral multiples of $1,000, into common stock of Alexion, at $106.425 per share, subject to adjustment as described below. Except as described below, no payment or other adjustment will be made on conversion of any notes for interest accrued thereon or for dividends on any common stock issued upon conversion. If any notes not called for redemption are converted between a record date and the next interest payment date, those notes must be accompanied by funds equal to the interest payable on the next interest payment date on the principal amount so converted. Alexion is not required to issue fractional shares of common stock upon conversion of the notes and, instead, will pay a cash adjustment based upon the market price of common stock on the last trading day prior to the date of conversion. In the case of notes called for redemption or tendered for repurchase, conversion rights will expire at the close of business on the business day preceding the day fixed for redemption or repurchase unless Alexion defaults in the payment of the redemption or repurchase price. A note which the holder has elected to be repurchased may be converted only if the holder withdraws its election to have its notes repurchased in accordance with the terms of the indenture before the close of business on the business day prior to the repurchase date.

The initial conversion price is subject to adjustment upon specified events, including:

(1) the issuance of common stock of Alexion as a dividend or distribution on the common stock;

(2) the issuance to all holders of common stock of rights or warrants to purchase common stock;

(3) specified subdivisions and combinations of the common stock;

(4) the distribution to all holders of common stock of capital stock, other than common stock, or evidences of indebtedness of Alexion or of assets, including securities, but excluding those rights, warrants, dividends and distributions referred to above or paid in cash;

(5) a dividend or distribution consisting exclusively of cash to all holders of common stock if the aggregate amount of these distributions combined together with (A) all other all-cash distributions made within the preceding 12 months in respect of which no adjustment has been made plus (B) any cash and the fair market value of other consideration payable in any tender offers by Alexion or any of its subsidiaries for common stock concluded within the preceding 12 months in respect for which no adjustment has been made, exceeds 10% of Alexion's market capitalization, being the product of the then current market price of the common stock multiplied by the number of shares of common stock then outstanding;

(6) the purchase of common stock pursuant to a tender offer made by Alexion or any of its subsidiaries involves an aggregate consideration that, together with (A) any cash and the fair market value of any other consideration payable in any other tender offer by Alexion or any of its subsidiaries for common stock expiring within the 12 months preceding such tender offer plus (B) the aggregate amount of any such all-cash distributions referred to in (5) above to all holders of common stock within the 12 months preceding the expiration of the tender offer for which no adjustment has been made, exceeds 10% of Alexion's market capitalization on the expiration of such tender offer, or

(7) payment on tender offers or exchange offers by a third party other than Alexion or any of its subsidiaries if, as of the closing date of the offer, Alexion's board of directors does not recommend rejection of the offer. This adjustment will be made if a tender offer increases the person's ownership to more than 25% of Alexion's outstanding common stock and the payment per share is greater than the current market price of the common stock. This adjustment will not be made if the tender offer is a merger or transaction described below under "-Consolidation, Merger and Sale of Assets."

In the case of:

- any reclassification or change of the outstanding shares of the common stock, or

- a consolidation, merger or combination involving Alexion or a sale or conveyance to another person of the property and assets of Alexion as an entirety or substantially as an entirety, in each case as a result of which holders of common stock will be entitled to receive stock, other securities, other property or assets, including cash, with respect to or in exchange for all shares of common stock,

then the holders of the notes then outstanding will generally be entitled thereafter to convert the notes into the kind and amount of shares of stock and other securities or other property or assets, including cash, which they would have owned or been entitled to receive upon such reclassification, change, consolidation, merger, combination, sale or conveyance had the notes been converted into common stock immediately prior to that reclassification, change, consolidation, merger, combination, sale or conveyance assuming that a holder of notes would not have exercised any rights of election as to the stock, other securities or other property or assets, including cash, receivable in connection with that transaction.

If Alexion makes a taxable distribution to holders of common stock or in specified other circumstances requiring an adjustment to the conversion price, the holders of notes may, in some circumstances, be deemed to have received a distribution subject to U.S. income tax as a dividend. In some other circumstances, the absence of an adjustment to the conversion price may result in a taxable dividend to the holders of common stock. See "---United States Federal Income Tax Consequences."

Alexion may from time to time, to the extent permitted by law, reduce the conversion price by any amount for any period of at least 20 days, in which case Alexion will give at least 15 days' notice of the reduction. Alexion may, at its option, make reductions in the conversion price, in addition to those described above, as Alexion's board of directors deems advisable to avoid or diminish any income tax to holders of common stock resulting from any dividend or distribution of stock, or rights to acquire stock, or from any event treated as dividends or distributions of, or rights to acquire, stock for income tax purposes. See "---United States Federal Income Tax Consequences."

No adjustment in the conversion price will be required unless that adjustment would require an increase or decrease of at least 1% in the conversion price then in effect; however, any adjustment that would otherwise be

required to be made will be carried forward and taken into account in any subsequent adjustment. Except as stated above, the conversion price will not be adjusted for the issuance of common stock or any securities convertible into or exchangeable for common stock or carrying the right to purchase any of the foregoing.

OPTIONAL REDEMPTION BY ALEXION

The notes are not entitled to any sinking fund. At any time on or after March 20, 2003, Alexion may redeem the notes on at least 30 days' notice as a whole or, from time to time, in part at the following prices, expressed as a percentage of the principal amount, together with accrued interest to, but excluding, the date fixed for redemption:

PERIOD	REDEMPTION PRICE
Beginning March 20, 2003 and ending on March 14, 2004.....	103.286%
Beginning March 15, 2004 and ending on March 14, 2005.....	102.464%
Beginning March 15, 2005 and ending on March 14, 2006.....	101.643%
Beginning March 15, 2006 and ending on March 14, 2007.....	100.822%

and 100% on March 15, 2007. Any accrued interest becoming due on the date fixed for redemption will be payable to the holders of record on the relevant record date of the notes being redeemed.

If less than all of the outstanding notes are to be redeemed, the trustee will select the notes to be redeemed in principal amounts of $1,000 or integral multiples of $1,000 by lot, pro rata or by another method the trustee considers fair and appropriate. If a portion of a holder's notes is selected for partial redemption and that holder converts a portion of that holder's notes, the converted portion will be deemed to be of the portion selected for redemption.

REPURCHASE AT OPTION OF HOLDERS

Within 15 days after a repurchase event occurs, we are required to give notice of the repurchase event to the holders of notes. You will have the right, at your option, to require us to repurchase all or any portion of your notes 40 days after the notice of repurchase event is mailed.

The repurchase price will be 105% of the principal amount of the notes submitted for repurchase, plus accrued and unpaid interest to, but excluding, the repurchase date. If a repurchase date is an interest payment date, then the interest payable on that date will be paid to the holder of record on the preceding record date.

At our option, instead of paying the repurchase price in cash, we may pay the repurchase price in common stock, valued at 95% of the average of the closing prices for the five trading days immediately before and including the third trading day preceding the repurchase date. The repurchase price may be paid in shares of common stock only if the following conditions are satisfied:

- such shares have been registered under the Securities Act or are freely transferable without such registration;

- the issuance of such common stock does not require registration with or approval of any governmental authority under any state law or any other federal law, which registration or approval has not been made or obtained;

- such shares have been approved for quotation on the Nasdaq National Market or listing on a national securities exchange; and

- such shares will be issued out of our authorized but unissued common stock and, upon issuance, will be duly and validly issued and fully paid and non-assessable and free of any preemptive rights.

A repurchase event will be considered to have occurred if:

(1) our common stock or other common stock into which the notes are convertible is neither listed for trading on a United States national securities exchange nor approved for trading on an established automated over-the-counter trading market in the United States, or

(2) one of the following "change in control" events occurs:

  - any person or group is or becomes the beneficial owner of more than 50% of the voting power of our outstanding securities entitled to generally vote for directors;

  - our stockholders approve any plan or proposal for our liquidation, dissolution or winding up;

  - we consolidate with or merge into any other person or any other person merges into Alexion and, as a result, our outstanding common stock is changed or exchanged for other assets or securities unless our stockholders immediately before the transaction own, directly or indirectly, immediately following the transaction more than 50% of the combined voting power of the person resulting from the transaction in substantially the same proportion as their ownership of our voting stock immediately before the transaction;

  - we convey, transfer or lease all or substantially all of our assets to any person other than our subsidiaries; or

  - the continuing directors do not constitute a majority of our board of directors at any time.

However, a change in control will not be deemed to have occurred if:

- the last sale price of our common stock for any five trading days during the 10 trading days immediately before the change in control is equal to at least 105% of the conversion price, or

- all of the consideration, excluding cash payments for fractional shares in the transaction constituting the change in control, consists of common stock traded on a United States national securities exchange or quoted on the Nasdaq National Market, and as a result of the transaction the notes become convertible solely into that common stock.

The term "continuing director" means at any date a member of our board of directors:

- who is a member of our board of directors on the date hereof; or

- who was nominated or elected by at least a majority of the directors who were continuing directors at the time of the nomination or election or whose election to our board of directors was

recommended by at least a majority of the directors who were continuing directors at the time of the nomination or election or by a nominating committee approved by our continuing directors.

Under the above definition of continuing director, if the current board of directors approved a new director or directors and then resigned, no change in control would occur.

We will be required to mail you a notice within 15 days after the occurrence of a repurchase event. The notice must describe, among other things, the repurchase event, your right to elect repurchase of the notes and the repurchase date. We must deliver a copy of the notice to the trustee and cause a copy, or a summary of the notice, to be published in a newspaper of general circulation in New York, New York. You may exercise your repurchase rights by delivering written notice to us and the trustee. The notice must be accompanied by the notes duly endorsed for transfer to Alexion. You must deliver the exercise notice on or before the close of business on the thirty-fifth calendar day after the repurchase notice is delivered.

The interpretation of the phrase "all or substantially all" used in the definition of change in control would likely depend on the facts and circumstances existing at such time. As a result, there may be uncertainty as to whether or not a sale or transfer of "all or substantially all" assets has occurred.

We may not have sufficient cash funds to repurchase the notes upon a repurchase event. We may elect, subject to certain conditions, to pay the repurchase price in common stock. Although there are currently no restrictions on our ability to pay the purchase price, future debt agreements may prohibit us from repaying the repurchase price in either cash or common stock. If we are prohibited from repurchasing the notes, we could seek consent from our lenders to repurchase the notes. If we are unable to obtain their consent, we could attempt to refinance the notes. If we were unable to obtain a consent or refinance, we would be prohibited from repurchasing the notes. If we were unable to repurchase the notes upon a repurchase event, it would result in an event of default under the indenture. An event of default under the indenture could result in a further event of default under our other then-existing debt. In addition, the occurrence of the repurchase event may be an event of default under our other debt. As a result, we would be prohibited from paying amounts due on the notes under the subordination provisions of the indenture.

The change in control feature may not necessarily afford you protection in the event of a highly leveraged transaction, a change in control or similar transactions involving Alexion. We could, in the future, enter into transactions, including recapitalizations, that would not constitute a change in control but that would increase the amount of our senior indebtedness or other debt. We are not prohibited from incurring senior indebtedness or debt under the indenture. If we incur significant amounts of additional debt, this could have an adverse effect on our ability to make payments on the notes. In addition, our management could undertake leveraged transactions that could constitute a change in control. The board of directors does not have the right under the indenture to limit or waive the repurchase right in the event of these types of leveraged transaction.

The requirement to repurchase notes upon a repurchase event could delay, defer or prevent a change of control. As a result, the repurchase right may discourage:

- a merger, consolidation or tender offer;

- the assumption of control by a holder of a large block of our shares; and

- the removal of incumbent management.

The repurchase feature was a result of negotiations between Alexion and the selling securityholders. The repurchase feature is not the result of any specific effort to accumulate shares of common stock or to obtain control of Alexion by means of a merger, tender offer or solicitation, or part of a plan by Alexion to adopt a

series of anti-takeover provisions. We have no present intention to engage in a transaction involving a change of control, although it is possible that it would decide to do so in the future.

The Securities Exchange Act of 1934 and the rules thereunder require the distribution of specific types of information to security holders in the event of issuer tender offers. These rules may apply in the event of a repurchase. We will comply with these rules to the extent applicable.

SUBORDINATION OF THE NOTES

The indebtedness evidenced by the notes is subordinated to the extent provided in the indenture to the prior payment in full in cash or other payment satisfactory to holders of existing and future senior indebtedness of all senior indebtedness. Upon any distribution of our assets, upon any dissolution, winding up, liquidation or reorganization, payments on the notes will be subordinated in right of payment to the prior payment of senior indebtedness in full in cash or other payment satisfactory to holders of senior indebtedness.

In the event of any acceleration of the notes because of an event of default, holders of any senior indebtedness would be entitled to payment in full in cash or other payment satisfactory to holders of senior indebtedness of all senior indebtedness before the holders of the notes are entitled to receive any payment or distribution.

We are required to promptly notify holders of designated senior indebtedness if payment of the notes is accelerated because of an event of default.

As a result of these subordination provisions, in the event of our bankruptcy, dissolution or reorganization, holders of senior indebtedness may receive more, ratably, and holders of the notes may receive less, ratably, than our other creditors.

We also may not make payment on the notes if:

- a default in the payment of senior indebtedness occurs and is continuing beyond any grace period,

- any other default occurs and is continuing with respect to designated senior indebtedness that permits holders or their representatives of designated senior indebtedness to accelerate its maturity, and the trustee receives a payment blockage notice from us or some other person permitted to give the notice under the indenture, or

- any judicial proceeding shall be pending with respect to any payment default or non-payment default.

We may and shall resume payments on the notes:

- in case of a payment default, the date on which the default is cured or waived or ceases to exist, and

- in case of a nonpayment default, the earlier of the date on which the default is cured or waived or ceases to exist or 179 days after the receipt of the payment blockage notice.

Any number of additional payment blockage periods may be commenced during an existing payment blockage period; PROVIDED, HOWEVER, that no such additional payment blockage period shall extend beyond the initial payment blockage period. Notwithstanding anything in the subordination provisions of the indenture or the notes to the contrary, (x) in no event will a payment blockage period extend beyond 179 days from the date of

the payment blockage notice in respect thereof was given and (y) there shall be a period of at least 181 consecutive days in each 360-day period when no payment blockage period is in effect. No nonpayment default that existed or was continuing on the date of delivery of any payment blockage notice to the trustee shall be the basis for a subsequent payment blockage notice.

The subordination provisions will not prevent the occurrence of any event of default under the notes.

If the trustee, any paying agent or any holder receives any payment or distribution of assets in contravention of these subordination provisions before all senior indebtedness is paid in full in cash or other payment satisfactory to holders of senior indebtedness, then such payment or distribution will be held in trust for the holders of senior indebtedness to the extent necessary to make payment in full in cash or payment satisfactory to the holders of senior indebtedness of all unpaid senior indebtedness.

A holder of notes by its acceptance of notes agrees to be bound by the subordination provisions in the indenture and authorizes and expressly directs the trustee, on its behalf, to take such action as may be necessary or appropriate to effectuate the subordination provided for in the indenture and appoints the trustee its attorney-in-fact for this purpose.

DEFINITIONS

"DESIGNATED SENIOR INDEBTEDNESS" means any senior indebtedness that expressly provides that it is "designated senior indebtedness."

"INDEBTEDNESS" with respect to any person means:

(1) all obligations

- for borrowed money,
- evidenced by a note, debenture, bond or written instrument,
- in respect of leases required, in conformity with generally accepted accounting principles, to be accounted for as capitalized lease obligations on the balance sheet,
- all obligations and other liabilities under any lease or related document in connection with the lease of real property which provides that such person is contractually obligated to purchase or cause a third party to purchase the leased property and as a result guarantee a minimum residual value of the leased property to the lessor and the obligations of such person under such lease or related document to purchase or to cause a third party to purchase such leased property, or
- in respect of letters of credit, local guarantees or bankers' acceptances;

(2) all obligation of others of the type described in clause (1) above or clause (3), (4) or (5) below assumed by or guaranteed or in effect guaranteed by such person;

(3) all obligations secured by a mortgage, pledge or similar arrangement encumbering property or assets;

(4) all obligations under interest rate and currency swap agreements, cap, floor and collar agreements, spot and forward contracts and similar agreements and arrangements; and

(5) all obligations under deferrals or renewals of (1) through (4) above.

"SENIOR INDEBTEDNESS" means the principal, premium, if any, and interest, including bankruptcy interest and fees, and rent payable on all our indebtedness, whether outstanding on the date of the indenture or thereafter created, incurred, assumed, guaranteed or in effect guaranteed by us, including all renewals or extensions.

However, senior indebtedness shall not include:

- indebtedness evidenced by the notes,

- indebtedness to any of our subsidiaries, except if it is pledged as security for any senior indebtedness,

- our accounts payable to trade creditors arising in the ordinary course of business, and

- any indebtedness that expressly provides that it shall not be senior in right of payment to, or on the same basis with, or is subordinated or junior to, the notes.

As of April 30, 2000, we had approximately $4.5 million of indebtedness outstanding that would have constituted senior indebtedness. The indenture will not limit the amount of additional indebtedness, including senior indebtedness, which we can create, incur, assume or guarantee, nor will the indenture limit the amount of indebtedness or other liabilities that any subsidiary can create, incur, assume or guarantee. We are obligated to pay compensation to the trustee and to indemnify the trustee against certain losses, liabilities or expenses incurred by it in connection with its duties relating to the notes. The trustee's claims for such payments will generally be senior to those of the holders of the notes in respect to all funds collected and held by the trustee.

SATISFACTION AND DISCHARGE

We may be discharged from our obligations on the notes if they mature within six months or will be redeemed within one year and we deposit with the trustee enough cash and/or U.S. government obligations to pay all the principal, premium, if any, and interest due to the stated maturity date or redemption date of the notes.

DEFEASANCE

The indenture also contains a provision that permits us to elect:

- to be discharged from all of our obligations, subject to limited exceptions, with respect to the notes then outstanding; and/or

- to be released from our obligations under the covenants relating to the required offer to repurchase upon a repurchase event, maintenance of our corporate existence and reports to holders.

To make either of the above elections, we must deposit in trust with the trustee enough money to pay in full the principal, premium, if any, and interest on the notes. This amount may be made in cash and/or U.S. government obligations. As a condition to either of the above elections, we must deliver to the trustee an opinion of counsel that the holders of the notes will not recognize income, gain or loss for Federal income tax purposes as a result of the action. If we elect to be discharged from all of our obligations as outlined above in

the first bullet point in this section, the holders of the notes will not be entitled to the benefits of the indenture, except for registration of transfer and exchange of notes and replacement of lost, stolen or mutilated notes.

EXCHANGE AND TRANSFER

Notes may be transferred or exchanged at the office of the security registrar or at the office of any transfer agent designated by us. We will not impose a service charge for any transfer or exchange, but we may require holders to pay any tax or other governmental charges associated with any transfer or exchange. In the event of any potential redemption of the notes, we will not be required to:

- issue, authenticate or register the transfer of or exchange any note during a period beginning at the opening of business 15 days before the mailing of a notice of redemption and ending at the close of business on the day of the mailing, or

- register the transfer of or exchange any note selected for redemption, in whole or in part, except the unredeemed portion of notes being redeemed in part.

We have initially appointed the trustee as the security registrar and transfer agent. We may designate additional transfer agents or change transfer agents or change the office of the transfer agent. However, we will be required to maintain a transfer agent in the place of payment for the notes.

CONSOLIDATION, MERGER AND SALE OF ASSETS

We may not consolidate with or merge into any other person, in a transaction in which we are not the surviving corporation, or convey, transfer or lease our properties and assets substantially as an entirety to, any person, unless:

- the successor, if any, is a U.S. corporation, limited liability company, partnership, trust or other business entity,

- the successor assumes our obligations under the notes, the indenture and the registration rights agreement,

- immediately after giving effect to the transaction, no default or event of default shall have occurred and be continuing, and

- certain other conditions are met.

EVENTS OF DEFAULT

The indenture defines an event of default with respect to the notes as one or more of the following events:

(1) our failure to pay principal of or any premium on the notes when due,

(2) our failure to pay any interest on the notes for 30 days when due,

(3) our failure to perform any other covenant in the indenture continued for 90 days after being given the notice required in the indenture, and

(4) our bankruptcy, insolvency or reorganization.

If an event of default, other than an event of default described in clause (4) above, occurs and continues, either the trustee or the holders of at least 25% in aggregate principal amount of the outstanding notes may declare the principal amount including any accrued and unpaid interest on the notes to be due and payable immediately. If an event of default described in clause (4) above occurs, the principal amount of all the notes will automatically become immediately due and payable. Any payment by us on the notes following any acceleration will be subject to the subordination provisions described above under "-Subordination of the Notes."

After acceleration but before a judgment or decree of the money due in respect of the notes has been obtained, the holders of a majority in aggregate principal amount of the outstanding notes may rescind such acceleration and its consequences if all events of default, other than the non-payment of accelerated principal, or other specified amount, have been cured or waived.

Other than the duty to act with the required care during an event of default, the trustee will not be obligated to exercise any of its rights or powers at the request of the holders unless the holders offer the trustee reasonable indemnity. Generally, the holders of a majority in aggregate principal amount of the notes will have the right to direct the time, method and place of conducting any proceeding for any remedy available to the trustee or exercising any trust or power conferred on the trustee.

A holder will have the right to begin a proceeding under the indenture, or for the appointment of a receiver or a trustee, or for any other remedy under the indenture only if:

(1) the holder gives to the trustee written notice of a continuing event of default,

(2) holders of at least 25% in aggregate principal amount of notes then outstanding made a written request to the trustee to pursue the remedy,

(3) such holder or holders offer to the trustee indemnity satisfactory to the trustee against any loss, liability or expense,

(4) the trustee does not comply with the request within 60 days after receipt of the request and the offer of indemnity, and

(5) during such 60-day period the holders of a majority in aggregate principal amount of the notes then outstanding do not give the trustee a direction inconsistent with the request.

Holders may, however, sue to enforce the payment of principal, premium or interest on or after the due date or their right to convert without following the procedures listed in (1) through (4) above.

We will furnish the trustee an annual statement by our officers as to whether or not we are in default in the performance of the indenture and, if so, specifying all known defaults.

MODIFICATION AND WAIVER

We and the trustee may make modifications and amendments to the indenture with the consent of the holders of a majority in aggregate principal amount of the outstanding notes affected by the modification or amendment. However, neither we nor the trustee may make any modification or amendment without the consent of the holder of each outstanding note affected by the modification or amendment if such modification or amendment would:

- change the stated maturity of the notes,

- reduce the principal, premium, if any, or interest on the notes,

- change the place of payment from New York, New York or the currency in which the notes are payable,

- waive a default in payment of the principal of or interest on any note,

- impair the right to sue for any payment after the stated maturity or redemption date,

- modify the subordination provisions in a materially adverse manner to the holders,

- adversely affect the right to convert the notes, or

- change the provisions in the indenture that relate to modifying or amending the indenture.

NOTICES

Notices to holders will be given by mail to the addresses of the holders in the security register.

GOVERNING LAW

The indenture and the notes will be governed by, and construed under, the law of the State of New York, without regard to conflicts of laws principles.

REGARDING THE TRUSTEE

The indenture limits the right of the trustee, should it become a creditor of Alexion, to obtain payment of claims or secure its claims. The trustee is permitted to engage in certain other transactions. However, if the trustee acquires any conflicting interest, and there is a default under the notes, the trustee must eliminate the conflict or resign.

REGISTRATION RIGHTS

The following summary of the registration rights provided in the registration rights agreement is not complete. You should refer to the registration rights agreement for a full description of the registration rights that apply to the notes and common stock into which the notes are convertible.

Pursuant to a registration rights agreement dated March 8, 2000 between Alexion and the initial purchasers of the notes, we filed a shelf registration statement, of which this prospectus is a part, with the Securities and Exchange Commission to register resales of the notes and the shares of common stock into which the notes are convertible (referred to as registrable securities). We will use our reasonable best efforts to have this shelf registration statement declared effective as soon as practicable and, in any event, By September 4, 2000, and to keep it effective until the earliest of (1) March 8, 2002, (2) the date when all registrable securities shall have been registered under the Securities Act of 1933 and disposed of, and (3) the date on which all registrable securities are eligible to be sold to the public pursuant to Rule 144(k) under the Securities Act of 1933 (such shortest time period referred to as the effectiveness period). A holder of registrable securities that sells registrable securities pursuant to the shelf registration statement generally will be required to provide information about itself and the specifics of the sale, be named as a selling security holder in the related

prospectus and deliver a prospectus to purchasers, be subject to relevant civil liability provisions under the Securities Act of 1933 in connection with such sales and be bound by the provisions of the registration rights agreement which are applicable to such holder (including certain indemnification obligations).

If we fail to comply with the above provisions of the registration rights agreement, liquidated damages will become payable in respect of the registrable securities as follows:

(1) if the shelf registration statement is not declared effective by the SEC on or prior to the 180th day following March 8, 2000, then commencing on day after such date, liquidated damages shall accrue on the registrable securities at a rate of 0.50% per annum on the amount of registrable securities for the first 90 days immediately following, such liquidated damages increasing by an additional 0.50% per annum at the beginning of each subsequent 90-day period; and

(2) if the shelf registration statement has been declared effective and the shelf registration ceases to be effective at any time during the effectiveness period (other than for permitted suspension, as described below), then liquidated damages shall accrue on the registrable securities at a rate of 0.50% per annum on the amount of registrable securities for the first 90 days commencing on the day the shelf registration ceases to be effective, such liquidated damages increasing by an additional 0.50% per annum at the beginning of each such subsequent 90-day period;

PROVIDED, HOWEVER, that liquidated damages on the registrable securities may not accrue under more than one of the foregoing clauses (1) or (2) at any one time and at no time shall the aggregate amount of liquidated damages accruing exceed in the aggregate 1.0% per annum of the amount of registrable securities; PROVIDED, FURTHER, HOWEVER, that (a) upon the effectiveness of the shelf registration as required hereunder (in the case of clause (1) above), or (b) upon the effectiveness of a shelf registration which had ceased to remain effective (in the case of (2) above), liquidated damages on the registrable securities as a result of such clause (or the relevant subclause thereof), as the case may be, shall cease to accrue. It is understood and agreed that, notwithstanding any provision to the contrary, so long as any registrable security is then covered by an effective shelf registration statement, no liquidated damages shall accrue on such registrable security.

"AMOUNT OF REGISTRABLE SECURITIES" means (a) with respect to the notes, the aggregate principal amount of all such notes outstanding, (b) with respect to the shares of common stock into which the notes are convertible, the aggregate number of such shares of common stock outstanding multiplied by the conversion price (as defined in the indenture relating to the notes) or, if no notes are then outstanding, the last conversion price that was in effect under such indenture when any such notes were last outstanding, and (c) with respect to combinations thereof, the sum of (a) and (b) for the relevant registrable securities.

We shall have the right to suspend the effectiveness of the shelf registration statement for up to 30 consecutive days in any 90 day period, and for up to a total of 60 days in any 365 day period, without being required to pay liquidated damages.

Any amounts of liquidated damages due pursuant to clause (1), (2) or (3) above will be payable in cash on the same dates as the original interest payment dates as the notes.

RATIO OF EARNINGS TO FIXED CHARGES

Our deficiency in earnings to cover fixed charges for each of the periods indicated is as follows (in thousands):

Six Months Ended January 31,		Year Ended July 31,				
2000	1999	1999	1998	1997	1996	1995
$(8,839)	$(8,555)	$(6,426)	$(7,893)	$(7,278)	$(5,459)	$(7,148)

The ratio of earnings to fixed charges is computed by dividing (a) income before interest expense, income taxes and other fixed charges by (b) fixed charges including interest expense, amortization of debt issuance costs and the portion of rent expense which represents interest. For each of the periods indicated above, earnings were insufficient to cover fixed charges by the amounts noted above. The deficiency in earnings to cover fixed charges is computed by adding net loss to the portion of rent expense which represents interest for all periods presented.

UNITED STATES FEDERAL INCOME TAX CONSEQUENCES

The following is a summary of the material US federal income tax consequences relating to the purchase, ownership, and disposition of the notes and of common stock into which notes may be converted, but does not purport to be a complete analysis of all the potential tax consequences that may be material to an investor based on his or her particular tax situation (such as the alternative minimum tax provisions of the Code). This summary is based on the provisions of the Internal Revenue Code of 1986, as amended, or the Code, the applicable Treasury Regulations, promulgated or proposed thereunder, or Treasury Regulations, judicial authority and current administrative rulings and practice, all of which are subject to change, possibly on a retroactive basis. This summary deals only with the initial beneficial owner of a note or common stock that will hold notes and common stock into which notes may be converted as "capital assets," within the meaning of Section 1221 of the Code, and does not address tax consequences applicable to US Holders that may be subject to special tax rules, such as financial institutions, tax-exempt organizations, expatriates, pension funds, insurance companies, dealers in securities or foreign currencies, persons that will hold notes as a position in a hedging transaction, "straddle," "conversion transaction" or other risk reduction transaction for tax purposes, persons who hold notes through a partnership or other pass through entity, or persons that have a "functional currency" other than the US dollar (except as disclosed below under "Non-US Holders"). This summary discusses the tax consequences applicable to the holders who purchase the notes at their "issue price" as defined in Section 1273 of the Code (i.e., the first price at which a substantial portion of the notes is sold to the public) and generally does not discuss the tax consequences applicable to subsequent purchasers of the notes. Alexion has not sought any ruling from the Internal Revenue Service, or IRS, with respect to the statements made and the conclusions reached in the following summary, and there can be no assurance that the IRS will agree with such statements and conclusions. Moreover, this discussion does not address the effect of any applicable state, local or foreign tax laws. INVESTORS CONSIDERING THE PURCHASE OF NOTES SHOULD CONSULT THEIR OWN TAX ADVISORS WITH RESPECT TO THE APPLICATION OF THE US FEDERAL INCOME AND ESTATE TAX LAWS TO THEIR PARTICULAR SITUATIONS AS WELL AS ANY TAX CONSEQUENCES ARISING UNDER THE LAWS OF ANY STATE, LOCAL OR FOREIGN TAXING JURISDICTION OR UNDER ANY APPLICABLE TAX TREATY.

As used herein, the term "US Holder" means a holder of a note or common stock that is for US federal income tax purposes, (i) a citizen or resident of the US, (ii) a corporation created or organized in or under the laws of the US or any political subdivision thereof, (iii) an estate, the income of which is subject to US federal income taxation regardless of its source, or (iv) (a) a trust, the administration or which is subject to the primary supervision of a court within the US and which has one or more US persons with authority to control all substantial decisions, or (b) a trust in existence on August 20, 1996 and has elected to continue to be treated as a US trust. As used herein, the term "Non-US Holder" means a holder of a note or common stock that is not a US Holder.

US HOLDERS

The following is a summary of the principal US federal income tax consequences resulting from the ownership and disposition of the notes and common stock by US Holders.

PAYMENT OF INTEREST

Interest on a note generally will be includable in the income of a US Holder as ordinary income at the time such interest is received or accrued, in accordance with such US Holder's method of accounting for US federal income tax purposes.

SALE, EXCHANGE OR REDEMPTION OF THE NOTES

Upon the sale, exchange or redemption of a note, a US Holder generally will realize and recognize capital gain or loss equal to the difference between the amount realized on the sale, exchange or redemption and the US Holder's tax basis in such note. For these purposes, the amount realized on the sale, exchange or redemption of the notes does not include any amount attributable to accrued but unpaid interest, which will be taxable as such unless previously taken into account. A US Holder's tax basis in a note generally will be the US dollar value of the purchase price of such note on the date of purchase. Gain or loss so recognized will generally be capital gain or loss and will be long-term capital gain or loss if, at the time of the sale, exchange or redemption, the note was held for more than one year.

In regard to a note purchased with "market discount" (as defined below), a US Holder's tax basis in a note generally will equal the purchase price paid therefor, increased by market discount previously included in income by such US Holder and decreased by any amortized premium applied to reduce interest and any principal payments on the note. Upon the sale, exchange or retirement, including redemption, of a note, a US Holder of a note generally will recognize gain or loss equal to the difference between the amount of cash and the fair market value of other property received from the sale, exchange or retirement of the note (other than in respect of accrued and paid interest on the note) and the adjusted tax basis in the note. Such gain or loss generally will be capital gain or loss, except to the extent of any accrued market discount, which will be taxed as ordinary income. Amounts received attributable to accrued but unpaid interest will be treated as ordinary interest income.

CONSTRUCTIVE DIVIDENDS ON NOTES

The conversion price of the notes is subject to adjustment under certain circumstances. Section 305 of the Code treats as a distribution taxable as a dividend (to the extent of the Company's current or accumulated earnings and profits) certain actual or constructive distributions of stock with respect to stock or convertible securities. Under Treasury regulations, an adjustment of conversion price may, under certain circumstances, be treated as a constructive dividend to the extent it increases the proportional interest of a US Holder of a note in our fully diluted common stock, whether or not the holder ever converts the notes into our common stock. Generally, a holder's tax basis in a note will be increased by the amount of any such constructive dividend. Similarly, a failure to adjust the conversion price of the notes to reflect a stock dividend or similar event could in some circumstances give rise to constructive dividend income to US Holders of common stock.

CONVERSION OF THE NOTES

A US Holder generally will not recognize any income, gain or loss upon conversion of a note into common stock, except with respect to cash received in lieu of a fractional share of common stock, and except to the extent that the common stock issued upon conversion is treated as attributable to accrued interest on the note. A US Holder's tax basis in the common stock received on conversion of a note will be the same as such US Holder's adjusted tax basis in the note at the time of conversion reduced by any basis allocable to a fractional share. The holding period for the common stock received on conversion will generally include the holding period of the note converted. However, a holder's tax basis in shares of common stock attributable to accrued interest generally will equal the amount of such interest included in income and the holding period will begin on the day following the date of conversion.

Cash received in lieu of a fractional share of common stock upon conversion will be treated as a payment in exchange for the fractional share of common stock. Accordingly, the receipt of cash in lieu of a fractional share of common stock generally will result in capital gain or loss (measured by the difference between the cash received for the fractional share and the US Holder's adjusted tax basis in the fractional share). The fair

market value of the shares of common stock received which is attributable to accrued interest will be taxable as ordinary interest income.

A US Holder of a note with market discount will not recognize income on the conversion of the note with respect to such market discount that has accrued but has not been taken into account. Market discount not recognized on such conversion will carry over to the common stock so acquired and will be recognized as ordinary income to the extent of gain recognized upon the disposition of such common stock, including any deemed disposition of fractional shares of common stock for cash at the time of conversion.

DIVIDENDS ON COMMON STOCK

Generally, distributions will be treated as a dividend, subject to tax as ordinary income, to the extent of Alexion's current or accumulated earnings and profits as of the year of distribution, then as a tax-free return of capital to the extent of the US Holder's tax basis in the common stock and thereafter as gain from the sale of exchange of such stock.

In general, a dividend distribution to a corporate US Holder may qualify for the 70% dividends received deduction if the US Holder owns less than 20% of the voting power and value of our stock (other than any non-voting, non-convertible, non-participating preferred stock). A corporate US Holder that owns 20% or more of the voting power and value of our stock (other than any nonvoting, non-convertible, non-participating preferred stock) generally will qualify for an 80% dividends received deduction.

SALE OF COMMON STOCK

Upon the sale or exchange of common stock, a US Holder generally will recognize capital gain or loss equal to the difference between (i) the amount of cash and the fair market value of any property received upon the sale or exchange and (ii) such US Holder's adjusted tax basis in the common stock. Such capital gain or loss will be long-term if the US Holder's holding period is more than one year and will be short-term if the holding period is equal to or less than one year. In the case of certain noncorporate taxpayers, including individuals, long-term capital gains are taxed at a maximum rate of 20% and short-term capital gains are taxed at a maximum rate of 39.6%. A US Holder's basis and holding period in common stock received upon conversion of a note are determined as discussed above under "Description of Notes---Conversion of the Notes." Corporate taxpayers are subject to a maximum regular tax rate of 35% on all capital gains and ordinary income.

MARKET DISCOUNT

If a US Holder purchases a note for an amount that is less than its "stated redemption price at maturity" (which is the stated principal amount), the amount of the difference will be treated as "market discount" for federal income tax purposes unless such difference is less than a specified de minimis amount. Under the de minimis exception, a note is considered to have no market discount if the excess of the stated redemption price at maturity of the note over the US Holder's tax basis in such note immediately after its acquisition is less than 0.25% of the stated redemption price at maturity of the note multiplied by the number of complete years to the maturity date of the note after the acquisition date.

Under the market discount rules, a US Holder of a note that does have market discount is required to treat any principal payment on, or any gain from the sale, exchange, retirement or other disposition of a note as ordinary income to the extent of the accrued market discount not previously included in income at the time of such payment or disposition. In addition, such a US Holder may be required to defer until maturity of the note or its earlier disposition in a taxable transaction the deduction of all or a portion of the interest expense on any indebtedness incurred or continued to purchase or carry such note.

Any market discount will be considered to accrue ratably during the period from the date of acquisition to the maturity date of the note, unless the US Holder elects to accrue the market discount on a constant interest method. A US Holder of a note may elect to include market discount in income currently as it accrues (on either a ratable or constant interest method), in which case the rule described above regarding deferral of interest deductions will not apply. This election to include market discount in income currently, once made, applies to all market discount obligation acquired on or after the first taxable year to which the election applies and may not be revoked without the consent of the Internal Revenue Service.

In its fiscal year 2000 budget proposal, the Clinton Administration recently proposed altering the taxation of market discount. Under the proposal, subject to certain limitations, accrual basis US Holders would be required to include market discount in income as it accrues. The proposal would affect US Holders of debt instruments, such as the notes, acquired on or after the date of enactment.

BOND PREMIUM

A US Holder who purchases a note for an amount in excess of its stated redemption price at maturity will be considered to have purchased the note with "amortizable bond premium" equal to the amount of such excess. A US Holder generally may elect to amortize the premium on the constant yield to maturity method. The amount amortized in any year under such method will be treated as a reduction of the US Holder's interest income from the note during such year and will reduce the US Holder's adjusted tax basis in the note by such amount. A US Holder of a note that does not make the election to amortize the premium will not reduce its tax basis in the note, and thus effectively will realize a smaller gain, or a larger loss, on a taxable disposition of the note than it would have realized had the election been made. The election to amortize the premium on a constant yield to maturity method, once made, applies to all debt obligations held or acquired by the electing US Holder on or after the first day of the first taxable year to which the election applies and may not be revoked without the consent of the Internal Revenue Service.

NON-US HOLDERS

The following discussions is a summary of the principal US federal income and estate tax consequences resulting from the ownership of the notes or common stock by Non-US Holders.

PAYMENT OF INTEREST

Subject to the discussion below of backup withholding, interest paid on the notes to a Non-US Holder generally will not be subject to US federal income tax if:

(1) such interest is not effectively connected with the conduct of a trade or business within the US by such Non-US Holder;

(2) the Non-US Holder does not actually or constructively own 10% or more of the total voting power of all classes of our stock entitled to vote;

(3) the Non-US Holder is not a controlled foreign corporation that is related to us through stock ownership (for this purpose, the holder of notes would be deemed to own constructively the common stock into which it could be converted);

(4) the Non-US Holder, under penalty or perjury, certifies that the owner is not a US person and provides the owner's name and address; and

(5) the Non-US Holder is not a bank receiving interest pursuant to a loan agreement entered into in the ordinary course of its trade or business.

If certain requirements are satisfied, the certification described in item 4 above may be provided by a securities clearing organization, a bank, or other financial institution that holds customers' securities in the ordinary course of its trade or business.

Under Treasury Regulations, which generally are effective for payments made after December 31, 2000, subject to certain transition rules, the certification described in clause 4 above may also be provided by a qualified intermediary on behalf of one or more beneficial owners (or other intermediaries), provided that such intermediary has entered into a withholding agreement with the IRS and certain other conditions are met.

A US Holder that is not exempt from tax under these rules will be subject to US federal income tax withholding at a rate of 30% on payments of interest, unless the interest is effectively connected with the conduct of a US trade or business of the holder or a lower treaty rate applies and, in either case, the Non-US Holder provides us with proper certification as to the holder's exemption from withholding. If the interest is effectively connected to the conduct of a US trade or business, it will be subject to the US federal income tax on net income that applies to US persons generally (and, with respect to corporate holders and under certain circumstances, the branch profits tax). Non-US Holders should consult applicable income tax treaties, which may provide different rules.

CONVERSION OF THE NOTES

A Non-US Holder generally will not be subject to US federal income tax on the conversion of a note into shares of common stock. To the extent a Non-US Holder receives cash in lieu of a fractional share on conversion, such cash may give rise to gain that would be subject to the rules described below with respect to the sale or exchange of a note or common stock.

DIVIDENDS

Subject to the discussion below of backup withholding, dividends, if any, paid on the common stock to a Non-US Holder generally will be subject to a 30% US federal withholding tax, subject to reduction for Non-US Holders eligible for the benefits of certain income tax treaties. Dividends for this purpose may include stock distributions treated as deemed dividends as discussed in "US Holders-Constructive Dividends on Notes" above. Currently, for purposes of determining whether tax is to be withheld at the 30% rate or at a reduced treaty rate, we will ordinarily presume that dividends paid to an address in a foreign country are paid to a resident of such country absent knowledge that such presumption is not warranted. Under Treasury Regulations effective for payments after December 31, 2000, holders will be required to satisfy certain certification requirements to claim treaty benefits.

Except to the extent otherwise provided under an applicable tax treaty, a Non-US Holder generally will be taxed in the same manner as a US Holder on dividends paid (or deemed paid) that are effectively connected with the conduct of a trade or business in the US by the Non-US Holder. If such Non-US Holder is a foreign corporation, it may also be subject to a US branch profits tax on such effectively connected income at a 30% rate or such lower rate as may be specified by an applicable income tax treaty.

GAIN ON DISPOSITION OF THE NOTES AND COMMON STOCK

A Non-US Holder generally will not be subject to US federal income tax on gain realized on the sale, exchange or redemption of a note including any gain representing accrued market discount, or the sale or exchange of common stock, unless:

(i) in the case of an individual Non-US Holder, such holder is present in the US for 183 days or more in the year of such sale, exchange or redemption and certain other requirements are met;

(ii) the Non-US Holder is subject to tax pursuant to the provisions of US tax law applicable to certain US expatriates; or

(iii) the gain is effectively connected with the conduct of a US trade or business of the Non-US Holder.

US FEDERAL ESTATE TAX

A note held by an individual who at the time of death is not a citizen or resident of the US (as specially defined for US federal estate tax purposes) will not be subject to US federal estate tax if the individual did not actually or constructively own 10% or more of the total combined voting power of all classes of stock of Alexion and, at the time of the individual's death, payments with respect to such note would not have been effectively connected with the conduct by such individual of a trade or business in the US. Common stock held by an individual who at the time of death is not a citizen or resident of the US (as specially defined for US federal estate tax purposes) will be included in such individual's estate for US federal estate tax purposes, and the rate of tax applies thereto may be reduced or eliminated if an applicable estate tax treaty otherwise applies.

BACKUP WITHHOLDING AND INFORMATION REPORTING

US HOLDERS

A US Holder of notes or common stock may be subject to "backup withholding" at a rate of 31% with respect to certain "reportable payments," including interest payments, dividend payments and, under certain circumstances, principal payments on the notes. These backup withholding rules apply if the US Holder, among other things, (i) fails to furnish a social security number or other taxpayer identification number ("TIN") certified under penalties of perjury within a reasonable time after the request therefor, (ii) furnishes an incorrect TIN, (iii) fails to report properly interest or dividends or (iv) under certain circumstances, fails to provide a certified statement, signed under penalties of perjury, that the TIN furnished is the correct number and that such US Holder is not subject to backup withholding. A US Holder who does not provide Alexion with its correct TIN may also be subject to penalties imposed by the IRS. Any amount withheld from a payment to a holder under the backup withholding rules is creditable against the US Holder's federal income tax liability. Backup withholding will not apply, however, with respect to payments made to certain US Holders, including corporations and tax-exempt organizations, provided their exemption from backup withholdings is properly established. We will report to US Holders of notes and common stock and to the IRS the amount of any "reportable payments" for each calendar year and the amount of tax withheld, if any, with respect to such payments.

NON-US HOLDERS

We must report annually to the IRS and to each Non-US Holder the amount of any dividends paid to, and tax withheld with respect to, such holder, regardless of whether any tax was actually withheld on such payments.

Copies of these information returns may also be made available under the provisions of a specific treaty or agreement to the tax authorities of the country in which the Non-US Holder resides.

Under current Treasury Regulations, backup withholding and information reporting will not apply to payments of interest or principal of the notes by us or our agent to a Non-US Holder if the Non-US Holder certifies as to its Non-US Holder status under penalties of perjury or otherwise establishes an exemption (provided that neither we nor our agent has actual knowledge that the holder is a US person or that the conditions of any other exemptions are not in fact satisfied). The payment of the proceeds on the disposition of notes or share of common stock to or through the US office of a US or foreign broker will be subject to information reporting and backup withholding unless the owner provides the certification described above or otherwise establishes an exemption. The proceeds of the disposition by a Non-US Holder of notes or shares of common stock to or through a foreign office of a broker generally will not be subject to backup withholding or information reporting. However, if such broker is a US person, a controlled foreign corporation for US tax purposes, or a foreign person, 50% or more of whose gross income from all sources for certain periods is from activities that are effectively connected with a US trade or business, information reporting requirements, but not backup withholding, will apply unless such broker has documentary evidence in its files of the holder's Non-US status and has no actual knowledge to the contrary or unless the Non-US Holder otherwise establishes an exemption.

New Treasury Regulations, which we refer to as the New Regulations, would modify the application of information reporting requirements and the backup withholding tax requirements applicable to Non-US Holders for reportable payments made after December 31, 2000. In general, the New Regulations do not significantly alter the current substantive withholding and information reporting requirements but unify current certification procedures and forms and clarify reliance standards. Under the New Regulations, special rules apply which permit the shifting of primary responsibility for withholding to certain financial intermediaries acting on behalf of beneficial owners. A Non-US Holder of a note or common stock that is received upon the conversion of a note should consult with its tax advisor regarding the application of the backup withholding rule to its particular situation, the availability of an exemption therefrom, the procedure for obtaining such an exemption, if available, and the impact of the New Regulations on payments made with respect to the notes or shares of common stock received upon the conversion of the notes after December 31, 2000.

PLAN OF DISTRIBUTION

The notes and the underlying common stock are being registered to permit public secondary trading of the notes and the underlying common stock by the holders thereof from time to time after the date of this prospectus. We have agreed, among other things, to bear all expenses (other than underwriting discounts, selling commissions and fees and expenses of counsel and other advisors to holders of the notes and the underlying common stock) in connection with the registration and sale of the notes and the underlying common stock covered by this prospectus.

We will not receive any of the proceeds from the offering of notes and the shares of common stock issuable upon conversion thereof by the selling securityholders. We have been advised by the selling securityholders that the selling securityholders (and their donees and pledgees) may sell all or a portion of the notes and shares of common stock beneficially owned by them and offered hereby from time to time on any exchange on which the securities are listed on terms to be determined at the times of such sales. The selling securityholders may also make private sales directly or through a broker or brokers. Alternatively, any of the selling securityholders may from time to time offer the notes or shares of common stock beneficially owned by them through underwriters, dealers or agents, who may receive compensation in the form of underwriting discounts, commissions or concessions from the selling securityholders and the purchasers of the notes or shares of common stock for whom they may act as agent. The aggregate proceeds to the selling securityholders from the sale of the notes or shares of common stock offered by them hereby will be the purchase price of such notes or shares of common stock less discounts and commissions, if any.

Our outstanding common stock is listed for trading on the Nasdaq National Market. While the notes are eligible for trading on The Portal Market, we do not expect the notes to remain eligible for trading on that market. We do not intend to list the notes for trading on any national securities exchange or on the Nasdaq National Market. We cannot assure you that a trading market for the notes will develop. If a trading market for the notes fails to develop, the trading price of the notes may decline.

The notes and the shares of common stock may be sold from time to time in one or more transactions at fixed offering prices, which may be changed, or at varying prices determined at the time of sale or at negotiated prices. Such prices will be determined by the holders of such securities or by agreement between such holders and underwriters or dealers who may receive fees or commissions in connection therewith.

We have agreed not to, and our executive officers and directors will agree that they will not:

(1) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, any shares of our common stock, or

(2) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of our common stock,

whether any transaction described in clause (1) or (2) above is to be settled by delivery of our common stock or such other securities, in cash or otherwise, for a 90 day period after March 3, 2000, without the prior written consent of J.P. Morgan Securities Inc.

Notwithstanding the above, we may, without the consent of J.P. Morgan Securities Inc.:

(1) issue and sell the notes offered by this prospectus;

(2) issue the common stock issuable upon conversion of the notes;

(3) issue the common stock issuable upon exercise of the warrants outstanding on the date hereof;

(4) grant options or issue and sell stock upon the exercise of outstanding stock options or otherwise under our stock option or employee stock purchase plans; and

(5) issue common stock in connection with a merger or strategic acquisition.

Notwithstanding the above, our executive officers may, without the consent of J.P. Morgan Securities Inc.:

(1) sell up to an aggregate of 45,000 shares of common stock for a 90 day period after March 3, 2000;

(2) make bona fide gifts of shares so long as the donees agree to be bound by the lock-up agreements; and

(3) make transfers to family trusts.

In order to comply with the securities laws of certain states, if applicable, the notes and shares of common stock will be sold in such jurisdictions only through registered or licensed brokers or dealers. In addition, in certain states the notes and shares of common stock may not be sold unless they have been registered or qualified for sale in the applicable state or an exemption from the registration or qualification requirement is available and is complied with.

The notes were originally sold by us to the initial purchasers in March 2000 in a private placement. We agree to indemnify and hold the initial purchasers harmless against certain liabilities under the Securities Act that could arise in connection with the sale of the notes by the initial purchasers. The Registration Rights Agreement provides for us and the initial purchasers or selling securityholders to indemnify each other against certain liabilities arising under the Securities Act.

The selling securityholders and any broker-dealers, agents or underwriters that participate with the selling securityholders in the distribution of the notes or shares of common stock may be deemed to be "underwriters" within the meaning of the Securities Act, in which event any commissions received by such broker-dealers, agents or underwriters and any profit on the resale of the notes or shares of common stock purchased by them may be deemed to be underwriting commissions or discounts under the Securities Act.

LEGAL MATTERS

Fulbright & Jaworski L.L.P., New York, New York, will pass upon the validity of the securities offered hereby and some other legal matters on behalf of Alexion. Cahill Gordon & Reindel, New York, New York, will pass upon some legal matters on behalf of the selling securityholders.

EXPERTS

The audited consolidated financial statements, incorporated by reference in this prospectus and elsewhere in the registration statement have been audited by Arthur Andersen LLP, independent public accountants, as stated in their report with respect thereto, and are included herein in reliance upon the authority of said firm as experts in accounting and auditing in giving said report.

WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and special reports, proxy statements and other information with the Securities and Exchange Commission. You may read and copy any reports, statements or other information filed by us at the Commission's public reference room at Room 1024, Judiciary Plaza, 450 Fifth Street, N.W., Washington, D.C. 20549 and the regional offices of the Commission located at Seven World Trade Center, 13th Floor, New York, New York 10048, and 500 West Madison Street, Chicago, Illinois 60661. Copies of such material can be also obtained from the Public Reference Section of the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549, and its public reference rooms in New York, New York and Chicago, Illinois, at prescribed rates. Please call the Commission at 1-800-SEC-0330 for further information on the public reference rooms. Copies of such information may also be inspected at the reading room of the library of the National Association of Securities Dealers, Inc., 1735 K Street, N.W., Washington, D.C. 20006. Our filings with the Commission are also available to the public from commercial document retrieval services and at the Commission's web site at "http://www.sec.gov."

We "incorporate by reference" the information we file with the Commission (File No. 0-27756), which means that we can disclose important information to you by referring you to another document we filed with the Commission. The information incorporated by reference is an important part of this prospectus, and information that we file later with the Commission will automatically update and supersede this information. We incorporate by reference the documents listed below and any filings made with the Commission under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended, after the date of this prospectus but before the end of any offering made under this prospectus:

- our proxy statement, filed on January 10, 2000;
- our current reports on Form 8-K, filed on December 3, 1999, January 18, 2000 and February 25, 2000;
- our quarterly report on Form 10-Q for the quarterly periods ended October 31, 1999 and January 31, 2000; filed on December 13, 1999 and March 15, 2000, respectively;
- our annual report on Form 10-K for the fiscal year ended July 31, 1999, as amended on Form 10-K/A, filed on November 19, 1999;
- our registration statement on Form 8-A, filed on February 21, 1997; and

- our registration statement on Form 8-A, filed on February 12, 1996.

You should read the information relating to us in this prospectus together with the information in the documents incorporated by reference.

Any statement contained in a document incorporated by reference herein, unless otherwise indicated therein, speaks as of the date of the document. Statements contained in this prospectus may modify or replace statements contained in the documents incorporated by reference.

We will furnish without charge to you, upon written or oral request, a copy of any or all of the documents described above, except for exhibits to such documents, unless such exhibits are specifically incorporated by reference into such documents. Requests should be addressed to: Alexion Pharmaceuticals, Inc., 25 Science Park, New Haven, Connecticut 06511, (203) 776-1790, Attention: David W. Keiser, Executive Vice President and Chief Operating Officer.

ALEXION PHARMACEUTICALS, INC.

$120,000,000 5 3/4% CONVERTIBLE SUBORDINATED NOTES DUE 2007

1,127,555 SHARES COMMON STOCK

[LOGO]

PROSPECTUS

Until June 3, 2000 (25 days from the date of this prospectus), all dealers that effect transactions in these securities, where or not participating in the offering, may be required to deliver a prospectus. This is in addition to the dealers' obligation to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

May , 2000

PART II

ITEM 14. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION.

The following table sets forth Alexion Pharmaceuticals, Inc. (the "Company") estimates (other than the SEC registration fee) of the expenses in connection with the issuance and distribution of the shares of common stock being registered. None of the following expenses are being paid by the selling stockholders.

SEC registration fee	$ 31,680
Legal fees and expenses	$121,500
Accounting fees and expenses	$ 49,400
Miscellaneous expenses	$108,420
Total:	$311,000

ITEM 15. INDEMNIFICATION OF DIRECTORS AND OFFICERS.

Section 145 of the Delaware General Corporation Law (the "DGCL") empowers a Delaware corporation to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of such corporation) by reason of the fact that such person is or was a director, officer, employee or agent of such corporation, or is or was serving at the request of such corporation as a director, officer, employee or agent of another corporation or enterprise. A corporation may, in advance of the final disposition of any civil, criminal, administrative or investigative action, suit or proceeding, pay the expenses (including attorneys' fees) incurred by any officer, director, employee or agent in defending such action, provided that the director or officer undertakes to repay such amount if it shall ultimately be determined that he is not entitled to be indemnified by the corporation. A corporation may indemnify such person against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful.

A Delaware corporation may indemnify officers and directors in an action by or in the right of the corporation to procure a judgment in its favor under the same conditions, except that no indemnification is permitted without judicial approval if the officer or director is adjudged to be liable to the corporation. Where an officer or director is successful on the merits or otherwise in the defense of any action referred to above, the corporation must indemnify him against the expenses (including attorneys fees) which he actually and reasonably incurred in connection therewith. The indemnification provided is not deemed to be exclusive of any other rights to which an officer or director may be entitled under any corporation's by-law, agreement, vote or otherwise.

In accordance with Section 145 of the DGCL, Section EIGHTH of the Company's Certificate of Incorporation, as amended (the "Certificate") provides that the Company shall indemnify each person who is or was a director, officer, employee or agent of the Company (including the heirs, executors, administrators or estate of such person) or is or was serving at the request of the Company as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, to the fullest extent permitted. The indemnification provided by the Certificate shall not be deemed exclusive of any other rights to which any of those seeking indemnification or advancement of expenses may be entitled under any by-law, agreement,

vote of shareholders or disinterested directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person. Expenses (including attorneys' fees) incurred in defending a civil, criminal, administrative or investigative action, suit or proceeding shall be paid by the Company in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of the indemnified person to repay such amount if it shall ultimately be determined that he is not entitled to be indemnified by the Company. Section NINTH of the Certificate provides that a director of the Company shall not be personally liable to the Company or its stockholders for monetary damages for breach of fiduciary duty as a director, except for liability (i) for any breach of the director's duty of loyalty to the Company or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the DGCL, or (iv) for any transaction from which the director derived an improper personal benefit.

ITEM 16. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES.

(a) Exhibits.

4.1	Indenture under which Notes were issued.+
4.2	Forms of Note.+
5.1	Opinion of Fulbright & Jaworski L.L.P. regarding legality. +
10.1	Form of Agreement of Lease, between We Knotter, L.L.C. and Alexion Pharmaceuticals, Inc.+
23.1	Consent of Fulbright & Jaworski L.L.P. (included in Exhibit 5.1). +
23.2	Consent of Arthur Andersen LLP. +
24.1	Power of Attorney (included on signature page).
25.1	Statement of Eligibility of the Trustee on Form T-1. +

- ---
+ Filed herewith.

(b) Financial Statement Schedules.

None.

ITEM 17. UNDERTAKINGS.

(a) The undersigned Registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment of this registration statement;

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933;

(ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement; and

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement of any material change to such information in the registration statement.

Provided, however, that paragraphs (a)(1)(i) and (a)(1)(ii) do not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed by the registrant pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in the registration statement.

(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial BONA FIDE offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(4) To deliver or cause to be delivered with the prospectus, to each person to whom the prospectus is sent or given, the latest annual report, to security holders that is incorporated by reference in the prospectus and furnished pursuant to and meeting the requirements of Rule 14a-3 or Rule 14c-3 under the Securities Exchange Act of 1934; and, where interim financial information required to be presented by Article 3 of Regulation S-X is not set forth in the prospectus, to deliver, or cause to be delivered to each person to whom the prospectus is sent or given, the latest quarterly report that is specifically incorporated by reference in the prospectus to provide such interim financial information.

(5) That, for purposes of determining any liability under the Securities Act of 1933, each filing of the registrant's annual report pursuant to Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934 that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial BONA FIDE offering thereof.

(6) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the provisions described under Item 15 above, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

SIGNATURES

PURSUANT TO THE REQUIREMENTS OF THE SECURITIES ACT OF 1933, AS AMENDED, THE REGISTRANT HAS DULY CAUSED THIS REGISTRATION STATEMENT TO BE SIGNED ON ITS BEHALF BY THE UNDERSIGNED, THEREUNTO DULY AUTHORIZED, IN THE CITY OF NEW HAVEN AND STATE OF CONNECTICUT ON THE 10TH DAY OF MAY, 2000.

ALEXION PHARMACEUTICALS, INC.

By: /s/ LEONARD BELL

Leonard Bell, M.D.
President, Chief Executive Officer,
Secretary and Treasurer

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that each individual whose signature appears below constitutes and appoints LEONARD BELL, M.D. and DAVID W. KEISER, or either of them, his true and lawful attorney-in-fact and agent with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign any and all amendments (including post-effective amendments) to this Registration Statement, and to file the same with all exhibits thereto, and all documents in connection therewith, with the Securities and Exchange Commission, granting said attorney-in-fact and agent, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorney-in-fact and agent or any of them, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated:

/s/ LEONARD BELL --- Leonard Bell, M.D.	President, Chief Executive Officer, Secretary, Treasurer and Director (principal executive officer)	May 10, 2000
/s/ DAVID W. KEISER --- David W. Keiser	Executive Vice President and Chief Operating Officer (principal financial officer)	May 10, 2000
/s/ BARRY P. LUKE --- Barry P. Luke	Vice President of Finance and Administration (principal accounting officer)	May 10, 2000
/s/ JOHN H. FRIED --- John H. Fried, Ph.D.	Chairman of the Board of Directors	May 10, 2000
/s/ JERRY T. JACKSON --- Jerry T. Jackson	Director	May 10, 2000

/s/ MAX LINK - ---------- Max Link, Ph.D.	Director	May 10, 2000
/s/ JOSEPH A. MADRI - ---------- Joseph A. Madri, Ph.D., M.D.	Director	May 10, 2000
/s/ LEONARD MARKS - ---------- Leonard Marks, Jr., Ph.D.	Director	May 10, 2000
/s/ R. DOUGLAS NORBY - ---------- R. Douglas Norby	Director	May 10, 2000
/s/ ALVIN S. PARVEN - ---------- Alvin S. Parven	Director	May 10, 2000

EXHIBIT INDEX

Exhibit Number	Exhibit
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23.1	Consent of Fulbright & Jaworski L.L.P. (included in Exhibit 5.1). +
23.2	Consent of Arthur Andersen LLP. +
24.1	Power of Attorney (included on signature page).
25.1	Statement of Eligibility of the Trustee on Form T-1. +

- ---
+ Filed herewith.

Exhibit 4.1

ALEXION PHARMACEUTICALS, INC.

and

THE CHASE MANHATTAN BANK
as
Trustee

INDENTURE

Dated as of March 8, 2000

$ 120,000,000 Principal Amount*

5 3/4% CONVERTIBLE SUBORDINATED NOTES DUE 2007

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* Plus an additional $30,000,000 issuable at the option of the Initial Purchasers as described herein.

CROSS-REFERENCE TABLE

TIA Section	Indenture Section
310(a)(1)	7.10
(a)(2)	7.10
(a)(3)	N.A.
(a)(4)	N.A.
(a)(5)	N.A.
(b)	7.08; 7.10; 13.02
(c)	N.A.
311(a)	7.11
(b)	7.11
(c)	N.A.
312(a)	2.05
(b)	13.03
(c)	13.03
313(a)	7.06
(b)(1)	N.A.
(b)(2)	7.06
(c)	7.06; 13.02
(d)	7.06
314(a)	4.02
(b)	N.A.
(c)(1)	13.04
(c)(2)	13.04
(c)(3)	N.A.
(d)	N.A.
(e)	13.05
(f)	N.A.
315(a)	7.01(b)
(b)	7.05; 13.02
(c)	7.01(a)
(d)	7.01(c)
(e)	6.11
316(a)(last sentence)	2.09
(a)(1)(A)	6.05
(a)(1)(B)	6.04
(a)(2)	N.A.
(b)	6.07
317(a)(1)	6.08
(a)(2)	6.09
(b)	2.04
318(a)	13.01

TABLE OF CONTENTS

EXHIBITS

INDENTURE dated as of March 8, 2000 between ALEXION PHARMACEUTICALS, INC., a Delaware corporation (the "Company"), and THE CHASE MANHATTAN BANK, as trustee (the "Trustee").

Each party agrees as follows for the benefit of the other party and for the equal and ratable benefit of the Holders of the Company's 5 3/4% Convertible Subordinated Notes Due 2007:

ARTICLE ONE

DEFINITIONS AND INCORPORATION BY REFERENCE

SECTION 1.01. Definitions.

"Affiliate" means any Person directly or indirectly controlling or controlled by or under direct or indirect common control with the Company. For this purpose, "control" shall mean the power to direct the management and policies of a Person through the ownership of securities, by contract or otherwise.

"Agent" means any Registrar, Paying Agent, Conversion Agent or co-registrar.

"Board of Directors" means the Board of Directors of the Company or any committee of the Board authorized to act for it hereunder.

"Board Resolution" means a copy of a resolution certified by the Secretary or an Assistant Secretary of the Company to have been duly adopted by the Board of Directors and to be in full force and effect on the date of such certification, and delivered to the Trustee.

"Capital Stock" means any and all shares, interests, participations or other equivalents (however designated) of capital stock of the Company and all warrants or options to acquire such capital stock.

"Common Stock" means the common stock, par value $.0001 per share, of the Company.

"Company" means the party named as such above until a successor replaces it pursuant to the applicable provision hereof and thereafter means the successor.

"Company Request" or "Company Order" means a written request or order signed on behalf of the Company by its Chairman of the Board, its President or any Vice President and by its Treasurer or an Assistant Treasurer, its Secretary or an Assistant Secretary, and delivered to the Trustee.

"Conversion Price" means $106.425 per share of Common Stock, as adjusted pursuant to Article Ten.

"Corporate Trust Office of the Trustee" shall be at the address of the Trustee specified in Section 13.02 or such other address as the Trustee may give notice of to the Company.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Depository" means The Depository Trust Company, its nominees and successors.

"Designated Senior Indebtedness" means any Senior Indebtedness in which the instrument creating or evidencing the same or the assumption or guarantee thereof (or related agreements or documents to which the Company is a party) expressly provides that such Senior Indebtedness shall be "Designated Senior Indebtedness" for purposes of this Indenture.

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Holder" means a Person in whose name a Security is registered on the Registrar's books.

"IAI Global Security" means a permanent Global Security in registered form representing the aggregate principal amount of Securities transferred to Institutional Accredited Investors.

"Indebtedness" means, with respect to any Person, (i) all obligations, contingent or otherwise, of such Person (a) for borrowed money (whether or not the recourse of the lender is to the whole of the assets of such Person or only to a portion thereof), (b) evidenced by a note, debenture, bond or written instrument (including a purchase money obligation), (c) in respect of leases of such Person required, in conformity with generally accepted accounting principles, to be accounted for as capitalized lease obligations on the balance sheet of such Person and all obligations and other liabilities (contingent or otherwise) under any lease or related document (including a purchase agreement) in connection with the lease of real property which provides that such Person is contractually obligated to purchase or cause a third party to purchase the leased property and thereby guarantee a minimum residual value of the leased property to the lessor and the obligations of such Person under such lease or related document to purchase or to cause a third party to purchase such leased property or (d) in respect of letters of credit (including reimbursement obligations with respect thereto) or bankers' acceptances; (ii) all obligations of others of the type described in clause (i) above or in clause (iii), (iv) or (v) below assumed by or guaranteed in any manner by such Person or in effect guaranteed by such Person through an agreement to purchase, contingent or otherwise (and the obligations of such Person under any such assumptions, guarantees or other such arrangements); (iii) all obligations secured by a mortgage, pledge, lien, encumbrance, charge or adverse claim affecting title or resulting in an encumbrance to which the property or assets of such Person are subject, whether or not the obligation secured thereby shall have been assumed by or shall otherwise be such Person's legal liability; (iv) to the extent not otherwise included, all obligations of such Person under interest rate and currency swap agreements, cap, floor and collar agreements, spot and forward contracts and

similar agreements and arrangements; and (v) all obligations, contingent or otherwise, of such Person under or in respect of any and all deferrals, renewals, extensions and refundings of, or amendments, modifications or supplements to, any liability of the kind described in any of the preceding clauses (i), (ii), (iii) or (iv).

"Indenture" means this Indenture as amended or supplemented from time to time.

"Institutional Accredited Investor" means an "accredited investor" within the meaning of Rule 501(a)(1), (2), (3) or (7) under the Securities Act that is an institutional investor.

"interest" means, with respect to any Security, interest on the Security plus liquidated damages, if any.

"Issue Date" means (i) March 8, 2000 with respect to the $120,000,000 aggregate principal amount of Securities issued on such date, and (ii) with respect to any of up to $30,000,000 aggregate principal amount of Securities that may be issued after March 8, 2000 pursuant to the option described in Section 2.01, the respective issue date of such Securities.

"liquidated damages" has the meaning provided in the Registration Rights Agreement.

"Maturity Date" means March 15, 2007.

"Non-U.S. Person" means a Person who is not a U.S. Person, as defined in Regulation S under the Securities Act.

"Officer" means the Chairman of the Board, the President, any Vice President, the Chief Financial Officer, the Treasurer or the Secretary of the Company.

"Officers' Certificate" means a certificate signed by two Officers or by an Officer and an Assistant Treasurer or an Assistant Secretary of the Company.

"Opinion of Counsel" means a written opinion from legal counsel who may be an employee of or counsel for the Company or other counsel reasonably acceptable to the Trustee.

"Person" means any individual, corporation, partnership, joint venture, association, joint-stock company, limited liability company, trust, unincorporated organization or government or other agency or political subdivision thereof.

"principal" of a debt security means the principal of the security plus the premium, if any, on the security.

"QIB" means a "qualified institutional buyer" within the meaning of Rule 144A under the Securities Act.

"Registration Rights Agreement" means the Registration Rights Agreement dated as of March 8, 2000 between the Company and the Initial Purchasers.

"Regulation S" means Regulation S under the Securities Act.

"Regulation S Global Security" means a permanent Global Security in registered form representing the aggregate principal amount of Securities sold in reliance on Regulation S.

"Restricted Security" means a Security that constitutes a "Restricted Security" within the meaning of Rule 144(a)(3) under the Securities Act; provided, however, that the Trustee shall be entitled to request and conclusively rely on an Opinion of Counsel with respect to whether any Security constitutes a Restricted Security.

"Rule 144A Global Security" means a permanent Global Security in registered form representing the aggregate principal amount of Securities sold in reliance on Rule 144A.

"SEC" means the Securities and Exchange Commission.

"Securities" means the 5 3/4% Convertible Subordinated Notes Due 2007 issued by the Company pursuant to this Indenture.

"Securities Act" means the Securities Act of 1933, as amended.

"Senior Indebtedness" means the principal of, premium, if any, and interest on, rent payable under, and any other amounts due on or in connection with any and all Indebtedness of the Company (including, without limitation, fees, costs, expenses and any interest accruing after the filing of a petition initiating any proceeding pursuant to any bankruptcy law, but only to the extent allowed or permitted to the holder of such Indebtedness against the bankruptcy or other insolvency estate of the Company in such proceeding), whether outstanding on the date of this Indenture or thereafter created, incurred, assumed, guaranteed or in effect guaranteed by the Company (including all deferrals, renewals, extensions or refundings of, or amendments, modifications or supplements to the foregoing); provided, however, that Senior Indebtedness does not include (i) Indebtedness evidenced by the Securities, (ii) Indebtedness of the Company to any subsidiary of the Company except to the extent such Indebtedness is pledged by such subsidiary as security for any Senior Indebtedness, (iii) accounts payable of the Company to trade creditors arising in the ordinary course of business, and (iv) any particular Indebtedness in which the instrument creating or evidencing the same or the assumption or guarantee thereof expressly provides that such Indebtedness shall not be senior in right of payment to, or is pari passu with, or is subordinated or junior to, the Securities.

"subsidiary" means (i) a corporation a majority of whose capital stock with voting power, under ordinary circumstances, to elect directors is at the time, directly or indirectly, owned by the Company, by one or more subsidiaries of the Company or by the Company and one or more subsidiaries thereof or (ii) any other Person (other than a corporation) in which the Company, one or more subsidiaries thereof or the Company and one or more subsidiaries thereof, directly or indirectly, at the date of determination thereof, have at least majority ownership interest.

"TIA" means the Trust Indenture Act of 1939 (15 U.S. Code ss.ss. 77aaa-77bbbb) as in effect on the date of this Indenture, except as provided in Section 9.03.

"Trust Officer" means any officer of the Trustee assigned by the Trustee to administer this Indenture.

"Trustee" means the party named as such in this Indenture until a successor replaces it in accordance with the provisions hereof and thereafter means the successor.

SECTION 1.02. Other Definitions.

Term	Defined in Section
"Bankruptcy Law"	6.01
"Business Day"	13.07
"Change in Control"	3.07(1)
"Closing Price"	10.06(h)
"Common Dividend Amount"	10.06(e)
"Company Notice"	3.07(b)
"Continuing Director"	3.07(1)
"Conversion Agent"	2.03
"Current Market Price"	10.06(h)
"Custodian"	6.01
"Event of Default"	6.01
"fair market value"	10.06(h)
"Global Security"	2.01
"Initial Purchasers"	2.02
"Legal Holiday"	13.07
"Market Capitalization"	10.06(e)
"Participants"	2.15
"Paying Agent"	2.03
"Payment Blockage Notice"	12.01(b)
"Payment Blockage Period"	12.01(b)
"Payment Default"	12.01(b)
"Physical Securities"	2.15(b)
"Private Placement Legend"	2.17
"Record Date"	10.06(h)
"Registrar"	2.03
"Repurchase Date"	3.07(a)
"Repurchase Event"	3.07(1)
"Repurchase Price	3.07
"Subject Securities"	10.06(d)
"Termination of Trading"	3.07(1)
"Trading Day"	10.06(h)

"Trigger Event"	10.06(d)
"U.S. Government Obligations"	8.01

SECTION 1.03. Incorporation by Reference of Trust Indenture Act.

Whenever this Indenture refers to a provision of the TIA, the provision is incorporated by reference in and made a part of this Indenture.

The following TIA terms used in this Indenture have the following meanings:

"Commission" means the SEC;

"indenture securities" means the Securities;

"indenture security holder" means a Holder;

"indenture to be qualified" means this Indenture;

"indenture trustee" or "institutional trustee" means the Trustee; and

"obligor" on the indenture securities means the Company.

All other terms used in this Indenture that are defined by the TIA, defined by TIA reference to another statute or defined by SEC rule under the TIA and not otherwise defined herein have the meanings so assigned to them.

SECTION 1.04. Rules of Construction.

Unless the context otherwise requires:

(1) a term has the meaning assigned to it;

(2) an accounting term not otherwise defined has the meaning assigned to it in accordance with generally accepted accounting principles in effect on the date hereof;

(3) "or" is not exclusive;

(4) words in the singular include the plural and in the plural include the singular;

(5) provisions apply to successive events and transactions; and

(6) "herein", "hereof" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or other subdivision.

ARTICLE TWO

THE SECURITIES

SECTION 2.01. Form and Dating.

The Securities and the Trustee's certificate of authentication shall be substantially in the form set forth in Exhibit A, which is incorporated in and forms a part of this Indenture. The Securities may have notations, legends or endorsements required by law, stock exchange rule or usage. Each Security shall be dated the date of its authentication.

Securities offered and sold in reliance on Rule 144A, Securities offered and sold in reliance on Regulation S and Securities subsequently transferred to Institutional Accredited Investors shall be issued initially in the form of one or more Global Securities, substantially in the form set forth in Exhibit A (the "Global Security"). The aggregate principal amount of the Global Security may from time to time be increased or decreased by adjustments made on the records of the Trustee, as custodian for the Depository, as hereinafter provided.

SECTION 2.02. Execution and Authentication.

Two Officers shall sign the Securities for the Company by manual or facsimile signature.

If an Officer whose signature is on a Security no longer holds that office at the time the Security is authenticated, the Security shall nevertheless be valid.

A Security shall not be valid until authenticated by the manual signature of the Trustee. The signature shall be conclusive evidence that the Security has been authenticated under this Indenture.

Upon a written order of the Company signed by two Officers or by an Officer and an Assistant Treasurer of the Company, the Trustee shall authenticate Securities for original issue in the principal amount of $120,000,000 and such additional principal amounts, if any, as shall be determined pursuant to the next sentence of this Section 2.02. Upon receipt by the Trustee of an Officers' Certificate stating that the Initial Purchasers have elected to purchase from the Company a specified principal amount of additional Securities, not to exceed $30,000,000, pursuant to Section 1 of the Purchase Agreement dated as of March 3, 2000 between the Company, as issuer, and J.P. Morgan Securities Inc., U.S. Bancorp Piper Jaffray Inc., Chase Securities Inc. and Warburg Dillon Read LLC, as initial purchasers (the "Initial Purchasers"), the Trustee shall authenticate and deliver such specified principal amount of additional Securities to or upon the written order of the Company signed as provided in the immediately preceding sentence. Such Officers' Certificate must be received by the Trustee at least two full Business Days prior to the proposed date for delivery of such additional Securities, but, in any case, not later than April 5, 2000. The aggregate principal amount of Securities outstanding at any time may not exceed $150,000,000 except as provided in Section 2.07.

Upon a written order of the Company signed by two Officers or by an Officer and an Assistant Treasurer of the Company, the Trustee shall authenticate Securities not bearing the Private Placement Legend to be issued to the transferee when sold pursuant to an effective registration statement under the Securities Act.

The Trustee may appoint an authenticating agent acceptable to the Company to authenticate Securities. An authenticating agent may authenticate Securities whenever the Trustee may do so. Each reference in this Indenture to authentication by the Trustee includes authentication by such Agent. An authenticating agent has the same rights as an Agent to deal with the Company or an Affiliate.

The Securities shall be issuable only in registered form without coupons and only in denominations of $1,000 principal amount and any integral multiple thereof.

SECTION 2.03. Registrar, Paying Agent and Conversion Agent.

The Company shall maintain an office or agency where Securities may be presented for registration of transfer or for exchange ("Registrar"), an office or agency where Securities may be presented for payment ("Paying Agent") and an office or agency where Securities may be presented for conversion ("Conversion Agent"). The Registrar shall keep a register of the Securities and of their transfer and exchange. The Company may appoint or change one or more co-registrars, one or more additional paying agents and one or more additional conversion agents without notice and may act in any such capacity on its own behalf. The term "Registrar" includes any co-registrar; the term "Paying Agent" includes any additional paying agent; the term "Conversion Agent" includes any additional conversion agent.

The Company shall enter into an appropriate agency agreement with any Agent not a party to this Indenture. The agreement shall implement the provisions of this Indenture that relate to such Agent. The Company shall notify the Trustee of the name and address of any Agent not a party to this Indenture. If the Company fails to maintain a Registrar, Paying Agent or Conversion Agent, the Trustee shall act as such.

The Company initially appoints the Trustee as Paying Agent, Registrar and Conversion Agent.

SECTION 2.04. Paying Agent to Hold Money in Trust.

Each Paying Agent shall hold in trust for the benefit of the Holders or the Trustee all moneys held by the Paying Agent for the payment of principal of or interest on the Securities, and shall notify the Trustee of any default by the Company in making any such payment. While any such default continues, the Trustee may require a Paying Agent to pay all money held by it to the Trustee. The Company at any time may require a Paying Agent to pay all money held by it to the Trustee. Upon payment over to the Trustee, the Paying Agent shall have no further liability for the money. If the Company acts as Paying Agent, it shall segregate and hold as a separate trust fund all money held by it as Paying Agent.

SECTION 2.05. Securityholder Lists.

The Trustee shall preserve in as current a form as is reasonably practicable the most recent list available to it of the names and addresses of Holders. If the Trustee is not the Registrar, the Company shall furnish to the Trustee on or before each interest payment date and at such other times as the Trustee may request in writing a list, in such form and as of such date as the Trustee may reasonably require, of the names and addresses of Holders.

SECTION 2.06. Transfer and Exchange.

Where Securities are presented to the Registrar with a request to register their transfer or to exchange them for an equal principal amount of Securities of other authorized denominations, the Registrar shall register the transfer or make the exchange if its requirements for such transaction are met. To permit registrations of transfer and exchanges, the Company shall execute and the Trustee shall authenticate Securities at the Registrar's request. The Company or the Trustee, as the case may be, shall not be required (a) to issue or authenticate, register the transfer of or exchange any Security during a period beginning at the opening of business 15 days before the mailing of a notice of redemption of the Securities selected for redemption under Section 3.03 and ending at the close of business on the day of such mailing, or (b) to register the transfer of or exchange any Security so selected for redemption in whole or in part, except the unredeemed portion of Securities being redeemed in part.

No service charge shall be made for any registration of transfer, exchange or conversion of Securities, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer, registration of transfer or exchange of Securities, other than exchanges pursuant to Sections 2.10, 3.06, 9.05 or 10.02 not involving any transfer.

SECTION 2.07. Replacement Securities.

If the Holder of a Security claims that the Security has been mutilated, lost, destroyed or wrongfully taken, the Company shall issue and the Trustee shall authenticate a replacement Security if the Trustee's requirements are met and, in the case of a mutilated Security, such mutilated Security is surrendered to the Trustee. In the case of lost, destroyed or wrongfully taken Securities, if required by the Trustee or the Company, an indemnity bond must be provided by the Holder that is sufficient in the judgment of both to protect the Company, the Trustee or any Agent from any loss which any of them may suffer if a Security is replaced. The Company or the Trustee may charge for its expenses in replacing a Security.

In case any such mutilated, lost, destroyed or wrongfully taken Security has become or is about to become due and payable, the Company in its discretion may, instead of issuing a new Security, pay such Security when due.

Every replacement Security is an additional obligation of the Company.

SECTION 2.08. Outstanding Securities.

Securities outstanding at any time are all the Securities authenticated by the Trustee except for those converted, those cancelled by it, those delivered to it for cancellation and those described in this Section as not outstanding. A Security does not cease to be outstanding because the Company or one of its subsidiaries or Affiliates holds the Security.

If a Security is replaced pursuant to Section 2.07, it ceases to be outstanding unless the Trustee receives proof satisfactory to it, or a court holds, that the replaced Security is held by a protected purchaser.

If the Paying Agent (other than the Company) holds on a redemption date or maturity date money sufficient to pay Securities payable on that date, then on and after that date, such Securities shall be deemed to be no longer outstanding and interest on them shall cease to accrue.

SECTION 2.09. Securities Held by the Company or an Affiliate.

In determining whether the Holders of the required aggregate principal amount of Securities have concurred in any direction, waiver or consent, Securities owned by the Company or a subsidiary or an Affiliate shall be disregarded, except that for the purposes of determining whether the Trustee shall be protected in relying on any such direction, waiver or consent, only Securities which a Trust Officer knows are so owned shall be so disregarded.

SECTION 2.10. Temporary Securities.

Until definitive Securities are ready for delivery, the Company may prepare and the Trustee shall authenticate temporary Securities. Temporary Securities shall be substantially in the form of definitive Securities but may have variations that the Company considers appropriate for temporary Securities. Without unreasonable delay, the Company shall prepare and the Trustee shall authenticate definitive Securities in exchange for temporary Securities.

SECTION 2.11. Cancellation.

The Company at any time may deliver Securities to the Trustee for cancellation. The Registrar, Paying Agent and Conversion Agent shall forward to the Trustee any Securities surrendered to them for registration of transfer, exchange, payment or conversion. The Trustee shall cancel all Securities surrendered for registration of transfer, exchange, payment, conversion or cancellation and the Trustee may, but shall not be required to, destroy cancelled Securities and deliver a certificate of any such destruction to the Company or return such cancelled Securities to the Company. The Company may not issue new Securities to replace Securities that it has paid or delivered to the Trustee for cancellation or that any Holder has converted pursuant to Article Ten.

SECTION 2.12. Defaulted Interest.

If and to the extent the Company defaults in a payment of interest on the Securities, it shall pay the defaulted interest in any lawful manner plus, to the extent not prohibited by applicable statute or case law, interest payable on the defaulted interest. It may pay the defaulted interest to the Persons who are Holders on a subsequent special record date. The Company shall fix such record date and payment date. At least 15 days before the record date, the Company shall mail to Holders a notice that states the record date, payment date and amount of interest to be paid.

SECTION 2.13. CUSIP Numbers.

The Company in issuing the Securities may use one or more "CUSIP" numbers, and if so, the Trustee shall use the CUSIP numbers in notices of redemption or exchange as a convenience to Holders; provided, however, that no representation is hereby deemed to be made by the Trustee as to the correctness or accuracy of the CUSIP numbers printed in the notice or on the Securities, and that reliance may be placed only on the other identification numbers printed on the Securities. The Company shall promptly notify the Trustee of any change in the CUSIP number.

SECTION 2.14. Deposit of Moneys.

Prior to 11:00 a.m., New York City time, on each interest payment date, maturity date, redemption date and Repurchase Date, the Company shall have deposited with the Paying Agent in immediately available funds money sufficient to make cash payments, if any, due on such interest payment date, maturity date, redemption date and Repurchase Date, as the case may be, in a timely manner which permits the Paying Agent to remit payment to the Holders on such interest payment date, maturity date, redemption date and Repurchase Date, as the case may be.

SECTION 2.15. Book-Entry Provisions for Global Securities.

(a) The Global Securities initially shall (i) be registered in the name of the Depository or the nominee of such Depository, (ii) be delivered to the Trustee as custodian for such Depository and (iii) bear the legend for Global Securities as set forth in Exhibit B(II).

Members of, or participants in, the Depository ("Participants") shall have no rights under this Indenture with respect to any Global Security held on their behalf by the Depository, or the Trustee as its custodian, or under the Global Security, and the Depository may be treated by the Company, the Trustee and any agent of the Company or the Trustee as the absolute owner of the Global Security for all purposes whatsoever. Notwithstanding the foregoing, nothing herein shall prevent the Company, the Trustee or any agent of the Company or the Trustee from giving effect to any written certification, proxy or other authorization furnished by the Depository or impair, as between the Depository and Participants, the operation of customary practices governing the exercise of the rights of a Holder of any Security.

(b) Transfers of Global Securities shall be limited to transfers in whole, but not in part, to the Depository, its successors or their respective nominees. In addition, permanent certifi-

cated Securities in registered form, in the form set forth in Exhibit A (the "Physical Securities"), shall be transferred to all beneficial owners in exchange for their beneficial interests in Global Securities if (i) the Depository notifies the Company that it is unwilling or unable to continue as Depository for any Global Security and a successor Depository is not appointed by the Company within 90 days of such notice or (ii) an Event of Default has occurred and is continuing and the Registrar has received a written request from the Depository to issue Physical Securities.

(c) In connection with any transfer or exchange of a portion of the beneficial interest in a Global Security to beneficial owners pursuant to paragraph (b), the Registrar shall (if one or more Physical Securities are to be issued) reflect on its books and records the date and a decrease in the aggregate principal amount of such Global Security in an amount equal to the aggregate initial aggregate principal amount of the beneficial interest in the Global Security to be transferred, and the Company shall execute and the Trustee shall authenticate and deliver one or more Physical Securities of authorized denominations in an aggregate principal amount equal to the aggregate principal amount of the beneficial interest in the Global Security so transferred.

(d) In connection with the transfer of a Global Security in its entirety to beneficial owners pursuant to paragraph (b) of this Section 2.15, such Global Security shall be deemed to be surrendered to the Trustee for cancellation, and the Company shall execute, and the Trustee shall upon written instructions from the Company authenticate and deliver, to each beneficial owner identified by the Depository in exchange for its beneficial interest in such Global Security, an equal aggregate principal amount of Physical Securities of authorized denominations.

(e) Any Physical Security constituting a Restricted Security delivered in exchange for an interest in a Global Security pursuant to paragraph (b) or (c) of this Section 2.15 shall, except as otherwise provided by Section 2.16, bear the Private Placement Legend.

(f) The Holder of any Global Security may grant proxies and otherwise authorize any Person, including Participants and Persons that may hold interests through Participants, to take any action which a Holder is entitled to take under this Indenture or the Securities.

SECTION 2.16. Special Transfer Provisions.

(a)Transfers to Non-QIB Institutional Accredited Investors and Non-U.S. Persons. The following provisions shall apply with respect to the registration of any proposed transfer of a Restricted Security to any Institutional Accredited Investor which is not a QIB or to any Non-U.S. Person:

(i) the Registrar shall register the transfer of any Restricted Security, whether or not such Security bears the Private Placement Legend, if (x) the requested transfer is after the second anniversary of the Issue Date for such Security; provided, however, that the transferor shall represent to the Registrar that, to the transferor's knowledge, neither the Company nor any Affiliate of the Company has held any beneficial interest in such Security, or portion thereof, at any time on or prior to the second anniversary of the Issue Date for such Security or (y)(1) in the case of a transfer to an Institutional Accredited Investor which is not a QIB

(excluding Non-U.S. Persons), the proposed transferee has delivered to the Registrar a certificate substantially in the form of Exhibit C hereto and any legal opinions and certifications required thereby and (2) in the case of a transfer to a Non-U.S. Person, the proposed transferee has delivered to the Registrar a certificate substantially in the form of Exhibit D hereto;

(ii) if the proposed transferee is a Participant and the Securities to be transferred consist of Physical Securities which after transfer are to be evidenced by an interest in the Global Security, upon receipt by the Registrar of (x) written instructions given in accordance with the Depository's and the Registrar's procedures and (y) the appropriate certificate, if any, required by clause (y) of paragraph (i) above, the Registrar shall register the transfer and reflect on its books and records the date and an increase in the aggregate principal amount of the Global Security in an amount equal to the aggregate principal amount of Physical Securities to be transferred, and the Trustee shall cancel the Physical Securities so transferred; and

(iii) if the proposed transferor is a Participant seeking to transfer an interest in the Rule 144A Global Security, upon receipt by the Registrar of (x) written instructions given in accordance with the Depository's and the Registrar's procedures and (y) the appropriate certificate, if any, required by clause (y) of paragraph (i) above, the Registrar shall register the transfer and reflect on its books and records the date and (A) a decrease in the aggregate principal amount of the Rule 144A Global Security in an amount equal to the aggregate principal amount of the Securities to be transferred and (B) an increase in the aggregate principal amount of the Regulation S Global Security or the IAI Global Security, as the case may be, in an amount equal to the aggregate principal amount of the Securities to be transferred.

(b) Transfers to QIBs. The following provisions shall apply with respect to the registration of any proposed transfer of a Restricted Security to a QIB:

(i) the Registrar shall register the transfer of any Restricted Security, whether or not such Security bears the Private Placement Legend, if (x) the requested transfer is after the second anniversary of the Issue Date for such Security; provided, however, that the transferor shall represent to the Registrar that, to the transferor's knowledge, neither the Company nor any Affiliate of the Company has held any beneficial interest in such Security, or portion thereof, at any time on or prior to the second anniversary of the Issue Date for such Security or (y) such transfer is being made by a proposed transferor who has checked the box provided for on the form of Security stating, or has otherwise advised the Company and the Registrar in writing, that the sale has been made in compliance with the provisions of Rule 144A to a transferee who has signed the certification provided for on the form of Security stating, or has otherwise advised the Company and the Registrar in writing, that it is purchasing the Security for its own account or an account with respect to which it exercises sole investment discretion and that it and any such account is a QIB within the meaning of Rule 144A, and is aware that the sale to it is being made in reliance on Rule 144A and acknowledges that it has received such information regarding the Company as it has requested pursuant to Rule 144A or has determined not to request such information and that it is aware that the transferor is relying

upon its foregoing representations in order to claim the exemption from registration provided by Rule 144A;

(ii) if the proposed transferee is a Participant and the Securities to be transferred consist of Physical Securities which after transfer are to be evidenced by an interest in the Global Security, upon receipt by the Registrar of written instructions given in accordance with the Depository's and Registrar's procedures, the Registrar shall register the transfer and reflect on its books and records the date and an increase in the principal amount of the Global Security in an amount equal to the principal amount of Physical Securities to be transferred, and the Trustee shall cancel the Physical Security so transferred; and

(iii) if the proposed transferor is a Participant seeking to transfer an interest in the Regulation S Global Security or the IAI Global Security, upon receipt by the Registrar of written instructions given in accordance with the Depository's and the Registrar's procedures, the Registrar shall register the transfer and reflect on its books and records the date and (A) a decrease in the aggregate principal amount of the Regulation S Global Security or the IAI Global Security, as the case may be, in an amount equal to the aggregate principal amount of the Securities to be transferred and (B) an increase in the aggregate principal amount of the Rule 144A Global Security in an amount equal to the aggregate principal amount of the Securities to be transferred.

(c) Restrictions on Transfer and Exchange of Global Securities. Notwithstanding any other provisions of this Indenture, a Global Security may not be transferred as a whole except by the Depository to a nominee of the Depository or by a nominee of the Depository to the Depository or another nominee of the Depository or by the Depository or any such nominee to a successor Depository or a nominee of such successor Depository.

(d) Private Placement Legend. Upon the registration of transfer, exchange or replacement of Securities not bearing the Private Placement Legend, the Registrar or co-Registrar shall deliver Securities that do not bear the Private Placement Legend. Upon the registration of transfer, exchange or replacement of Securities bearing the Private Placement Legend, the Registrar or co-Registrar shall deliver only Securities that bear the Private Placement Legend unless (i) the requested transfer is after the second anniversary of the Issue Date for such Security (provided, however, that neither the Company nor any Affiliate of the Company has held any beneficial interest in such Security, or portion thereof, at any time prior to or on the second anniversary of the Issue Date for such Security), (ii) there is delivered to the Trustee an Opinion of Counsel reasonably satisfactory to the Company to the effect that neither such legend nor the related restrictions on transfer are required in order to maintain compliance with the provisions of the Securities Act or (iii) such Security has been sold pursuant to an effective registration statement under the Securities Act and the Holder selling such Securities has delivered to the Registrar or co-Registrar a notice in the form of Exhibit E hereto. Upon the effectiveness of the Shelf Registration Statement (as defined in the Registration Rights Agreement) the Company shall deliver to the Trustee a notice of effectiveness, a Security or Securities, an authentication order in accordance with Section 2.02 and an Opinion of Counsel in the form

of Exhibit F hereto and, if required by the Depository, the Company shall deliver to the Depository a letter of representations in a form reasonably acceptable to the Depository.

(e) General. By its acceptance of any Security bearing the Private Placement Legend, each Holder of such a Security acknowledges the restrictions on transfer of such Security set forth in this Indenture and in the Private Placement Legend and agrees that it will transfer such Security only as provided in this Indenture.

The Registrar shall retain, in accordance with its customary procedures, copies of all letters, notices and other written communications received pursuant to Section 2.15 or this Section 2.16. The Company shall have the right to inspect and make copies of all such letters, notices or other written communications at any reasonable time upon the giving of reasonable notice to the Registrar.

(f) Transfers of Securities Held by Affiliates. Any certificate (i) evidencing a Security that has been transferred to an Affiliate of the Company within two years after the Issue Date for such Security, as evidenced by a notation on the Assignment Form for such transfer or in the representation letter delivered in respect thereof or (ii) evidencing a Security that has been acquired from an Affiliate (other than by an Affiliate) in a transaction or a chain of transactions not involving any public offering, shall, until two years after the last date on which either the Company or any Affiliate of the Company was an owner of such Security, in each case, bear the Private Placement Legend, unless otherwise agreed by the Company (with written notice thereof to the Trustee).

SECTION 2.17. Restrictive Legends.

Each Global Security and Physical Security that constitutes a Restricted Security shall bear the private placement legend (the "Private Placement Legend") as set forth in Exhibit B(I) on the face thereof until after the second anniversary of the later of the Issue Date for such Securities and the last date on which the Company or any Affiliate of the Company was the owner of such Security (or any predecessor security) (or such shorter period of time as permitted by Rule 144(k) under the Securities Act or any successor provision thereunder) (or such longer period of time as may be required under the Securities Act or applicable state securities laws in the opinion of counsel for the Company, unless otherwise agreed by the Company and the Holder thereof).

ARTICLE THREE

REDEMPTION; REPURCHASE

SECTION 3.01. Notices to Trustee.

If the Company wants to redeem Securities pursuant to paragraph 6 of the Securities, it shall notify the Trustee at least 45 days prior to the redemption date (unless a shorter notice period shall be satisfactory to the Trustee) of the redemption date and the aggregate principal amount of Securities to be redeemed. If the Company wants to credit against any such redemption Securities it has

not previously delivered to the Trustee for cancellation (other than Securities repurchased pursuant to Section 3.07), it shall deliver the Securities with the notice.

SECTION 3.02. Selection of Securities to Be Redeemed.

If less than all the Securities are to be redeemed, the Trustee shall select the Securities to be redeemed on either a pro rata basis or by lot or such other method as the Trustee shall deem fair and equitable. The Trustee shall make the selection from Securities outstanding not previously called for redemption. The Trustee may select for redemption portions of the principal of Securities that have denominations larger than $1,000 principal amount. Securities and portions of them it selects shall be in amounts of $1,000 principal amount or whole multiples of $1,000 principal amount. Provisions of this Indenture that apply to Securities called for redemption also apply to portions of Securities called for redemption.

The Registrar need not register the transfer of or exchange any Securities selected for redemption. Also, the Registrar need not transfer or exchange any Securities for a period of 15 days before selecting Securities to be redeemed.

SECTION 3.03. Notice of Redemption.

At least 30 days but not more than 60 days before a redemption date, the Company shall mail by first-class mail or cause to be mailed a notice of redemption to each Holder whose Securities are to be redeemed.

The notice shall identify the Securities and the aggregate principal amount thereof to be redeemed and shall state:

(1) the redemption date;

(2) the redemption price, plus the amount of accrued and unpaid interest to be paid on the Securities called for redemption;

(3) the then current conversion rate;

(4) the name and address of the Paying Agent and Conversion Agent;

(5) the date on which the right to convert the principal of the Securities called for redemption will terminate and the place or places where such Securities may be surrendered for conversion;

(6) that Holders who want to convert Securities must satisfy the requirements in Article Ten;

(7) that Securities called for redemption must be surrendered to the Paying Agent to collect the redemption price;

(8) that interest on Securities called for redemption ceases to accrue on and after the redemption date; and

(9) the CUSIP number of the Securities.

The date on which the right to convert the principal of the Securities called for redemption will terminate shall be at the close of business on the date prior to the redemption date, or, if the day before the redemption date is a Legal Holiday, the close of business on the next preceding day which is not a Legal Holiday.

At the Company's request (which request shall be furnished to the Trustee at least 40 days prior to the redemption date (unless a shorter period shall be acceptable to the Trustee)), the Trustee shall give the notice of redemption in the Company's name and at the Company's expense; provided that the form and content of such notice shall be prepared by the Company.

SECTION 3.04. Effect of Notice of Redemption.

Once notice of redemption is mailed, Securities called for redemption become due and payable on the redemption date at the redemption price plus accrued and unpaid interest to the date of redemption, and, on and after such date (unless the Company shall default in the payment of the redemption price), such Securities shall cease to bear interest. Upon surrender to the Paying Agent, such Securities shall be paid at the redemption price plus accrued interest to the redemption date, unless the redemption date is an interest payment date, in which case the accrued interest will be paid in the ordinary course.

SECTION 3.05. Deposit of Redemption Price.

On or before the redemption date, the Company shall deposit with the Paying Agent pursuant to Section 2.14 money in funds immediately available on the redemption date sufficient to pay the redemption price of and accrued interest on all Securities to be redeemed on that date. The Paying Agent shall return to the Company, as soon as practicable, any money not required for that purpose because of conversion of Securities.

SECTION 3.06. Securities Redeemed in Part.

Upon surrender of a Security that is redeemed in part, the Company shall execute and the Trustee shall authenticate for the Holder a new Security equal in principal amount to the unredeemed portion of the Security surrendered.

If a portion of a Holder's Securities is selected for partial redemption and that Holder converts a portion of that Holder's Securities, the converted portion shall be deemed (as far as may be) to be the portion selected for redemption.

SECTION 3.07. Repurchase at Option of Holder upon a Repurchase Event.

(a) If there shall occur a Repurchase Event, then each Holder shall have the right, at such Holder's option, to require the Company to repurchase all of such Holder's Securities, or any portion thereof (in principal amounts of $1,000 or integral multiples thereof), on the date (the "Repurchase Date") that is forty (40) calendar days after the date of the Company Notice (as defined below) of such Repurchase Event (or, if such 40th day is not a Business Day, the next succeeding Business Day). Such repurchase shall be made in cash at a price equal to 105% of the principal amount of Securities such Holder elects to require the Company to repurchase, together with accrued interest, if any, to but excluding the Repurchase Date (the "Repurchase Price") (or, at the option of the Company, by delivery of Common Stock in accordance with the provisions of Section 3.07(k)); provided, however, that if such Repurchase Date is March 15 or September 15, then the interest payable on such date shall be paid to the holder of record of the Security on the next preceding March 1 or September 1, respectively. No Securities may be repurchased at the option of Holders upon a Repurchase Event if there has occurred and is continuing an Event of Default, other than a default in the payment of the Repurchase Price with respect to such Securities on the Repurchase Date.

(b) Unless the Company shall have theretofore called for redemption all of the outstanding Securities, on or before the fifteenth (15th) calendar day after the occurrence of a Repurchase Event, the Company or, at the written request of the Company, the Trustee shall mail to all holders of record of the Securities a notice (the "Company Notice") in the form prepared by the Company of the occurrence of the Repurchase Event and of the repurchase right set forth herein arising as a result thereof. The Company shall also deliver a copy of such Company Notice to the Trustee and cause a copy of such Company Notice, or a summary of the information contained therein, to be published once in a newspaper of general circulation in The City of New York. The Company Notice shall contain the following information:

(1) the Repurchase Date;

(2) the date by which the repurchase right must be exercised;

(3) the last date by which the election to require repurchase, if submitted, must be revoked;

(4) the Repurchase Price and whether the Repurchase Price shall be payable in cash or Common Stock and, if payable in Common Stock, the method of calculating the amount of the Common Stock to be delivered upon the repurchase as provided in Section 3.07(k);

(5) a description of the procedure which a Holder must follow to exercise a repurchase right;

(6) the Conversion Price then in effect, the date on which the right to convert the principal amount of the Securities to be repurchased will terminate and the place or places where Securities may be surrendered for conversion; and

(7) the CUSIP numbers of the Securities.

No failure of the Company to give the foregoing notices or defect therein shall limit any Holder's right to exercise a repurchase right or affect the validity of the proceedings for the repurchase of Securities.

If any of the foregoing provisions are inconsistent with applicable law, such law shall govern.

(c) To exercise a repurchase right, a Holder shall deliver to the Trustee on or before the thirty-fifth (35th) day after the Company Notice was delivered (i) written notice to the Company (or agent designated by the Company for such purpose) of the Holder's exercise of such right, which notice shall set forth the name of the Holder, the principal amount of the Securities to be repurchased, a statement that an election to exercise the repurchase right is being made thereby, and, in the event that the Repurchase Price shall be paid in shares of Common Stock, the name or names (with addresses) in which the certificate or certificates for shares of Common Stock shall be issued, and (ii) the Securities with respect to which the repurchase right is being exercised, duly endorsed for transfer to the Company. Election of repurchase by a Holder shall be revocable at any time prior to, but excluding, the Repurchase Date, by delivering written notice to that effect to the Trustee prior to the close of business on the Business Day prior to the Repurchase Date.

(d) If the Company fails to repurchase on the Repurchase Date any Securities (or portions thereof) as to which the repurchase right has been properly exercised, then the principal of such Securities shall, until paid, bear interest to the extent permitted by applicable law from the Repurchase Date at the rate borne by the Securities and each such Security shall be convertible into Common Stock in accordance with this Indenture until the principal of such Security shall have been paid or duly provided for.

(e) Any Security which is to be repurchased only in part shall be surrendered to the Trustee duly endorsed for transfer to the Company and accompanied by appropriate evidence of genuineness and authority satisfactory to the Company and the Trustee duly executed by the Holder thereof (or his attorney duly authorized in writing), and the Company shall execute, and the Trustee shall authenticate and deliver to the Holder of such Security without service charge, a new Security or Securities, containing identical terms and conditions, of any authorized denomination as requested by such Holder in aggregate principal amount equal to and in exchange for the unrepurchased portion of the principal of the Security so surrendered.

(f) On or prior to the Repurchase Date, the Company shall deposit with the Trustee or with a Paying Agent, pursuant to Section 2.14, the Repurchase Price in cash for payment to the Holder on the Repurchase Date; provided that if payment is to be made in cash and such cash payment is made on the Repurchase Date it must be received by the Trustee or paying agent, as the case

may be, by 10:00 a.m., New York City time, on such date; provided, further, that if the Repurchase Price is to be paid in shares of Common Stock, such shares of Common Stock are to be paid as promptly after the Repurchase Date as practicable.

(g) Any issuance of shares of Common Stock in respect of the Repurchase Price shall be deemed to have been effected immediately prior to the close of business on the Repurchase Date and the Person or Persons in whose name or names any certificate or certificates for shares of Common Stock shall be issuable upon such repurchase shall be deemed to have become on the Repurchase Date the holder or holders of record of the shares represented thereby; provided, however, that any surrender for repurchase on a date when the stock transfer books of the Company shall be closed shall constitute the Person or Persons in whose name or names the certificate or certificates for such shares are to be issued as the record holder or holders thereof for all purposes at the opening of business on the next succeeding day on which such stock transfer books are open. No payment or adjustment shall be made for dividends or distributions on any Common Stock issued upon repurchase of any Security declared prior to the Repurchase Date.

(h) No fractions of shares shall be issued upon repurchase of Securities. If more than one Security shall be repurchased from the same Holder and the Repurchase Price shall be payable in shares of Common Stock, the number of full shares which shall be issuable upon such repurchase shall be computed on the basis of the aggregate principal amount of the Securities so repurchased. Instead of any fractional share of Common Stock otherwise issuable on the repurchase of any Security or Securities, the Company will deliver to the applicable Holder its check for the current market value of such fractional share. The current market value of a fraction of a share is determined by multiplying the current market price of a full share by the fraction, and rounding the result to the nearest cent. For purposes of this Section, the current market price of a share of Common Stock is the Closing Price of the Common Stock on the Trading Day immediately preceding the Repurchase Date.

(i) Any issuance and delivery of certificates for shares of Common Stock on repurchase of Securities shall be made without charge to the Holder of Securities being repurchased for such certificates or for any tax or duty in respect of the issuance or delivery of such certificates or the securities represented thereby; provided, however, that the Company shall not be required to pay any tax or duty which may be payable in respect of (i) income of the Holder or (ii) any transfer involved in the issuance or delivery of certificates for shares of Common Stock in a name other than that of the Holder of the Securities being repurchased, and no such issuance or delivery shall be made unless and until the Person requesting such issuance or delivery has paid to the Company the amount of any such tax or duty or has established, to the satisfaction of the Company, that such tax or duty has been paid.

(j) All Securities delivered for repurchase shall be delivered to the Trustee to be canceled in accordance with the provisions of Section 2.11.

(k) The Company may elect to pay the Repurchase Price by delivery of shares of Common Stock if and only if the following conditions shall have been satisfied:

(i) the shares of Common Stock deliverable in payment of the Repurchase Price shall have a fair market value as of the Repurchase Date of not less than the Repurchase Price. For purposes of this Section 3.07, the fair market value of shares of Common Stock shall be determined by the Company and shall be equal to 95% of the average of the Closing Prices of the Common Stock for the five consecutive Trading Days immediately preceding and including the third Trading Day prior to the Repurchase Date;

(ii) such shares have been registered under the Securities Act or are freely transferable without such registration;

(iii) the issuance of such Common Stock does not require registration with or approval of any governmental authority under any state law or any other federal law, which registration or approval has not been made or obtained;

(iv) such shares have been approved for quotation on the Nasdaq National Market or listing on a national securities exchange; and

(v) such shares will be issued out of the Company's authorized but unissued stock and, upon issuance, will be duly and validly and fully paid and non-assessable and free of any preemptive rights.

(l) For purposes of this Section 3.07:

(i) the term "beneficial owner" shall be determined in accordance with Rule 13d-3 and 13d-5, as in effect on the date of the original execution of this Indenture, promulgated by the SEC pursuant to the Exchange Act;

(ii) the term "Person" or "group" shall include any syndicate or group which would be deemed to be a "person" under Section 13(d) and 14(d) of the Exchange Act as in effect on the date of this Indenture;

(iii) the term "Continuing Director" means at any date a member of the Company's Board of Directors (i) who was a member of such board on March 3, 2000 or (ii) who was nominated or elected by at least a majority of the directors who were Continuing Directors at the time of such nomination or election or whose election to the Company's Board of Directors was recommended or endorsed by at least a majority of the directors who were Continuing Directors at the time of such nomination or election or such lesser number comprising a majority of a nominating committee if authority for such nominations or elections has been delegated to a nominating committee whose authority and composition have been approved by at least a majority of the Continuing Directors; and

(iv) the term "Repurchase Event" means a Change in Control or a Termination of Trading, in each case defined as follows:

A "Change in Control" shall be deemed to have occurred when (i) any "person" or "group" (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act) is or becomes the "beneficial owner" (as defined in Rules 13-d3 and 13-d5 under the Exchange Act) of shares representing more than 50% of the combined voting power of the then outstanding securities entitled to vote generally in elections of directors of the Company (the "Voting Stock"); (ii) the stockholders of the Company approve any plan or proposal for the liquidation, dissolution or winding up of the Company; (iii) the Company (A) consolidates with or merges into any other Person or any other Person merges into the Company, and in the case of any such transaction, the outstanding Common Stock of the Company is changed or exchanged into other assets or securities as a result, unless the stockholders of the Company immediately before such transaction own, directly or indirectly immediately following such transaction, more than 50% of the combined voting power of the outstanding voting securities of the Person resulting from such transaction in substantially the same proportion as their ownership of the Voting Stock immediately before such transaction, or (B) conveys, transfers or leases all or substantially all of its assets to any Person other than a subsidiary or subsidiaries; or (iv) Continuing Directors do not at any time constitute a majority of the Board of Directors of the Company; provided that a Change in Control shall not be deemed to have occurred if either (x) the Closing Price of the Common Stock for any five (5) Trading Days during the ten (10) Trading Days immediately preceding the Change in Control is at least equal to 105% of the Conversion Price in effect on the date on which the Change in Control occurs or (y) in the case of a merger or consolidation otherwise constituting a Change in Control, all of the consideration (excluding cash payments for fractional shares) in such merger or consolidation constituting the Change in Control consists of common stock traded on a United States national securities exchange or quoted on the Nasdaq National Market (or which will be so traded or quoted when issued or exchanged in connection with such Change in Control) and as a result of such transaction or transactions the Securities become convertible solely into such Common Stock.

A "Termination of Trading" shall have occurred if the Common Stock (or other common stock into which the Securities are then convertible) is neither listed for trading on a United States national securities exchange nor approved for trading on an established automated over-the-counter trading market in the United States.

ARTICLE FOUR

COVENANTS

SECTION 4.01. Payment of Securities.

The Company shall pay the principal amount, premium, if any, of and any accrued and unpaid interest on the Securities on the dates and in the manner provided in the Securities. The principal, premium, if any, and any accrued and unpaid interest thereon shall be considered paid on the date due if the Paying Agent holds (or, if the Company is acting as Paying Agent, if the Company has segregated and holds in trust in accordance with Section 2.04) on that date money sufficient to pay the principal, premium, if any, and any accrued and unpaid interest thereon.

The Company shall pay interest on any overdue principal at the rate borne by the Securities. The Company shall pay interest on overdue installments of interest at the same rate to the extent not prohibited by applicable law.

SECTION 4.02. Maintenance of Office or Agency.

The Company will maintain in the Borough of Manhattan, The City of New York, an office or agency where Securities may be surrendered for registration of transfer or exchange or conversion and where notices and demands to or upon the Company in respect of the Securities and this Indenture may be served. The Company will give prompt written notice to the Trustee of the location, and any change in the location, of such office or agency. If at any time the Company shall fail to maintain any such required office or agency or shall fail to furnish the Trustee with the address thereof, such presentations, surrenders, notices and demands may be made or served at the Corporate Trust Office of the Trustee.

The Company may also from time to time designate one or more other offices or agencies where the Securities may be presented or surrendered for any or all such purposes and may from time to time rescind such designations; provided, however, that no such designation or rescission shall in any manner relieve the Company of its obligation to maintain an office or agency in the Borough of Manhattan, The City of New York for such purposes. The Company will give prompt written notice to the Trustee of any such designation or rescission and of any change in the location of any such other office or agency.

The Company hereby designates the Corporate Trust Office of the Trustee as an agency of the Company in accordance with Section 2.03.

The Company also shall comply with the provisions of TIA ss. 314(a).

SECTION 4.03. Reports to Holders.

(a) The Company (at its own expense) will deliver to the Trustee within 15 days after the filing of the same with the SEC, copies of the quarterly and annual reports and of the information, documents and other reports, if any, the Company is required to file with the SEC pursuant to Section 13 or 15(d) of the Exchange Act.

(b) Notwithstanding that the Company may not be subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act, the Company will promptly provide the information required by Rule 144A(d)(4) to any Holder that so requests.

(c) In addition, if and when this Indenture becomes subject to the TIA, the Company will file a copy of all such information with the SEC for public availability (unless the Commission will not accept such a filing) and make such information available to investors who request it in writing. The Company will also comply with the other provisions of TIA ss. 314(a).

SECTION 4.04. Compliance Certificate.

The Company shall deliver to the Trustee within 120 days after the end of each fiscal year of the Company an Officers' Certificate stating whether or not the signers know of any Default or Event of Default by the Company in performing any of its obligations under this Indenture or the Securities. If they do know of any such Default or Event of Default, the certificate shall describe the Default or Event of Default and its status.

SECTION 4.05. Stay, Extension and Usury Laws.

The Company covenants (to the extent that it may lawfully do so) that it will not at any time insist upon, plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay, extension or usury law wherever enacted, now or at any time hereafter in force, which may affect the covenants or the performance of this Indenture; and the Company (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law, and covenants that it will not, by resort to any such law, hinder, delay or impede the execution of any power herein granted to the Trustee, but will suffer and permit the execution of every such power as though no such law has been enacted.

SECTION 4.06. Corporate Existence.

Subject to Article Five, the Company will do or cause to be done all things necessary to preserve and keep in full force and effect its corporate existence and the corporate existence of each subsidiary in accordance with the respective organizational documents of each subsidiary and the rights (charter and statutory), licenses and franchises of the Company and its subsidiaries; provided, however, that the Company shall not be required to preserve any such right, license or franchise, or the corporate existence of any subsidiary, if in the judgment of the Company, (i) such preservation or existence is not material to the conduct of business of the Company and (ii) the loss of

such right, license or franchise or the dissolution of such subsidiary does not have a material adverse impact on the Holders.

SECTION 4.07. Notice of Default.

In the event that any Default under Section 6.01 hereof shall occur the Company will give prompt written notice of such Default to the Trustee.

ARTICLE FIVE

CONSOLIDATION, MERGER AND SALE OF ASSETS

SECTION 5.01. When Company May Merge, etc.

The Company shall not consolidate with or merge into, or transfer or lease all or substantially all of its assets to, another Person unless such other Person is a corporation, limited liability company, partnership, trust or other business entity organized under the laws of the United States, any State thereof or the District of Columbia and such Person assumes by supplemental indenture all the obligations of the Company under the Securities, this Indenture and the Registration Rights Agreement, and immediately after giving effect to the transaction, no Default or Event of Default has occurred and is continuing.

The Company shall deliver to the Trustee prior to the consummation of the proposed transaction an Officers' Certificate to the foregoing effect and an Opinion of Counsel stating that the proposed transaction and such supplemental indenture will, upon consummation of the proposed transaction, comply with this Indenture.

Notwithstanding the foregoing, any subsidiary may consolidate with, merge into or transfer all or part of its properties and assets to the Company or any other subsidiary or subsidiaries.

SECTION 5.02. Successor Substituted.

Upon any consolidation or merger or transfer or lease of all or substantially all of the assets of the Company in accordance with Section 5.01, the successor Person formed by such consolidation or into which the Company is merged or to which such transfer or lease is made shall succeed to, and be substituted for, and may exercise every right and power of, and shall assume every duty and obligation of, the Company under this Indenture with the same effect as if such successor corporation had been named as the Company herein. When the successor corporation assumes all obligations of the Company hereunder, all obligations of the predecessor corporation shall terminate.

ARTICLE SIX

DEFAULTS AND REMEDIES

SECTION 6.01. Events of Default.

An "Event of Default" occurs if:

(1) the Company fails to pay the principal of or any premium on the Securities when due (whether or not prohibited by the provisions set forth in Article Twelve hereof);

(2) the Company fails to pay any interest on the Securities for 30 days when due (whether or not prohibited by the provisions set forth in Article Twelve hereof);

(3) the Company fails to perform any other covenant in this Indenture for the period and after the notice specified in the last paragraph of this Section 6.01;

(4) the Company pursuant to or within the meaning of any Bankruptcy Law:

(A) commences a voluntary case,

(B) consents to the entry of an order for relief against it in an involuntary case,

(C) consents to the appointment of a Custodian of it or for all or substantially all of its property, or

(D) makes a general assignment for the benefit of its creditors; or

(5) a court of competent jurisdiction enters an order or decree under any Bankruptcy Law that:

(A) is for relief against the Company in an involuntary case,

(B) appoints a Custodian of the Company for all or substantially all of its property, or

(C) orders the liquidation of the Company,

and the order or decree remains unstayed and in effect for 90 consecutive days.

The term "Bankruptcy Law" means Title 11, U.S. Code or any similar Federal or State law for the relief of debtors. The term "Custodian" means any receiver trustee, assignee, liquidator or similar official under any Bankruptcy Law.

A default under clause (3) is not an Event of Default until the Trustee or the Holders of at least 25% in aggregate principal amount of the Securities then outstanding notify the Company and the Trustee of the default and the Company does not cure the default within 90 days after receipt of the notice of such default. The notice must specify the default, demand that it be remedied and state that the notice is a "Notice of Default". If the Holders of 25% in aggregate principal amount of the outstanding Securities request the Trustee to give such notice on their behalf, the Trustee shall do so. When a default is cured, it ceases.

SECTION 6.02. Acceleration.

If an Event of Default (other than an Event of Default specified in Section 6.01(4) or (5)) occurs and is continuing, the Trustee by notice to the Company, or the Holders of at least 25% in principal amount of the Securities then outstanding by notice to the Company and the Trustee, may declare the principal of, premium, if any, and any accrued and unpaid interest on all the Securities to be due and payable. Upon such declaration such principal and interest shall be due and payable immediately. If an Event of Default specified in Section 6.01(4) or (5) occurs, the entire principal amount of the Securities shall ipso facto become and be immediately due and payable without any declaration or other act on the part of the Trustee or any Holder.

The Company shall promptly notify holders of Designated Senior Indebtedness if payment of the Securities is accelerated because of an Event of Default.

After a declaration of acceleration, but before a judgment or decree of the money due in respect of the Securities has been obtained, the Holders of not less than a majority in aggregate principal amount of the Securities then outstanding by written notice to the Trustee may rescind an acceleration and its consequences if (i) all existing Events of Default (other than the nonpayment of principal of and interest on the Securities which has become due solely by virtue of such acceleration) have been cured or waived, (ii) the rescission would not conflict with any judgment or decree and (iii) the Company shall have paid all amounts due pursuant to Section 7.07.

SECTION 6.03. Other Remedies.

Notwithstanding any other provision of this Indenture, if an Event of Default occurs and is continuing, the Trustee may pursue any available remedy by proceeding at law or in equity to collect the payment of the principal of, premium, if any, and interest on the Securities or to enforce the performance of any provision of the Securities or this Indenture.

The Trustee may maintain a proceeding even if it does not possess any of the Securities or does not produce any of them in the proceeding. A delay or omission by the Trustee or any Holder in exercising any right or remedy accruing upon an Event of Default shall not impair the right or remedy or constitute a waiver of or acquiescence in the Event of Default. All remedies are cumulative.

SECTION 6.04. Waiver of Past Defaults.

Subject to Sections 6.02, 6.07 and 9.02, the Holders of a majority in aggregate principal amount of the Securities then outstanding by notice to the Trustee may waive any past Default or Event of Default and its consequences. When a Default or an Event of Default is waived, it is cured and ceases.

SECTION 6.05. Control by Majority.

The Holders of a majority in aggregate principal amount of the Securities then outstanding may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred on it. However, the Trustee may refuse to follow any direction that conflicts with law or this Indenture, is unduly prejudicial to the rights of other Holders or would involve the Trustee in personal liability; provided that the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction.

SECTION 6.06. Limitation on Suits.

Except as provided in Section 6.07, a Holder may pursue a remedy with respect to this Indenture or the Securities only if:

(1) the Holder gives to the Trustee written notice of a continuing Event of Default;

(2) the Holders of at least 25% in aggregate principal amount of the Securities then outstanding make a written request to the Trustee to pursue the remedy;

(3) such Holder or Holders offer to the Trustee indemnity satisfactory to the Trustee against any loss, liability or expense;

(4) the Trustee does not comply with the request within 60 days after receipt of the request and the offer of indemnity; and

(5) during such 60-day period the Holders of a majority in aggregate principal amount of the Securities then outstanding do not give the Trustee a direction inconsistent with the request.

A Holder may not use this Indenture to prejudice the rights of another Holder or to obtain a preference or priority over another Holder.

SECTION 6.07. Rights of Holders to Receive Payment or Convert.

Notwithstanding any other provision of this Indenture, (i) the right of any Holder to receive payment of the principal of and interest on the Security, on or after the respective due dates expressed in the Security, or to bring suit for the enforcement of any such payment on or after such

respective dates, shall not be impaired or affected without the consent of the Holder and (ii) the right of any Holder to bring suit for the enforcement of the right to convert the Security shall not be impaired or affected without the consent of the Holder.

SECTION 6.08. Collection Suit by Trustee.

If an Event of Default specified in Section 6.01(1) or (2) occurs and is continuing, the Trustee may recover judgment in its own name and as trustee of an express trust against the Company for the whole amount of principal and interest remaining unpaid and amounts due to the Trustee under Section 7.07.

SECTION 6.09. Trustee May File Proofs of Claim.

The Trustee may file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee, any predecessor Trustee and the Holders allowed in any judicial proceedings relative to the Company, its creditors or its property.

Nothing herein contained shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Holder any plan of reorganization, arrangement, adjustment or composition affecting the Securities or the rights of any Holder thereof, or to authorize the Trustee to vote in respect of the claim of any Holder in any such proceeding.

SECTION 6.10. Priorities.

If the Trustee collects any money pursuant to this Article, it shall pay out the money in the following order:

First: to the Trustee for amounts due under Section 7.07;

Second: to holders of Senior Indebtedness to the extent required by Article Twelve;

Third: to Holders for amounts due and unpaid on the Securities for principal, premium, if any, and interest, ratably, without preference or priority of any kind, according to the amounts due and payable on the Securities for principal, premium, if any, and interest, respectively, and

Fourth: to the Company.

The Trustee, upon prior written notice to the Company, may fix a record date and payment date for any payment by it to Holders pursuant to this Section 6.10.

SECTION 6.11. Undertaking for Costs.

In any suit for the enforcement of any right or remedy under this Indenture or in any suit against the Trustee for any action taken or omitted by it as Trustee, a court in its discretion may

require the filing by any party litigant in the suit other than the Trustee of an undertaking to pay the costs of the suit, and the court in its discretion may assess reasonable costs, including reasonable attorneys' fees, against any party litigant in the suit, having due regard to the merits and good faith of the claims or defenses made by the party litigant. This Section 6.11 shall not apply to a suit by the Trustee, a suit by a Holder or group of Holders of more than 10% in aggregate principal amount of the outstanding Securities, or to any suit instituted by any Holder for the enforcement or the payment of the principal or interest on any Securities on or after the respective due dates for such Securities.

ARTICLE SEVEN

TRUSTEE

SECTION 7.01. Duties of Trustee.

(a) If an Event of Default has occurred and is continuing, the Trustee shall exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of his or her own affairs.

(b) Except during the continuance of an Event of Default:

(1) the Trustee need perform only those duties that are specifically set forth in this Indenture and no others; and

(2) in the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture, but in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Trustee, the Trustee shall examine the certificates and opinions to determine whether or not they conform to the requirements of this Indenture.

(c) The Trustee may not be relieved from liability for its own negligent action, its own negligent failure to act or its own willful misconduct, except that:

(1) this paragraph does not limit the effect of paragraph (b) of this Section 7.01;

(2) the Trustee shall not be liable for any error of judgment made in good faith by a Trust Officer, unless it is proved that the Trustee was negligent in ascertaining the pertinent facts; and

(3) the Trustee shall not be liable with respect to any action it takes or omits to take in good faith in accordance with a direction received by it pursuant to Section 6.05.

(d) The Trustee may refuse to perform any duty or exercise any right or power unless it receives indemnity satisfactory to it against any loss, liability or expense.

(e) The Trustee shall not be liable for interest on any money received by it except as the Trustee may agree in writing with the Company. Money held in trust by the Trustee need not be segregated from other funds except to the extent required by law.

SECTION 7.02. Rights of Trustee.

(a) The Trustee may rely on any document believed by it to be genuine and to have been signed or presented by the proper person. The Trustee need not investigate any fact or matter stated in the document; if, however, the Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine the books, records and premises of the Company, personally or by agent or attorney.

(b) Before the Trustee acts or refrains from acting, it may require an Officers' Certificate and/or an Opinion of Counsel. The Trustee shall not be liable for any action it takes or omits to take in good faith in reliance on such Officers' Certificate or Opinion of Counsel.

(c) Any request or direction of the Company mentioned herein shall be sufficiently evidenced by a Company Request or Company Order and any resolution of the Board of Directors shall be sufficiently evidenced by a Board Resolution.

(d) The Trustee may consult with counsel (such counsel to be reasonably acceptable to the Company) and the written advice of such counsel or any Opinion of Counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon.

(e) The Trustee may act through agents or attorneys and shall not be responsible for the misconduct or negligence of any agent or attorney appointed with due care.

(f) The Trustee shall not be liable for any action it takes or omits to take in good faith which it believes to be authorized or within its discretion, rights or powers hereunder.

(g) Whenever in the administration of this Indenture the Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Trustee may, in absence of bad faith on its part, rely upon an Officers' Certificate.

(h) The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the Holders, unless such Holders shall have offered to the Trustee reasonable security or indemnity against costs, expenses and liabilities that might be incurred by it in compliance with such request or direction.

(i) The Trustee shall not be charged with knowledge of any Default or Event of Default with respect to the Securities unless either (1) a Trust Officer shall have actual knowledge of

such Default or Event of Default or (2) written notice of such Default or Event of Default shall have been given to the Trustee by the Company or by any Holder.

SECTION 7.03. Individual Rights of Trustee.

The Trustee in its individual or any other capacity may become the owner or pledgee of Securities and may otherwise deal with the Company or an Affiliate thereof with the same rights it would have if it were not Trustee. Any Agent may do the same with like rights. The Trustee, however, must comply with Sections 7.10 and 7.11.

SECTION 7.04. Trustee's Disclaimer.

The Trustee makes no representation as to the validity or adequacy of this Indenture or the Securities; it shall not be accountable for the Company's use of the proceeds from the Securities; and it shall not be responsible for any statement in the Securities other than its certificate of authentication.

SECTION 7.05. Notice of Defaults.

If a Default or Event of Default occurs and is continuing and if it is actually known to the Trustee, the Trustee shall mail to each Holder a notice of the Default or Event of Default within 30 days after it occurs unless such Default or Event of Default has been cured or waived. Except in the case of a Default or Event of Default in payment of the principal of, premium, if any, and interest on any Security, the Trustee may withhold the notice if and so long as it in good faith determines that withholding the notice is in the interests of Holders.

SECTION 7.06. Reports by Trustee to Holders.

Within 60 days after each May 15 beginning with May 15, 2001, the Trustee shall mail to each Holder, to the extent required by TIA ss. 313(c), a brief report dated as of such March 1 that complies with TIA ss. 313(a). In such event, the Trustee also shall comply with TIA ss. 313(b).

A copy of each report at the time of its mailing to Holders shall be mailed to the Company and filed by the Trustee with the SEC and each stock exchange, if any, on which the Securities are listed. The Company shall promptly notify the Trustee when the Securities are listed on any stock exchange.

SECTION 7.07. Compensation and Indemnity.

The Company shall pay to the Trustee from time to time such compensation for its services as shall be agreed upon in writing. The Trustee's compensation shall not be limited by any law on compensation of a trustee of an express trust. The Company shall reimburse the Trustee upon request for all reasonable out-of-pocket expenses incurred by it. Such expenses shall include the reasonable compensation and out-of-pocket expenses of the Trustee's agents and counsel.

The Company shall indemnify the Trustee against any loss or liability or expense (including the reasonable fees and expenses of counsel) incurred by it in connection with the acceptance or administration of this trust and the performance of its duties hereunder, including the reasonable costs and expenses of defending itself against any claim or liability in connection with the exercise or performance of any of its powers and duties hereunder. The Company need not pay for any settlement made without its consent. The Trustee shall notify the Company promptly of any claim for which it may seek indemnification. The Company need not reimburse any expense or indemnify against any loss or liability incurred by the Trustee through the Trustee's negligence or bad faith.

To secure the Company's payment obligations in this Section 7.07, the Trustee shall have a lien prior to the Securities on all money or property held or collected by the Trustee, except that held in trust to pay the principal of, premium, if any, and interest on particular Securities.

The indemnity obligations of the Company with respect to the Trustee provided for in this Section 7.07 shall survive any resignation or removal of the Trustee and the termination of this Indenture.

When the Trustee incurs expenses or renders services after an Event of Default specified in Section 6.01(4) or (5) occurs, the expenses and the compensation for the services are intended to constitute expenses of administration under any Bankruptcy Law.

SECTION 7.08. Replacement of Trustee.

A resignation or removal of the Trustee and appointment of a successor Trustee shall become effective only upon the successor Trustee's acceptance of appointment as provided in this Section 7.08.

The Trustee may resign by so notifying the Company in writing 30 days prior to such resignation. The Holders of a majority in aggregate principal amount of the Securities then outstanding may remove the Trustee by so notifying the Trustee and the Company in writing and may appoint a successor Trustee with the Company's consent. The Company may remove the Trustee if:

(1) the Trustee fails to comply with Section 7.10;

(2) the Trustee is adjudged a bankrupt or an insolvent;

(3) a receiver or other public officer takes charge of the Trustee or its property; or

(4) the Trustee becomes incapable of acting.

If the Trustee resigns or is removed or if a vacancy exists in the office of Trustee for any reason, the Company shall promptly appoint a successor Trustee. Within one year after the successor Trustee takes office, the Holders of a majority in aggregate principal amount of the Securities

then outstanding may appoint a successor Trustee to replace the successor Trustee appointed by the Company.

If a successor Trustee does not take office within 30 days after the retiring Trustee resigns or is removed, the retiring Trustee, the Company or the Holders of at least 10% in aggregate principal amount of the outstanding Securities may petition any court of competent jurisdiction for the appointment of a successor Trustee.

If the Trustee fails to comply with Section 7.10, any Holder may petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee.

A successor Trustee shall deliver a written acceptance of its appointment to the retiring Trustee and to the Company. Thereupon the resignation or removal of the retiring Trustee shall become effective, and the successor Trustee shall have all the rights, powers and duties of the Trustee under this Indenture. The successor Trustee shall mail a notice of its succession to Holders. The retiring Trustee shall promptly transfer all property held by it as Trustee to the successor Trustee, subject to the lien provided for in Section 7.07.

SECTION 7.09. Successor Trustee by Merger, etc.

If the Trustee consolidates with, merges or converts into, or transfers all or substantially all of its corporate trust business to, another corporation, the successor corporation without any further act shall be the successor Trustee, if such successor corporation is otherwise eligible hereunder.

SECTION 7.10. Eligibility; Disqualification.

This Indenture shall always have a Trustee who satisfies the requirements of TIA ss. 310(a)(1). The Trustee shall always have a combined capital and surplus of at least $50,000,000 as set forth in its most recent published annual report of condition. The Trustee shall comply with TIA ss. 310(b).

SECTION 7.11. Preferential Collection of Claims Against Company.

The Trustee shall comply with TIA ss. 311(a), excluding any creditor relationship listed in TIA ss. 311(b). A Trustee who has resigned or been removed shall be subject to TIA ss. 311(a) to the extent indicated.

ARTICLE EIGHT

SATISFACTION AND DISCHARGE; DEFEASANCE

SECTION 8.01. Termination of Company's Obligations.

The Company may terminate its substantive obligations in respect of the Securities if the Securities mature within six months, or all of them are to be called for redemption within one year under arrangements satisfactory to the Trustee for giving notice of redemption, by delivering all outstanding Securities to the Trustee for cancellation and paying all sums payable by it on account of principal of, premium, if any, and interest on all Securities or otherwise. In addition to the foregoing, the Company may terminate its obligations under Sections 3.07, 4.03 and 4.06 (other than with respect to the corporate existence of the Company), and no Default or Event of Default under Section 6.01(3) shall thereafter apply, by (i) depositing with the Trustee, under the terms of an irrevocable trust agreement, money or direct non-callable obligations of the United States of America for the payment of which the full faith and credit of the United States is pledged ("U.S. Government Obligations") sufficient (without reinvestment) to pay the principal of, premium, if any, and interest on the Securities at maturity or an earlier redemption, (ii) delivering to the Trustee either an Opinion of Counsel or a ruling directed to the Trustee from the Internal Revenue Service to the effect that the Holders of the Securities will not recognize income, gain or loss for federal income tax purposes as a result of such deposit and termination of obligations and (iii) delivering to the Trustee an Officers' Certificate and an Opinion of Counsel each stating compliance with all conditions precedent provided for herein. In addition, the Company may, provided that no Default or Event of Default has occurred and is continuing or would arise therefrom (or, with respect to a Default or Event of Default specified in Section 6.01(4), occurs at any time on or prior to the 91st calendar day after the date of such deposit (it being understood that this condition shall not be deemed satisfied until after such 91st day)), terminate all of its substantive obligations in respect of the Securities (including its obligations to pay the principal of, premium, if any, and interest on the Securities) by (i) depositing with the Trustee, under the terms of an irrevocable trust agreement, money or United States Government Obligations sufficient (without reinvestment) to pay the principal of, premium, if any, and interest on the Securities at maturity or on earlier redemption, (ii) delivering to the Trustee either a ruling directed to the Trustee from the Internal Revenue Service to the effect that the Holders of the Securities will not recognize income, gain or loss for federal income tax purposes as a result of such deposit and termination of obligations or an Opinion of Counsel addressed to the Trustee based upon such a ruling or based on a change in the applicable Federal tax law since the date of this Indenture to such effect and (iii) delivering to the Trustee an Officers' Certificate and an Opinion of Counsel each stating compliance with all conditions precedent provided for herein.

Notwithstanding the foregoing paragraph, the Company's obligations in Article Ten and Sections 2.02, 2.03, 2.04, 2.05, 2.06, 2.07, 2.10, 2.12, 2.13 and 4.01 (but not with respect to termination of substantive obligations pursuant to the third sentence of the foregoing paragraph), 4.02, 7.07, 7.08, 8.03 and 8.04 shall survive until the Securities are no longer outstanding. Thereafter the Company's obligations in Sections 7.07, 8.03 and 8.04 shall survive.

After such delivery or irrevocable deposit and delivery of an Officers' Certificate and Opinion of Counsel, the Trustee upon request shall acknowledge in writing the discharge of the Company's obligations under the Securities and this Indenture except for those surviving obligations specified above.

The Company shall pay and indemnify the Trustee against any tax, fee or other charge imposed on or assessed against the United States Government Obligations deposited pursuant to this Section 8.01 or the principal and interest received in respect thereof other than any such tax, fee or other charge which by law is for the account of the Holders of outstanding Securities.

SECTION 8.02. Application of Trust Money.

Subject to the provisions of Section 8.03, the Trustee shall hold in trust money or U.S. Government Obligations deposited with it pursuant to Section 8.01. It shall apply the deposited money and the money from U.S. Government obligations through the Paying Agent and in accordance with this Indenture to the payment of the principal of, premium, if any, and interest on the Securities. Money and securities so held in trust are not subject to the subordination provisions of Article Twelve.

SECTION 8.03. Repayment to Company.

The Trustee and the Paying Agent shall promptly pay to the Company upon request any excess money or securities held by them at any time. The Trustee and the Paying Agent shall pay to the Company upon request any money held by them for the payment of the principal of, premium, if any, and interest that remains unclaimed for two years; provided, however, that the Trustee or such Paying Agent, before being required to make any such repayment, may, at the expense of the Company, cause to be published once in a newspaper of general circulation in The City of New York or cause to be mailed to each Holder, notice stating that such money remains and that, after a date specified therein, which shall not be less than 30 days from the date of such publication or mailing, any unclaimed balance of such money then remaining will be repaid to the Company. After payment to the Company, Holders entitled to the money must look to the Company for payment as general creditors unless an applicable abandoned property law designates another Person.

SECTION 8.04. Reinstatement.

If the Trustee or Paying Agent is unable to apply any money or U.S. Government Obligations in accordance with Section 8.01 by reason of any legal proceeding or by reason of any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application, the Company's obligations under this Indenture and the Securities shall be revived and reinstated as though no deposit had occurred pursuant to Section 8.01 until such time as the Trustee or Paying Agent is permitted to apply all such money or U.S. Government Obligations in accordance with Section 8.01; provided, however, that to the extent the Company makes any payment of the principal of, premium, if any, and interest on any Securities because of the reinstatement of its obligations, the Company shall be subrogated to the rights of the Holders of such Securities to receive such payment from the money or U.S. Government Obligations held by the Trustee or Paying Agent.

ARTICLE NINE

AMENDMENTS

SECTION 9.01. Without Consent of Holders.

The Company, when authorized by a Board Resolution, may modify, amend or supplement this Indenture or the Securities without notice to or the consent of any Holder:

(1) to cure any ambiguity, omission, defect or inconsistency;

(2) to comply with Sections 5.01 and 10.07;

(3) to provide for uncertificated Securities in addition to certificated Securities; or

(4) to make any change that does not adversely affect the rights of any Holder.

SECTION 9.02. With Consent of Holders.

The Company, when authorized by a Board Resolution, may modify, amend or supplement this Indenture or the Securities without notice to any Holder but with the written consent of the Holders of at least a majority in aggregate principal amount of the outstanding Securities. Subject to Section 6.07, the Holders of a majority in aggregate principal amount of the outstanding Securities may waive compliance by the Company with any provision of this Indenture or the Securities without notice to any other Holder. However, without the consent of each Holder affected, an amendment, supplement or waiver, including a waiver pursuant to Section 6.04, may not:

(1) change the stated maturity of the Securities:

(2) reduce the principal, premium, if any. or interest on the Securities:

(3) change the place of payment from New York, New York or change the currency in which the Securities are payable;

(4) waive a default in the payment of the principal of, premium, if any, or interest on any Security;

(5) make any change in Section 6.04, Section 6.07 or this Section 9.02;

(6) modify the provisions of Article Twelve in a materially adverse manner to the Holders; or

(7) make any change that adversely affects the right to convert any Security.

Furthermore, an amendment under this Article Nine may not make any change that adversely affects the rights of any holder of Senior Indebtedness under Article Twelve unless the holders of such Senior Indebtedness consent to such change pursuant to the terms governing such Senior Indebtedness. It shall not be necessary for the consent of the Holders under this Section 9.02 to approve the particular form of any proposed amendment or supplement, but it shall be sufficient if such consent approves the substance thereof.

Promptly after an amendment under this Section 9.02 becomes effective, the Company shall mail to Holders a notice briefly describing the amendment.

SECTION 9.03. Compliance with Trust Indenture Act.

Every amendment, waiver or supplement to this Indenture or the Securities shall comply with the TIA as then in effect.

SECTION 9.04. Revocation and Effect of Consents.

Until an amendment, supplement or waiver becomes effective, a consent to it by a Holder is a continuing consent by the Holder and every subsequent Holder of a Security or portion of a Security that evidences the same debt as the consenting Holder's Security, even if notation of the consent is not made on any Security. However, any such Holder or subsequent Holder may revoke the consent as to its Security or portion of a Security if the Trustee receives the notice of revocation before the date the amendment, supplement or waiver becomes effective. An amendment, supplement or waiver becomes effective in accordance with its terms and thereafter binds every Holder.

After an amendment, supplement or waiver becomes effective with respect to the Securities, it shall bind every Holder unless it makes a change described in any of clauses (1) through (7) of Section 9.02. In that case the amendment, supplement or waiver shall bind each Holder of a Security who has consented to it and, provided that notice of such amendment, supplement or waiver is reflected on a Security that evidences the same debt as the consenting Holder's Security, every subsequent Holder of a Security or portion of a Security that evidences the same debt as the consenting Holder's Security.

SECTION 9.05. Notation on or Exchange of Securities.

If an amendment, supplement or waiver changes the terms of a Security, the Trustee may require the Holder of the Security to deliver it to the Trustee. The Trustee may place an appropriate notation on the Security as directed and prepared by the Company about the changed terms and return it to the Holder. Alternatively, if the Company so determines, the Company in exchange for the Security shall issue and the Trustee shall authenticate a new Security that reflects the changed terms.

SECTION 9.06. Trustee Protected.

The Trustee need not sign any amendment, supplement or waiver authorized pursuant to this Article that adversely affects the Trustee's rights. The Trustee shall be entitled to receive and rely upon, in addition to the documents required by Section 13.04, an Opinion of Counsel and an Officers' Certificate that any supplemental indenture, modification, amendment or waiver complies with the Indenture.

ARTICLE TEN

CONVERSION

SECTION 10.01. Conversion Privilege; Restrictive Legends.

A Holder of a Security may convert the principal of such Security into Common Stock at any time during the period stated in paragraph 9 of the Securities. The number of shares issuable upon conversion of a Security is determined as follows: divide each $1,000 of the principal amount to be converted by the Conversion Price in effect on the conversion date and round the result to the nearest 1/100th of a share. The Conversion Price is subject to adjustment in accordance with Section 10.06.

A Holder may convert a portion of the principal of such Security if the portion is at least $1,000 principal amount or a whole multiple of $1,000 principal amount. Provisions of this Indenture that apply to conversion of all of a Security also apply to conversion of a portion of it.

Any shares issued upon conversion of a Security shall bear the Private Placement Legend set forth in Exhibit B(I) until after the second anniversary of the later of the Issue Date for such Security and the last date on which the Company or any Affiliate of the Company was the owner of such shares or the Security (or any predecessor security) from which such shares were converted (or such shorter period of time as permitted by Rule 144(k) under the Securities Act or any successor provision thereunder or such longer period of time as may be required under the Securities Act or applicable state securities laws unless otherwise agreed by the Company and the Holder thereof).

SECTION 10.02. Conversion Procedure.

To convert a Security a Holder must satisfy the requirements in paragraph 9 of the Securities. The date on which the Holder satisfies all those requirements is the conversion date. As soon as practicable, the Company shall deliver to the Holder through the Conversion Agent a certificate for the number of full shares of Common Stock issuable upon the conversion and a check in lieu of any fractional share. The Person in whose name the certificate is registered shall be treated as a stockholder of record on and after the conversion date.

Except as described below, no payment or adjustment will be made for accrued interest on, or liquidated damages with respect to, a converted Security or for dividends on any Common Stock issued on conversion. If any Security is converted between a record date for the payment of interest and the next succeeding interest payment date, unless such Security has been called for redemption on a redemption date between such dates, such Security must be accompanied by funds equal to the interest payable to the registered Holder on such interest payment date on the principal amount so converted. A Security converted on an interest payment date need not be accompanied by any payment, and the interest on the principal amount of the Security being converted will be paid on such interest payment date to the registered Holder of such Security on the applicable record date.

If a Holder converts more than one Security at the same time, the number of full shares issuable upon the conversion shall be based on the total principal amount of the Securities converted.

Upon surrender of a Security that is converted in part the Trustee shall authenticate for the Holder a new Security equal in principal amount to the unconverted portion of the Security surrendered.

If the last day on which a Security may be converted is a Legal Holiday in a place where a Conversion Agent is located, the Security may be surrendered to that Conversion Agent on the next succeeding day that is not a Legal Holiday.

SECTION 10.03. Fractional Shares.

The Company will not issue fractional shares of Common Stock upon conversion of Securities and instead will deliver a check in lieu of the fractional share based upon the current market value of the Common Stock. The current market value of a fraction of a share is determined by multiplying the current market price of a full share by the fraction, and rounding the result to the nearest cent. For purposes of this Section, the current market price of a share of Common Stock is the Closing Price of the Common Stock on the Trading Day immediately preceding the conversion date.

SECTION 10.04. Taxes on Conversion.

If a Holder converts its Security, the Company shall pay any documentary, stamp or similar issue or transfer tax due on the issue of shares of Common Stock upon the conversion. However, the Holder shall pay any such tax which is due because the shares are issued in a name other than the Holder's name.

SECTION 10.05. Company to Provide Stock.

The Company shall reserve out of its authorized but unissued Common Stock or its Common Stock held in treasury enough shares of Common Stock to permit the conversion of all of the Securities, including such greater number of shares of Common Stock into which such Securities shall be convertible into as a result of a Conversion Price adjustment contemplated by Section 10.06 hereof.

All shares of Common Stock which may be issued upon conversion of the Securities shall be validly issued, fully paid and non-assessable.

The Company will endeavor to comply with all securities laws regulating the offer and delivery of shares of Common Stock upon conversion of Securities and will endeavor to list such shares on each national securities exchange on which the Common Stock is listed.

SECTION 10.06. Adjustment of Conversion Price.

The Conversion Price shall be adjusted from time to time by the Company as follows:

(a) In case the Company shall hereafter pay a dividend or make a distribution to all holders of the outstanding Common Stock in shares of Common Stock, the Conversion Price in effect at the opening of business on the date following the Record Date with respect to stockholders entitled to receive such dividend or other distribution shall be reduced by multiplying such Conversion Price by a fraction of which the numerator shall be the number of shares of Common Stock outstanding at the close of business on the Record Date fixed for such determination and the denominator shall be the sum of such number of shares and the total number of shares constituting such dividend or other distribution, such reduction to become effective immediately after the opening of business on the day following the Record Date. If any dividend or distribution of the type described in this Section 10.06(a) is declared but not so paid or made, the Conversion Price shall again be adjusted to the Conversion Price which would then be in effect if such dividend or distribution had not been declared.

(b) In case the Company shall issue rights or warrants to all holders of its outstanding shares of Common Stock entitling them to subscribe for or purchase shares of Common Stock at a price per share less than the Current Market Price on the Record Date fixed for the determination of stockholders entitled to receive such rights or warrants, the Conversion Price shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Price in effect at the opening of business on the date after such Record Date by a fraction of which the numerator shall be the number of shares of Common Stock outstanding at the close of business on the Record Date plus the number of shares which the aggregate offering price of the total number of shares so offered for subscription or purchase would purchase at such Current Market Price, and of which the denominator shall be the number of shares of Common Stock outstanding on the close of business on the Record Date plus the total number of additional shares of Common Stock so offered for subscription or purchase. Such adjustment shall become effective immediately after the opening of business on the day following the Record Date fixed for determination of stockholders entitled to receive such rights or warrants. To the extent that shares of Common Stock are not delivered pursuant to such rights or warrants, upon the expiration or termination of such rights or warrants the Conversion Price shall be readjusted to the Conversion Price which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of delivery of only the number of shares of Common Stock actually delivered. In the event that such rights or warrants are not so issued, the Conversion Price shall again be adjusted to be the Conversion

Price which would then be in effect if such date fixed for the determination of stockholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Common Stock at less than such Current Market Price, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received for such rights or warrants, the value of such consideration, if other than cash, to be determined in good faith by the Board of Directors.

(c) In case the outstanding shares of Common Stock shall be split or subdivided into a greater number of shares of Common Stock, the Conversion Price in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately reduced, and conversely, in case outstanding shares of Common Stock shall be combined into a smaller number of shares of Common Stock, the Conversion Price in effect at the opening of business on the day following the day upon which such combination becomes effective shall be proportionately increased, such reduction or increase, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(d) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock shares of any class of capital stock of the Company (other than any dividends or distributions to which Section 10.06(a) applies) or evidences of its indebtedness, cash or other assets (including securities, but excluding (1) any rights or warrants referred to in Section 10.06(b), (2) dividends and distributions (A) in connection with the liquidation, dissolution or winding up of the Company or (B) paid exclusively in cash and (3) any capital stock, evidences of indebtedness, cash or assets distributed upon a merger or consolidation to which Section 10.07 applies) (the foregoing hereinafter in this Section 10.06(d) called the "Subject Securities"), unless the Company elects to reserve such Subject Securities for distribution to the Holders upon conversion of the Securities so that any such Holder converting Securities will receive upon such conversion, in addition to the shares of Common Stock to which such Holder is entitled, the amount and kind of such Subject Securities which such Holder would have received if such Holder had converted its Securities into Common Stock immediately prior to the Record Date for such distribution of the Subject Securities, then, in each such case, the Conversion Price shall be reduced so that the same shall be equal to the price determined by multiplying the Conversion Price in effect immediately prior to the close of business on the Record Date with respect to such distribution by a fraction of which the numerator shall be the Current Market Price on such date less the fair market value on such date of the portion of the Subject Securities so distributed applicable to one share of Common Stock and the denominator shall be such Current Market Price, such reduction to become effective immediately prior to the opening of business on the day following the Record Date; provided, however, that in the event the then fair market value of the portion of the Subject Securities so distributed applicable to one share of Common Stock is equal to or greater than the Current Market Price on the Record Date, then in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion of a Security (or any portion thereof) the amount of Subject Securities such Holder

would have received had such Holder converted such Security (or portion thereof) immediately prior to such Record Date. In the event that such dividend or distribution is not so paid or made, the Conversion Price shall again be adjusted to be the Conversion Price which would then be in effect if such dividend or distribution had not been declared.

For purposes of this Section 10.06(d), rights or warrants distributed by the Company to all holders of Common Stock entitling the holders thereof to subscribe for or purchase shares of the Company's capital stock (either initially or under certain circumstances) that are (i) deemed to be transferred with such shares of Common Stock; (ii) not exercisable; and (iii) issued in respect of future issuances of Common Stock, until the occurrence of a specified event or events ("Trigger Event") shall be deemed not to have been distributed and no adjustment to the Conversion Price with respect thereto shall be made until the occurrence of the earliest Trigger Event. If any such right or warrant is subject to subsequent events, upon the occurrence of which such right or warrant shall become exercisable to purchase different securities, evidences of indebtedness or other assets or entitle the holder to purchase a different number or amount of the foregoing or to purchase any of the foregoing at a different purchase price, then the occurrence of each such event shall be deemed to be the date of issuance and record date with respect to a new right or warrant (and a termination or expiration of the existing right or warrant without exercise by the holder thereof). In addition, in the event of any distribution (or deemed distribution) of rights or warrants, or any Trigger Event or other event (of the type described in the preceding sentence) with respect thereto, that resulted in an adjustment to the Conversion Price under this Section 10.06(d), (1) in the case of any such rights or warrants which shall all have been redeemed or repurchased without exercise by any holders thereof, the Conversion Price shall be readjusted upon such final redemption or repurchase to give effect to such distribution or Trigger Event, as the case may be, as though it were a cash distribution, equal to the per share redemption or repurchase price received by a holder of Common Stock with respect to such rights or warrants (assuming such holder had retained such rights or warrants), made to all holders of Common Stock as of the date of such redemption or repurchase, and (2) in the case of such rights or warrants all of which shall have expired or been terminated without exercise, the Conversion Price shall be readjusted as if such rights and warrants had never been issued.

For purposes of this Section 10.06(d) and Sections 10.06(a) and (b), any dividend or distribution to which this Section 10.06(d) is otherwise applicable that also includes shares of Common Stock, or rights or warrants to subscribe for or purchase shares of Common Stock applies (or both), shall be deemed instead to be (1) a dividend or distribution of the evidences of indebtedness, assets, shares of capital stock, rights or warrants (other than such shares of Common Stock or rights or warrants) (and any Conversion Price reduction required by this Section 10.06(d) with respect to such dividend or distribution shall then be made) immediately followed by (2) a dividend or distribution of such shares of Common Stock or such rights or warrants (and any further Conversion Price reduction required by Sections 10.06(a) and (b) with respect to such dividend or distribution shall then be made), except (A) the Record Date of such dividend or distribution shall be substituted as "the date fixed for the determination of stockholders entitled to receive such dividend or other distribution", "Record

Date fixed for such determination" and "Record Date" within the meaning of Section 10.06(a) and as "the date fixed for the determination of stockholders entitled to receive such rights or warrants", "the Record Date fixed for the determination of the stockholders entitled to receive such rights or warrants" and "such Record Date" within the meaning of Section 10.06(b) and (B) any shares of Common Stock included in such dividend or distribution shall not be deemed "outstanding at the close of business on the Record Date fixed for such determination" within the meaning of Section 10.06(a).

With respect to any stockholder rights plan existing on the date hereof or in the event that the Company implements any other stockholder rights plan, upon conversion of the Securities the Holders will receive, in addition to the Common Stock issuable upon such conversion, the rights issued under such rights plan (notwithstanding the occurrence of an event causing such rights to separate from the Common Stock at or prior to the time of conversion); provided, a Holder who is a holder of Common Stock (or direct or indirect interests therein) at the time of conversion, but who is not entitled as such a holder to such rights pursuant to the terms of any such plan, shall not be eligible to receive any such rights hereunder. Any distribution of rights or warrants pursuant to a stockholder rights plan complying with the requirements set forth in the immediately preceding sentence of this paragraph shall not constitute a distribution of rights or warrants for the purposes of the other provisions of this Section 10.06(d).

(e) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock cash (excluding any cash that is distributed upon a merger or consolidation to which Section 10.07 applies or as part of a distribution referred to in Section 10.06(d)), in an aggregate amount that, combined together with (1) the aggregate amount of all other such all-cash distributions to all holders of its Common Stock within the twelve (12) months preceding the date of payment of such distribution, and in respect of which no adjustment pursuant to this Section 10.06(e) has been made, and (2) the aggregate of any cash plus the fair market value of consideration payable in respect of any tender offer by the Company or any subsidiary for all or any portion of the Common Stock concluded within the twelve (12) months preceding the date of payment of such distribution, and in respect of which no adjustment pursuant to Section 10.06(f) has been made (such aggregate amount, the "Common Dividend Amount"), exceeds 10% of the product of the Current Market Price on the Record Date with respect to such distribution times the number of shares of Common Stock outstanding on such date (the "Market Capitalization"), then, and in each such case, immediately after the close of business on such date, the Conversion Price shall be reduced so that the same shall equal the price determined by multiplying the Conversion Price in effect immediately prior to the close of business on such Record Date by a fraction (i) the numerator of which shall be equal to the Current Market Price on the Record Date less an amount equal to the quotient of (x) the amount by which the Common Dividend Amount exceeds 10% of the Market Capitalization and (y) the number of shares of Common Stock outstanding on the Record Date and (ii) the denominator of which shall be equal to the Current Market Price on such date; provided, however, that in the event the portion of the cash so distributed applicable to one share of Common Stock is equal to or greater than the Current Market Price of the

Common Stock on the Record Date, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion of a Security (or any portion thereof) the amount of cash such Holder would have received had such bolder convened such Security (or portion thereof) immediately prior to such Record Date. In the event that such dividend or distribution is not so paid or made, the Conversion Price shall again be adjusted to be the Conversion Price which would then be in effect if such dividend or distribution had not been declared.

(f) In case a tender offer made by the Company or any subsidiary for all or any portion of the Common Stock shall expire and such tender offer shall require the payment to holders of Common Stock of an aggregate consideration that together with

(1) the aggregate of the cash plus the fair market value of consideration payable in respect of any other tender offers by the Company or any of its subsidiaries for all or any portion of the Common Stock expiring within the twelve (12) months preceding the expiration of such tender offer and in respect of which no adjustment pursuant to this Section 10.06(f) has been made, and

(2) the aggregate amount of any all-cash distributions to all holders of the Company's Common Stock made within twelve (12) months preceding the expiration of such tender offer and in respect of which no adjustment pursuant to Section 10.06(e) has been made,

exceeds 10% of the product of the Current Market Price as of the time of expiration of such tender offer times the number of shares of Common Stock outstanding at such time, then, and in each such case, immediately prior to the opening of business on the day after the expiration of such tender offer, the Conversion Price shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Price in effect immediately prior to the close of business on the date of the expiration of such tender offer by a fraction of which the numerator shall be the number of shares of Common Stock outstanding on the date of expiration of the tender offer multiplied by the Current Market Price of the Common Stock on the Trading Day next succeeding the date of expiration of the tender offer and the denominator shall be the sum of (x) the fair market value of the aggregate consideration payable for all shares of Common Stock validly tendered and not withdrawn as of the date of expiration of the tender offer and (y) the product of the number of shares of Common Stock outstanding less all shares validly tendered and not withdrawn as of the date of expiration of the tender offer and the Current Market Price of the Common Stock on the Trading Day next succeeding the date of expiration of the tender offer, such reduction (if any) to become effective immediately prior to the opening of business on the day following the date of expiration of the tender offer. In the event the Company is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Price shall again be adjusted to be the Conversion Price which would then be in effect if such tender offer had not been made. If the application of this Section 10.06(f) to any tender offer would result in an

increase in the Conversion Price, no adjustment shall be made for such tender offer under this Section 10.06(f).

(g) In case of a tender or exchange offer made by a Person other than the Company or any subsidiary for an amount which increases such Person's ownership of Common Stock to more than 25% of the Common Stock outstanding and involves the payment by such Person of consideration per share of Common Stock having a fair market value that exceeds the Current Market Price of the Common Stock on the Trading Day next succeeding the closing date of such offer, and, as of the closing date of such offer, the Board of Directors does not recommend rejection of such offer, then the Conversion Price shall be reduced so that the same shall equal the price determined by multiplying the Conversion Price in effect on the closing date of such offer by a fraction of which the numerator shall be the number of shares of Common Stock outstanding on the closing date of such offer multiplied by the Current Market Price of the Common Stock on the Trading Day next succeeding the closing date of such offer and the denominator shall be the sum of (x) the fair market value of the aggregate consideration payable for all shares validly tendered or exchanged and not withdrawn as of the closing date of such offer and (y) the product of the number of shares of Common Stock outstanding less all shares validly tendered and not withdrawn as of the closing date of such offer and the Current Market Price of the Common Stock on the Trading Day next succeeding the closing date of such offer, such reduction to become effective immediately prior to the opening of business on the day following the closing date of such offer. In the event such Person is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Price shall again be adjusted to be the Conversion Price which would then be in effect if such tender or exchange offer had not been made. Notwithstanding the foregoing, the adjustment described in this Section 10.06(g) shall not be made if, as of the closing date of such offer, the offering documents with respect to such offer disclose a plan or intention to cause the Company to engage in any transaction described in Article Five.

(h) For purposes of this Section 10.06, the following terms have the meanings indicated:

(1) "Closing Price" with respect to any securities on any day shall mean the closing sale price regular way on such day or, in case no such sale takes place on such day, the average of the reported closing bid and asked prices, regular way, in each case on the Nasdaq National Market or New York Stock Exchange, as applicable, or, if such security is not listed or admitted to trading on such Nasdaq National Market or New York Stock Exchange, on the principal national security exchange or quotation system on which such security is quoted or listed or admitted to trading, or, if not quoted or listed or admitted to trading on any national securities exchange or quotation system, the average of the closing bid and asked prices of such security on the over-the-counter market on the day in question as reported by the National Quotation Bureau Incorporated, or a similar generally accepted reporting service, or if not so available, in such manner as furnished by any New York Stock Exchange member

firm selected from time to time by the Board of Directors for that purpose, or a price determined in good faith by the Board of Directors, whose determination shall be conclusive and described in a Board Resolution.

(2) "Current Market Price" shall mean the average of the Closing Prices per share of Common Stock for the ten (10) consecutive Trading Days immediately prior to the date for which a Current Market Price is required; provided, however, that:

(1) if the "ex" date (as hereinafter defined) for any event (other than the issuance or distribution requiring such computation) that requires an adjustment to the Conversion Price pursuant to Section 10.06(a), (b), (c), (d), (e), (f) or (g) occurs during such ten consecutive Trading Days then the Closing Price for each Trading Day prior to the "ex" date for such other event shall be adjusted by multiplying such Closing Price by the same fraction by which the Conversion Price is so required to be adjusted as a result of such other event,

(2) if the "ex" date for any event (other than the issuance or distribution requiring such computation) that requires an adjustment to the Conversion Price pursuant to Section 10.06(a), (b), (c), (d), (e), (f) or (g) occurs on or after the "ex" date for the issuance or distribution requiring such computation and prior to the day in question, then the Closing Price for each Trading Day on and after the "ex" date for such other event shall be adjusted by multiplying such Closing Price by the reciprocal of the fraction by which the Conversion Price is so required to be adjusted as a result of such other event, and

(3) if the "ex" date for the issuance or distribution requiring such computation is prior to the day in question, after taking into account any adjustment required pursuant to clause (1) or (2) of this proviso, the Closing Price for each Trading Day on or after such "ex" date shall be adjusted by adding thereto the amount of any cash and the fair market value of the evidences of indebtedness, shares of capital stock or assets being distributed applicable to one share of Common Stock as of the close of business on the day before such "ex" date.

For purposes of any computation under Sections 10.06(f) or (g), the Current Market Price of the Common Stock on any date shall be deemed to be the average of the daily Closing Prices per share of Common Stock for such day and the next two succeeding Trading Days; provided, however, that if the "ex" date for any event (other than the tender offer requiring such computation) that requires an adjustment to the Conversion Price pursuant to Section 10.06(a), (b), (c), (d), (e), (f) and (g) occurs on or after the date of expiration of the tender or exchange offer requiring such

computation and prior to the day in question, the Closing Price for each Trading Day on and after the "ex" date for such other event shall be adjusted by multiplying such Closing Price by the reciprocal of the fraction by which the Conversion Price is so required to be adjusted as a result of such other event.

For purposes of this definition, the term "ex" date, (1) when used with respect to any issuance or distribution, means the first date on which the Common Stock trades regular way on the relevant exchange or in the relevant market from which the Closing Price was obtained without the right to receive such issuance or distribution, (2) when used with respect to any subdivision or combination of shares of Common Stock, means the first date on which the Common Stock trades regular way on such exchange or in such market after the time at which such subdivision or combination becomes effective, and (3) when used with respect to any tender or exchange offer means the first date on which the Common Stock trades regular way on such exchange or in such market after the Expiration Time of such offer.

(3) "fair market value" shall mean the amount which a willing buyer would pay a willing seller in an arm's length transaction determined in good faith by the Board of Directors, whose determination shall be conclusive and described in a Board Resolution.

(4) "Record Date" shall mean, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of stockholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

(5) "Trading Day" shall mean (x) if the applicable security is listed or admitted for trading on the New York Stock Exchange or another national security exchange, a day on which the New York Stock Exchange or such other national security exchange, as the case may be, is open for business, (y) if the applicable security is quoted on the Nasdaq National Market, a day on which trades may be made thereon or (z) if the applicable security is not so listed, admitted for trading or quoted, any day other than a Saturday or Sunday or a day on which banking institutions in the State of New York are authorized or obligated by law or executive order to close.

(i) The Company may make such reductions in the Conversion Price, in addition to those required by Sections 10.06(a), (b), (c), (d), (e), (f) and (g), as the Board of Directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

To the extent permitted by applicable law, the Company from time to time may reduce the Conversion Price by any amount for any period of time if the period is at least twenty (20) days and the reduction is irrevocable during the period. Whenever the Conversion Price is reduced pursuant to the preceding sentence, the Company shall mail to the Holder of each Security at his last address appearing on the register maintained by the Registrar a notice of the reduction at least fifteen (15) days prior to the date the reduced Conversion Price takes effect, and such notice shall state the reduced Conversion Price and the period during which it will be in effect.

(j) No adjustment in the Conversion Price shall be required unless such adjustment would require an increase or decrease of at least 1% in such price; however, any adjustment that would otherwise be required to be made shall be carried forward and taken into account in any subsequent adjustment. All calculations under this Article Ten shall be made by the Company and shall be made to the nearest cent or to the nearest one hundredth of a share, as the case may be. No adjustment need be made for a change in the par value or no par value of the Common Stock.

(k) Whenever the Conversion Price is adjusted as herein provided, the Company shall promptly file with the Trustee, and any Conversion Agent other than the Trustee, an Officers' Certificate setting forth the Conversion Price after such adjustment and setting forth a brief statement of the facts requiring such adjustment. Unless and until a Trust Officer of the Trustee shall have received such Officers' Certificate, the Trustee shall not be deemed to have knowledge of any adjustment of the Conversion Price and may assume without inquiry that the last Conversion Price of which it has knowledge remains in effect. Promptly after delivery of such certificate, the Company shall prepare a notice of such adjustment of the Conversion Price setting forth the adjusted Conversion Price and the date on which each adjustment becomes effective and shall mail such notice of such adjustment of the Conversion Price to the Holder of each Security at his last address appearing on the register maintained by the Registrar, within twenty (20) days of the effective date of such adjustment. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

(l) In any case in which this Section 10.06 provides that an adjustment shall become effective immediately after a Record Date for an event, the Company may defer until the occurrence of such event (i) issuing to the Holder of any Security converted after such Record Date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (ii) paying to such Holder any amount in cash in lieu of any fraction pursuant to Section 10.03.

(m) For purposes of this Section 10.06, the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of

Common Stock. The Company will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company.

SECTION 10.07. Effect of Reclassification, Consolidation, Merger or Sale.

In the case of (i) any reclassification or change of the outstanding shares of Common Stock (other than a change in par value, or from par value to no par value, or from no par value to par value, or as a result of a subdivision or combination), (ii) any consolidation, merger or combination of the Company with another corporation as a result of which holders of Common Stock shall be entitled to receive stock, securities or other property or assets (including cash) with respect to or in exchange for such Common Stock, or (iii) any sale or conveyance of the properties and assets of the Company as, or substantially as, an entirety to any other corporation as a result of which holders of Common Stock shall be entitled to receive stock, securities or other property or assets (including cash) with respect to or in exchange for such Common Stock, then, unless an adjustment with respect thereto shall be made pursuant to Section 10.06, the Company or the successor or purchasing corporation, as the case may be, shall execute with the Trustee a supplemental indenture providing that the Securities shall be convertible into the kind and amount of shares of stock and other securities or property or assets (including cash) receivable upon such reclassification, change, consolidation, merger, combination, sale or conveyance by a holder of a number of shares of Common Stock issuable upon conversion of such Securities immediately prior to such reclassification, change, consolidation, merger, combination, sale or conveyance assuming such holder of Common Stock did not exercise rights of election, if any, as to the kind or amount of securities, cash or other property receivable upon such consolidation, merger, statutory exchange, sale or conveyance. Such supplemental indenture shall provide for adjustments which shall be as nearly equivalent as may be practicable to the adjustments provided for in this Article Ten. If, in the case of any such reclassification, change, consolidation, merger, combination, sale or conveyance, the stock or other securities and assets receivable thereupon by a holder of shares of Common Stock include shares of stock or other securities and assets of a Person other than the successor or purchasing corporation, as the case may be, in such reclassification, change, consolidation, merger, combination, sale or conveyance, then such supplemental indenture shall also be executed by such other Person and shall contain such additional provisions to protect the interests of the Holders as the Board of Directors shall reasonably consider necessary by reason of the foregoing.

The Company shall cause notice of the execution of such supplemental indenture to be mailed to each Holder of Securities, at its address appearing on the register maintained by the Registrar, within twenty (20) days after execution thereof. Failure to deliver such notice shall not affect the legality or validity of such supplemental indenture.

SECTION 10.08. Notice of Certain Transactions.

If:

(1) the Company proposes to take any action that would require an adjustment in the conversion rate;

(2) the Company proposes to take any action that would require a supplemental indenture pursuant to Section 10.07; or

(3) there is a proposed liquidation, winding up or dissolution of the Company,

the Company shall mail to Holders a notice stating the proposed record date for a dividend or distribution or the proposed effective date of a subdivision, combination, reclassification, consolidation, merger, transfer, lease, liquidation or dissolution. The Company shall mail the notice at least 10 days before such date. Failure to mail the notice or any defect in it shall not affect the validity of the transaction.

SECTION 10.09. Company Determination Final.

Any determination that the Board of Directors makes pursuant to this Article is conclusive, absent manifest error.

SECTION 10.10. Trustee's Disclaimer.

The Trustee has no duty to determine when an adjustment under this Article or under the terms of the Securities should be made, how it should be made or what it should be. Such information shall be timely provided to the Trustee in an Officers' Certificate. The Trustee has no duty to determine whether any provisions of a supplemental indenture under Section 10.07 are correct. The Trustee makes no representation as to the validity or value of any securities or assets issued upon conversion of Securities. The Trustee shall not be responsible for the Company's failure to comply with this Article. Each Conversion Agent other than the Company shall have the same protection under this Section 10.10 as the Trustee.

ARTICLE ELEVEN

[RESERVED]

ARTICLE TWELVE

SUBORDINATION

SECTION 12.01. Securities Subordinated to Senior Indebtedness.

The Company covenants and agrees, and each Holder of a Security, by his acceptance thereof, likewise covenants and agrees, that the indebtedness represented by the Securities and the payment of the principal of (and premium, if any) and interest on each and all of the Securities is hereby expressly subordinate and junior, to the extent and in the manner hereinafter set forth, in right of payment to the prior payment in full of all Senior Indebtedness.

(a) Upon any distribution of assets of the Company, upon any dissolution, winding up, liquidation or reorganization of the Company, whether in bankruptcy, insolvency, reorganization or receivership proceedings or upon an assignment for the benefit of creditors or any other marshaling of the assets and liabilities of the Company or otherwise, then the holders of all Senior Indebtedness shall first be entitled to receive payment of the full amount due thereon in cash or other consideration satisfactory to the holders of Senior Indebtedness in respect of principal (and premium, if any) and interest, or provision shall be made for such amount in cash or other consideration satisfactory to the holders of Senior Indebtedness, before the Holders of any of the Securities are entitled to receive any payment or distribution of any character, whether in cash, securities or other property, on account of the principal of (or premium, if any) or interest on the indebtedness evidenced by the Securities.

For purposes of this Article Twelve, the words, "cash, securities or other property" shall not be deemed to include shares of stock of the Company as reorganized or readjusted, or securities of the Company or any other corporation provided for by a plan of reorganization or readjustment, the payment of which is subordinated at least to the extent provided in this Article Twelve with respect to the Securities to the payment of all Senior Indebtedness which may at the time be outstanding; provided that (i) the Senior Indebtedness is assumed by the new corporation, if any, resulting from any reorganization or readjustment, and (ii) the rights of the holders of Senior Indebtedness (other than leases which are not assumed by the Company or the new corporation, as the case may be) are not, without the consent of such holders, altered by such reorganization or readjustment. The consolidation of the Company with, or the merger of the Company into, another Person or the liquidation or dissolution of the Company following the conveyance or transfer of its property as an entirety, or substantially as an entirety, to another Person upon the terms and conditions provided for in Article Five shall not be deemed a dissolution, winding-up, liquidation or reorganization for the purposes of this Section 12.01(a) if such other Person shall, as a part of such consolidation, merger, conveyance or transfer, comply with the conditions stated in Article Five.

(b) No payment shall be made by the Company with respect to the principal of, premium, if any, or interest on the Securities or to acquire any of the Securities, if (i) any default in payment of the principal of or premium, if any, or interest on, rent under, or any other payment obligation under any Senior Indebtedness occurs and is continuing (a "Payment Default") beyond any applicable

grace period with respect thereto, unless and until all such payments due in respect of such Senior Indebtedness have been paid in full in cash or other consideration satisfactory to holders of Senior Indebtedness or such default shall have been cured or waived or shall have ceased to exist, (ii) any event of default, other than a Payment Default, with respect to any Designated Senior Indebtedness occurs and is continuing permitting the holders of such Designated Senior Indebtedness (or a trustee or other representative on behalf of the holders thereof) to declare such Designated Senior Indebtedness due and payable prior to the date on which it would otherwise have become due and payable, and the Trustee receives notice thereof from the Company or by any holders of such Designated Senior Indebtedness (or a trustee or other representative on behalf of the holders thereof) (the "Payment Blockage Notice"), for a period (the "Payment Blockage Period") ending on the earlier of the date on which such event of default shall have been cured or waived or shall have ceased to exist or 179 days after receipt of the Payment Blockage Notice, or (iii) any judicial proceeding shall be pending with respect to any such default in payment or event of default; provided, further, any number of additional Payment Blockage Periods may be commenced during an existing Payment Blockage Period; provided, however, that no such additional Payment Blockage Period shall extend beyond the initial Payment Blockage Period. Notwithstanding anything in the subordination provisions of this Indenture or the Securities to the contrary, (x) in no event will a Payment Blockage Period extend beyond 179 days from the date of the Payment Blockage Notice in respect thereof was given and (y) there shall be a period of at least 181 consecutive days in each 360-day period when no Payment Blockage Period is in effect. No nonpayment default that existed or was continuing on the date of delivery of any Payment Blockage Notice to the Trustee shall be the basis for a subsequent payment blockage notice.

(c) If the maturity of the Securities is accelerated, no payment may be made on the Securities until all amounts due or to become due on Senior Indebtedness have been paid in full in cash or other consideration satisfactory to holders of Senior Indebtedness or until such acceleration has been cured or waived.

(d) In the event that, notwithstanding the foregoing provisions of Sections 12.01(a), (b) and (c), any payment on account of principal of or interest on the Securities shall be made by or on behalf of the Company and received by the Trustee, by any Holder or by any Paying Agent (or, if the Company is acting as its own Paying Agent, money for any such payment shall be segregated and held in trust), at a time when such payment is not permitted by any of such provisions, then, unless and until all Senior Indebtedness (or Designated Senior Indebtedness, in the case of Section 12.01(b)) is paid in full in cash or other consideration satisfactory to the holders thereof, or such payment is otherwise permitted to be made by the provisions of each of Sections 12.01(a), 12.01(b) and 12.01(c) (subject, in each case, to the provisions of Section 12.07), such payment on account of principal of or interest on the Securities shall be held in trust for the benefit of, and shall be immediately paid over to, the holders of Senior Indebtedness (or Designated Senior Indebtedness, in the case of Section 12.01(b)) or their representative or representatives or the trustee or trustees under any indenture under which any instruments evidencing any of the Senior Indebtedness (or Designated Senior Indebtedness, in the case of Section 12.01(b)) may have been issued, as their interests may appear.

Regardless of anything to the contrary herein, nothing shall prevent (A) any payment by the Company or the Trustee to Holders of amounts in connection with a redemption of Securities if (i) notice of such redemption has been given pursuant to Section 3.01 prior to the receipt by the Trustee of a Payment Blockage Notice, and (ii) such notice of redemption is given not earlier than 75 days before the Redemption Date, or (B) any payment by the Trustee to the Holders of amounts deposited with it pursuant to Section 8.01.

SECTION 12.02. Subrogation.

Subject to the payment in full of all Senior Indebtedness to which the indebtedness evidenced by the Securities is in the circumstances subordinated as provided in Section 12.01, the Holders of the Securities (together with the holders of any other indebtedness of the Company which is subordinate in right of payment to the payment in full of all Senior Indebtedness, which is not subordinate in right of payment to the Securities and which by its terms grants such right of subrogation to the holders thereof) shall be subrogated to the rights of the holders of such Senior Indebtedness to receive payments or distributions of cash, property or securities of the Company applicable to such Senior Indebtedness until all amounts owing on the Securities shall be paid in full, and, as between the Company, its creditors other than holders of such Senior Indebtedness, and the Holders of the Securities, no such payment or distribution made to the holders of Senior Indebtedness by virtue of this Article which otherwise would have been made to the Holders of the Securities shall be deemed to be a payment by the Company on account of such Senior Indebtedness, it being understood that the provisions of this Article are and are intended solely for the purpose of defining the relative rights of the Holders of the Securities, on the one hand, and the holders of Senior Indebtedness, on the other hand.

SECTION 12.03. Obligation of Company Unconditional.

Nothing contained in this Article or elsewhere in this Indenture or in the Securities is intended to or shall impair, as between the Company, its creditors other than the holders of Senior Indebtedness, and the Holders of the Securities, the obligation of the Company, which is absolute and unconditional, to pay to the Holders of the Securities the principal of (and premium, if any) and interest on the Securities as and when the same shall become due and payable in accordance with their terms, or is intended to or shall affect the relative rights of the Holders of the Securities and creditors of the Company other than the holders of Senior Indebtedness, nor shall anything herein or therein prevent the Trustee or the Holder of any Security from exercising all remedies otherwise permitted by applicable law upon default under this Indenture, subject to the rights, if any, under this Article of the holders of Senior Indebtedness in respect of cash, property or securities of the Company received upon the exercise of any such remedy.

SECTION 12.04. Modification of Terms of Senior Indebtedness.

Any renewal or extension of the time of payment of any Senior Indebtedness or the exercise by the holders of Senior Indebtedness of any of their rights under any instrument creating or evidencing Senior Indebtedness, including without limitation the waiver of default thereunder, may be made or done all without notice to or assent from the Holders of the Securities or the Trustee.

No compromise, alteration, amendment, modification, extension, renewal or other change of, or waiver, consent or other action in respect of, any liability or obligation under or in respect of, or of any of the terms, covenants or conditions of any indenture or other instrument under which any Senior Indebtedness is outstanding or of such Senior Indebtedness, whether or not such release is in accordance with the provisions of any applicable document, shall in any way alter or affect any of the provisions of this Article or of the Securities relating to the subordination thereof.

SECTION 12.05. [Reserved]

SECTION 12.06. Effectuation of Subordination by Trustee.

Each Holder of Securities, by his acceptance thereof, authorizes and directs the Trustee in his or her behalf to take such action as may be necessary or appropriate to effectuate the subordination provided in this Article and appoints the Trustee his or attorney-in-fact for any and all such purposes.

Upon any payment or distribution of assets of the Company referred to in this Article, the Trustee and the Holders of the Securities shall be entitled to rely upon any order or decree made by any court of competent jurisdiction in which any such dissolution, winding up, liquidation or reorganization proceeding affecting the affairs of the Company is pending or upon a certificate of the trustee in bankruptcy, receiver, assignee for the benefit of creditors, liquidating trustee or agent or other Person making any payment or distribution, delivered to the Trustee or to the Holders of the Securities, for the purpose of ascertaining the Persons entitled to participate in such payment or distribution, and as to other facts pertinent to the right of such Persons under this Article, and if such evidence is not furnished, the Trustee may defer any payment to such Persons pending judicial determination as to the right of such Persons to receive such payment.

SECTION 12.07. Knowledge of Trustee.

Notwithstanding the provisions of this Article or any other provisions of this Indenture, the Trustee shall not be charged with knowledge of the existence of any Senior Indebtedness, of any default in payment of principal, premium (if any) or interest on any Senior Indebtedness, or of any facts which would prohibit the making of any payment of moneys to or by the Trustee, or the taking of any other action by the Trustee, unless and until a Trust Officer of the Trustee having responsibility for the administration of the trust established by this Indenture shall have received written notice thereof from the Company, any Holder of Securities, any Paying or Conversion Agent of the Company or the holder or representative of any class of Senior Indebtedness, and, prior to the receipt of any such written notice, the Trustee shall be entitled in all respects to assume that no such default or facts exist; provided, however, that unless on the third Business Day prior to the date upon which by the terms hereof any such moneys may become payable for any purpose the Trustee shall have received the notice provided for in this Section 12.07, then, anything herein contained to the contrary notwithstanding, the Trustee shall have full power and authority to receive such moneys and apply the same to the purpose for which they were received, and shall not be affected by any notice to the contrary which may be received by it on or after such date.

SECTION 12.08. Trustee's Relation to Senior Indebtedness.

The Trustee shall be entitled to all the rights set forth in this Article with respect to any Senior Indebtedness at the time held by it, to the same extent as any other holder of Senior Indebtedness and nothing in this Indenture shall deprive the Trustee of any of its rights as such holder.

Nothing in this Article shall apply to claims of or payments to the Trustee under or pursuant to Section 7.07.

With respect to the holders of Senior Indebtedness, the Trustee undertakes to perform or to observe only such of its covenants and obligations as are specifically set forth in this Article, and no implied covenants or obligations with respect to the holders of Senior Indebtedness shall be read into this Indenture against the Trustee. The Trustee shall not be deemed to owe any fiduciary duty to the holders of Senior Indebtedness and the Trustee shall not be liable to any holder of Senior Indebtedness if it shall pay over or deliver to Holders, the Company or any other Person moneys or assets to which any holder of Senior Indebtedness shall be entitled by virtue of this Article or otherwise.

SECTION 12.09. Rights of Holders of Senior Indebtedness Not Impaired.

No right of any present or future holder of any Senior Indebtedness to enforce the subordination herein shall at any time or in any way be prejudiced or impaired by any act or failure to act on the part of the Company or by any noncompliance by the Company with the terms, provisions and covenants of this Indenture, regardless of any knowledge thereof any such holder may have or be otherwise charged with.

SECTION 12.10. Certain Conversions Not Deemed Payment.

For the purposes of Article Ten only, (1) the issuance and delivery of junior securities upon conversion of Securities in accordance with Article Ten shall not be deemed to constitute a payment or distribution on account of the principal of, premium, if any, or interest on Securities or on account of the purchase or other acquisition of Securities, and (2) the payment, issuance or delivery of cash (except in satisfaction of fractional shares pursuant to Section 10.03), property or securities (other than junior securities) upon conversion of a Security shall be deemed to constitute payment on account of the principal of, premium, if any, or interest on such Security. For the purposes of this Section 12.10, the term "junior securities" means (a) shares of any stock of any class of the Company or (b) securities of the Company that are subordinated in right of payment to all Senior Indebtedness to substantially the same extent as, or to a greater extent than, the Securities are so subordinated as provided in this Article. Nothing contained in this Article Twelve or elsewhere in this Indenture or in the Securities is intended to or shall impair, as among the Company, its creditors (other than holders of Senior Indebtedness) and the Holders, the right, which is absolute and unconditional, of the Holder of any Security to convert such note in accordance with Article Ten.

ARTICLE THIRTEEN

MISCELLANEOUS

SECTION 13.01. Trust Indenture Act Controls.

If any provision of this Indenture limits, qualifies or conflicts with another provision which is required to be included in this Indenture by the TIA, the required provision shall control.

SECTION 13.02. Notices.

Any notice or communication by the Company or the Trustee to the other is duly given if in writing and delivered in person, mailed by first-class mail or by express delivery to the other's address stated in this Section 13.02. The Company or the Trustee by notice to the other may designate additional or different addresses for subsequent notices or communications.

Any notice or communication to a Holder shall be mailed by first-class mail to its address shown on the register kept by the Registrar. Failure to mail a notice or communication to a Holder or any defect in it shall not affect its sufficiency with respect to other Holders.

If a notice or communication is mailed in the manner provided above, it is duly given, whether or not the addressee receives it.

If the Company mails a notice or communication to Holders, it shall mail a copy to the Trustee and each Agent at the same time.

All notices or communications shall be in writing.

The Company's address is:

Alexion Pharmaceuticals, Inc.
25 Science Park
New Haven, Connecticut 06511
Attention: President

The Trustee's address is:

The Chase Manhattan Bank
450 West 33rd Street, 15th Floor
New York, NY 10001
Attention: Capital Markets Fiduciary Services

SECTION 13.03. Communication by Holders with Other Holders.

Holders may communicate pursuant to TIA ss. 312(b) with other Holders with respect to their rights under this Indenture or the Securities. The Company, the Trustee, the Registrar and anyone else shall have the protection of TIA ss. 312(c).

SECTION 13.04. Certificate and Opinion as to Conditions Precedent.

Upon any request or application by the Company to the Trustee to take any action under this Indenture the Company shall furnish to the Trustee:

(1) an Officers' Certificate stating that, in the opinion of the signers, all conditions precedent, if any, provided for in this Indenture relating to the proposed action have been complied with; and

(2) an Opinion of Counsel stating that, in the opinion of such counsel, all such conditions precedent have been complied with.

Each signer of an Officers' Certificate or an Opinion of Counsel may (if so stated) rely, effectively, upon an Opinion of Counsel as to legal matters and an Officers' Certificate as to factual matters if such signer reasonably and in good faith believes in the accuracy of the document relied upon.

SECTION 13.05. Statements Required in Certificate or Opinion.

Each Officers' Certificate or Opinion of Counsel with respect to compliance with a condition or covenant provided for in this Indenture shall include:

(1) a statement that the Person making such certificate or opinion has read such covenant or condition;

(2) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(3) a statement that, in the opinion of such Person, he or she has made such examination or investigation as is necessary to enable him or her to express an informed opinion as to whether or not such covenant or condition has been complied with; and

(4) a statement as to whether or not, in the opinion of such Person, such condition or covenant has been complied with.

SECTION 13.06. Rules by Trustee and Agents.

The Trustee may make reasonable rules for action by or at a meeting of Holders. The Registrar, Paying Agent or Conversion Agent may make reasonable rules and set reasonable requirements for their respective functions.

SECTION 13.07. Legal Holidays.

A "Legal Holiday" is a Saturday, a Sunday or a day on which banking institutions are not required to be open in The City of New York, in the State of New York or in the city in which the Trustee administers its corporate trust business. If a payment date is a Legal Holiday at a place of payment, payment may be made at that place on the next succeeding day that is not a Legal Holiday, and no interest shall accrue on that payment for the intervening period.

A "Business Day" is a day other than a Legal Holiday.

SECTION 13.08. No Recourse Against Others.

All liability described in the Securities of any director, officer, employee or stockholder, as such, of the Company is waived and released.

SECTION 13.09. Duplicate Originals.

The parties may sign any number of copies of this Indenture. Each signed copy shall be an original, but all of them together represent the same agreement.

SECTION 13.10. Governing Law.

The laws of the State of New York, without regard to principles of conflicts of law, shall govern this Indenture and the Securities.

SECTION 13.11. No Adverse Interpretation of Other Agreements.

This Indenture may not be used to interpret another indenture, loan or debt agreement of the Company or a subsidiary. Any such indenture, loan or debt agreement may not be used to interpret this Indenture.

SECTION 13.12. Successors.

All agreements of the Company in this Indenture and the Securities shall bind its successors. All agreements of the Trustee in this Indenture shall bind its successors.

SECTION 13.13. Separability.

In case any provision in this Indenture or in the Securities shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby and a Holder shall have no claim therefor against any party hereto.

SECTION 13.14. Table of Contents, Headings, etc.

The Table of Contents, Cross-Reference Table and headings of the Articles and Sections of this Indenture have been inserted for convenience of reference only, are not to be considered a part hereof and shall in no way modify or restrict any of the terms or provisions hereof.

SIGNATURES

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

ALEXION PHARMACEUTICALS, INC.

By: /s/ David Keiser

Name:
Title:

THE CHASE MANHATTAN BANK, as
Trustee

By: /s/ Kathleen Perry

Name: Kathleen Perry
Title: Vice President

EXHIBIT A

REGISTERED [Face of Security]
NUMBER DOLLARS

ALEXION PHARMACEUTICALS, INC.

5 3/4% CONVERTIBLE SUBORDINATED NOTE DUE 2007

ALEXION PHARMACEUTICALS, INC., a Delaware corporation (herein called the "Company"), for value received, hereby promises to pay to or registered assigns, the principal sum of Dollars on March 15, 2007, and to pay interest thereon as provided on the reverse hereof on the principal sum, until the principal hereof and any unpaid and accrued interest is paid or duly provided for. The right to payment of principal, premium, if any, and interest is subordinated to the rights of Senior Indebtedness as set forth in the Indenture referred to on the reverse side hereof.

Interest Payment Dates: March 15 and September 15, with the first payment to be made on September 15, 2000.

Record Dates: March 1 and September 1.

IN WITNESS WHEREOF, ALEXION PHARMACEUTICALS, INC. has caused this instrument to be duly signed.

ALEXION PHARMACEUTICALS, INC.

By:

Name:
Title:

By:

Name:
Title:

Dated:

TRUSTEE'S CERTIFICATE OF
AUTHENTICATION

This is one of the Securities referred to in the within-mentioned Indenture.

THE CHASE MANHATTAN BANK, as Trustee

By:

Authorized Officer

[REVERSE OF SECURITY]

ALEXION PHARMACEUTICALS, INC.

5 3/4% CONVERTIBLE SUBORDINATED NOTE DUE 2007

1. Interest. Alexion Pharmaceuticals, Inc., a Delaware corporation (the "Company"), promises to pay interest on the principal amount of this Security at the rate per annum shown above. The Company will pay interest semi-annually in arrears on March 15 and September 15 of each year, with the first payment to be made on September 15, 2000. Interest on the Securities will accrue on the principal amount from the most recent date to which interest has been paid or duly provided for or, if no interest has been paid, from March 8, 2000. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

2. Maturity. The Securities will mature on March 15, 2007 unless earlier converted, redeemed or repurchased pursuant to the terms hereof and the Indenture.

3. Method of Payment. The Company will pay interest on the Securities (except defaulted interest) to the Persons who are registered Holders of Securities at the close of business on the record date set forth on the face of this Security next preceding the applicable interest payment date except that (i) interest payable upon redemption or repurchase, unless the date of redemption or repurchase is an interest payment date, will be payable to the Person to whom the principal is payable and (ii) in the case of any Security or portion of any Security that is converted into Common Stock during the period from, but excluding, a record date for any interest payment date to, but excluding, that interest payment date either (A) if the Security, or portion of the Security, has been called for redemption on a redemption date that occurs during that period, or is to be repurchased on a Repurchase Date that occurs during that period, the Company will not be required to pay interest on that interest payment date in respect of any Security, or portion of any Security, that is so redeemed or repurchased; or (B) if otherwise, any Security or portion of any Security that is not called for redemption but is submitted for conversion during that period must be accompanied by funds equal to the interest payable on that interest payment date on the principal amount so converted. Holders must surrender Securities to a Paying Agent to collect the principal payments. The Company will pay the principal, premium, if any, and interest in money of the United States that at the time of payment is legal tender. Principal and interest may, at the Company's option, be paid either (i) by check mailed to the address of the Person entitled to the interest as it appears in the register kept by the Registrar (provided (a) payments to the Depository will be made by wire transfer of immediately available funds to the account of the Depository or its nominee and (b) a Holder with an aggregate principal amount of Securities in excess of $10 million will, at the written election of the Holder, filed on or before the relevant record date with the Trustee, be paid by wire transfer in immediately available funds); or (ii) by transfer to an account maintained by that Person located in the U.S.

4. Paying Agent, Registrar, Conversion Agent. Initially, The Chase Manhattan Bank (the "Trustee") will act as Paying Agent, Registrar and Conversion Agent. The Company may change any Paying Agent, Registrar or Conversion Agent without notice. The Company may act in any such capacity.

5. Indenture. The Company issued the Securities under an Indenture dated as of March 8, 2000 (the "Indenture") between the Company and the Trustee. The terms of the Securities include those stated in the Indenture and those made part of the Indenture by reference to the Trust Indenture Act of 1939 (15 U.S. Code ss.ss. 77aaa-77bbbb) (the "Act") as in effect on the date of the Indenture. The Securities are subject to all such terms, and Holders are referred to the Indenture and the Act for a statement of such terms. The Securities are general unsecured subordinated obligations of the Company limited to a maximum of $120,000,000 aggregate principal amount (plus such additional amount (up to an aggregate of $130,000,000) purchased by the Initial Purchasers pursuant to the option described in Section 2.02), except as otherwise provided in the Indenture (except for Securities issued in substitution for destroyed, mutilated, lost or stolen Securities). Terms used herein which are defined in the Indenture have the meanings assigned to them in the Indenture.

6. Optional Redemption by the Company. At any time on or after March 20, 2003, the Company may redeem the Securities on at least 30 days' notice as a whole or, from time to time, in part at the following prices, expressed as a percentage of the principal amount, together with accrued interest to, but excluding, the date fixed for redemption:

Period	Redemption Price
Beginning March 20, 2003 and ending on March 14, 2004	103.286%
Beginning March 15, 2004 and ending on March 14, 2005	102.464%
Beginning March 15. 2005 and ending on March 14. 2006	101.643%
Beginning March 15. 2006 and ending on March 14, 2007	100.822%

and 100% on March 15, 2007. My accrued interest becoming due on the date fixed for redemption will be payable to the holders of record on the relevant record date of the Securities being redeemed.

7. Notice of Redemption. Notice of redemption pursuant to paragraph 6 will be mailed at least 30 days before the redemption date to each Holder of Securities to be redeemed at its registered address. Securities in denominations larger than $1,000 principal amount may be redeemed in part but only in whole multiples of $1,000 principal amount. On and after the redemption date interest ceases to accrue on Securities or portions of them called for redemption.

8. Repurchase at Option of Holder. Pursuant to Section 3.07 of the Indenture within 15 days after a Repurchase Event occurs, the Company is required to give notice of the Repurchase Event to the Holders. Each Holder has the right, at its option, to require the Company to repurchase all or any portion of the Securities 40 days after the notice of repurchase event is mailed. The Repurchase Price will be 105% of the principal amount of the Securities submitted for repurchase, plus accrued and unpaid interest to, but excluding, the Repurchase Date. If a Repurchase Date is an interest payment date, then the interest payable on that date will be paid to the holder of record on the relevant record date. Subject to the conditions of Section 3.07 of the Indenture, the Company, at its option, instead of paying the Repurchase Price in cash, may pay the Repurchase Price in Common Stock, valued at 95% of the average of the Closing Prices for the five Trading Days immediately before and including the third Trading Day preceding the Repurchase Date.

9. Conversion. A Holder of a Security may convert the principal of such Security into Common Stock at any time after the date of original issuance of the Security to the close of

business on the business day prior to March 15, 2007, or (x) if the Security is called for redemption by the Company, the Holder may convert it at any time before the close of business on the date that is one business day before the date fixed for such redemption, or (y) if the Security is to be repurchased by the Company pursuant to paragraph 8 hereof, the Holder may convert it at any time before the close of business on the date that is one business day before the date fixed for such repurchase. The initial Conversion Price is $106.425 per share of Common Stock, subject to adjustment in certain circumstances as set forth in Section 10.06 of the Indenture. To determine the number of shares issuable upon conversion of a Security, divide the principal amount to be converted by the Conversion Price in effect on the conversion date and round the result to the nearest 1/100th share. The Company is not required to issue fractional shares of Common Stock upon conversion and, instead, will pay a cash amount as provided in Section 10.03 of the Indenture. Except as provided in Article Ten of the Indenture, no payment or adjustment for the principal of, premium, if any, interest on or liquidated damages with respect to, the Securities or for dividends on any Common Stock will be made. If a Holder surrenders a Security for conversion between the record date for the payment of interest and the next interest payment date, such Security, when surrendered for conversion, must be accompanied by payment of an amount equal to the interest thereon which the registered Holder on such record date is to receive. A Security which the Holder has elected to be repurchased may be converted only if the Holder withdraws its election to have such Security repurchased in accordance with the terms of the Indenture before the close of business on the business day prior to the Repurchase Date.

To convert a Security a Holder must (1) complete and sign the Conversion Notice, with appropriate signature guarantee, on the back of the Security, (2) surrender the Security to a Conversion Agent, (3) furnish appropriate endorsements and transfer documents if required by the Registrar or Conversion Agent, (4) pay the amount of interest, if any, the Holder may be paid as provided in the last sentence of the above paragraph and (5) pay any transfer or similar tax if required. A Holder may convert a portion of a Security if the portion is $1,000 principal amount or a whole multiple of $ 1,000 principal amount.

Any shares issued upon conversion of a Security shall bear the Private Placement Legend until after the second anniversary of the later of the issue date for the Securities and the last date on which the Company or any Affiliate of the Company was the owner of such shares or the Security (or any predecessor security) from which such shares were converted (or such shorter period of time as permitted by Rule 144(k) under the Securities Act or any successor provision thereunder) (or such longer period of time as may be required under the Securities Act or applicable state securities laws as set forth in the Opinion of Counsel delivered to the Conversion Agent, unless otherwise agreed by the Company and the Holder thereof).

10. Subordination. The Securities are subordinated in right of payment, in the manner and to the extent set forth in the Indenture, to the prior payment in full of all Senior Indebtedness. Each Holder by accepting a Security agrees to such subordination and authorizes the Trustee to give it effect.

11. Denominations, Transfer, Exchange. The Securities are in registered form without coupons in denominations of $1,000 principal amount and whole multiples of $1,000 principal amount. The transfer of Securities may be registered and Securities may be exchanged as provided in the Indenture. The Registrar may require a Holder, among other things, to furnish appropriate endorsements and transfer documents. No service charge shall be made for any such registration

of transfer or exchange, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith. The Registrar need not exchange or register the transfer of any Security selected for redemption in whole or in part. Also, it need not exchange or register the transfer of any Securities for a period of 15 days before the mailing of a notice of redemption of the Securities selected to be redeemed.

12. Persons Deemed Owners. The registered Holder of a Security may be treated as the owner of such Security for all purposes.

13. Merger or Consolidation. The Company shall not consolidate with, or merge into, or transfer or lease all or substantially all of its assets to, any Person unless, among other things, the Person is organized under the laws of the United States, any State thereof or the District of Columbia and such Person assumes by supplemental indenture all the obligations of the Company under the Securities, the Indenture and the Registration Rights Agreement and after giving effect to the transaction no Default or Event of Default exists.

Notwithstanding the foregoing, any subsidiary of the Company may consolidate with, merge into or transfer all or part of its properties and assets to the Company or any other subsidiary or subsidiaries of the Company.

14. Amendments, Supplements and Waivers. Subject to certain exceptions, the Indenture or the Securities may be amended or supplemented with the consent of the Holders of at least a majority in aggregate principal amount of the Securities then outstanding, and any existing Default or Event of Default may be waived with the consent of the Holders of a majority in aggregate principal amount of the Securities then outstanding. Without notice to or the consent of any Holder, the Indenture or the Securities may be amended or supplemented to cure any ambiguity, omission, defect or inconsistency, to provide for uncertificated Securities in addition to certificated Securities, to comply with Sections 5.01 and 10.07 of the Indenture or to make any change that does not adversely affect the rights of any Holder.

15. Defaults and Remedies. An Event of Default includes the occurrence of any or the following: default in payment of the principal of or any premium on the Securities; default for 30 days in payment of interest; failure by the Company for 90 days after notice to it to comply with any of its other agreements in the Indenture or the Securities; and certain events of bankruptcy or insolvency. If any Event of Default occurs and is continuing, the Trustee or the Holders of at least 25% in aggregate principal amount of the Securities then outstanding may declare all the Securities to be due and payable. Holders may not enforce the Indenture or the Securities except as provided in the Indenture. The Trustee may require indemnity satisfactory to it before it enforces the Indenture or the Securities. Subject to certain limitations, Holders of a majority in principal amount of the Securities then outstanding may direct the Trustee in its exercise of any trust or power. The Trustee may withhold from Holders notice of any continuing Default or Event of Default (except a Default or Event of Default in payment of principal or interest) if it determines that withholding notice is in their interests. The Company must furnish an annual compliance certificate to the Trustee.

16. Registration Rights. The Holders are entitled to shelf registration rights as set forth in the Registration Rights Agreement. The Holders shall be entitled to receive liquidated damages in certain circumstances, all as set forth in the Registration Rights Agreement.

17. Trustee Dealings with Company. The Trustee under the Indenture, or any banking institution serving as successor Trustee thereunder, in its individual or any other capacity, may make loans to, accept deposits from, and perform services for the Company or its Affiliates, and may otherwise deal with the Company or its Affiliates, as if it were not Trustee.

18. No Recourse Against Others. No past, present or future director, officer, employee or stockholder, as such, of the Company shall have any liability for any obligations of the Company under the Securities or the Indenture or for any claim based on, in respect of or by reason of such obligations or their creation. Each Holder by accepting a Security waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Securities.

19. Authentication. This Security shall not be valid until authenticated by the manual signature of the Trustee or an authenticating agent.

20. Abbreviations. Customary abbreviations may be used in the name of a Holder or an assignee, such as: TEN COM (tenants in common), TEN ENT (= tenants by the entirety), JT TEN (= joint tenants with right of survivorship and not as tenants in common), CUST (= Custodian), and U/G/M/A (Uniform Gifts to Minors Act).

THE COMPANY WILL FURNISH TO ANY SECURITYHOLDER UPON WRITTEN REQUEST AND WITHOUT CHARGE A COPY OF THE INDENTURE. REQUESTS MAY BE MADE TO:

ALEXION PHARMACEUTICALS, INC.
25 SCIENCE PARK
NEW HAVEN, CONNECTICUT 06511
ATTENTION: PRESIDENT

[FORM OF ASSIGNMENT]

I or we assign to

PLEASE INSERT SOCIAL SECURITY OR
OTHER IDENTIFYING NUMBER

_____

_____
(please print or type name and address)

_____

_____
the within Security and all rights thereunder, and hereby irrevocably constitutes and appoints

_____
attorney to transfer the Security on the books of the Company with full power of substitution in the premises.

Dated:_____ _____

NOTICE: The signature on this assignment must correspond with the name as it appears upon the face of the within Security in every particular without alteration or enlargement or any change whatsoever and be guaranteed by the endorser's bank or broker.

Signature Guarantee: _____

(Signatures must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.)

In connection with any transfer of this Security occurring prior to the date which is the earlier of (i) the date of the declaration by the Commission of the effectiveness of a registration statement under the Securities Act of 1933, as amended (the "Securities Act") covering resales of this Security (which effectiveness shall have been suspended or terminated at the date of the transfer) and (ii) March 7, 2002 the undersigned confirms that it has not utilized any general solicitation or general advertising in connection with transfer:

[Check One]

(1) ___ to the Company or a subsidiary thereof; or

(2) ___ pursuant to and in compliance with Rule 144A under the Securities Act of 1933, as amended; or

(3) ___ to an institutional "accredited investor" (as defined in Rule 50l(a)(1), (2), (3) or (7) under the Securities Act of 1933, as amended) that has furnished to the Trustee a signed letter containing certain representations and agreements (the form of which letter can be obtained from the Trustee); or

(4) ___ outside the United States to a "foreign purchaser" in compliance with Rule 904 of Regulation S under the Securities Act of 1933, as amended; or

(5) ___ pursuant to the exemption from registration provided by Rule 144 under the Securities Act of 1933, as amended; or

(6) ___ pursuant to an effective registration statement under the Securities Act of 1933, as amended; or

(7) ___ pursuant to another available exemption from the registration statement requirements of the Securities Act of 1933, as amended.

and unless the box below is checked, the undersigned confirms that such Security is not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act of 1933, as amended (an "Affiliate"):

|_| The transferee is an Affiliate of the Company.

(If the Security is transferred to an Affiliate, the restrictive legend must remain on the Security for two years following the date of the transfer).

Unless one of the items is checked, the Trustee will refuse to register any of the Securities evidenced by this certificate in the name of any Person other than the registered Holder thereof; provided, however, that if item (3),(4),(5) or (7) is checked, the Company or the Trustee may require, prior to registering any such transfer of the Securities, in their sole discretion, such written legal opinions, certifications (including an investment letter in the case of box (3) or (4)) and other information as the Trustee or the Company have reasonably requested to confirm that such transfer is being made pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act of 1933, as amended.

If none of the foregoing items are checked, the Trustee or Registrar shall not be obligated to register this Security in the name of any Person other than the Holder hereof unless and until the conditions to any such transfer of registration set forth herein and in Section 2.16 of the Indenture shall have been satisfied.

Dated: _____ Signed: _____

(Sign exactly as name appears on the other side of this Security)

Signature Guarantee: _____

TO BE COMPLETED BY PURCHASER IF (2) ABOVE IS CHECKED

The undersigned represents and warrants that it is purchasing this Security for its own account or an account with respect to which it exercises sole investment discretion and that it and any such account is a "qualified institutional buyer" within the meaning of Rule 144A under the Securities Act of 1933, as amended, and is aware that the sale to it is being made in reliance on Rule 144A and acknowledges that it has received such information regarding the Company as the undersigned has requested pursuant to Rule 144A or has determined transferor is relying upon the undersigned's foregoing representations in order to claim the exemption from registration provided by Rule 144A.

Dated: _____ _____

NOTICE: To be executed by an executive officer

CONVERSION NOTICE

To convert this Security into Common Stock of the Company, check the box:

|_|

To convert only part of this Security, state the principal amount to be converted (must be in multiples of $1,000):

$_____

If you want the stock certificate made out in another person's name, fill in the form below:

_____
(Insert other person's soc. sec. or tax I.D. no.)

_____

_____

_____

_____
(Print or type other person's name, address and zip code)

Date: _____ Signature(s): _____

_____
(Signatures must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.)

Signature(s) guaranteed by: _____

(Signatures must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.)

OPTION OF HOLDER TO ELECT PURCHASE NOTICE

If you want to elect to have this Security purchased by the Company pursuant to Section 3.07 of the Indenture, check the box: |_|

If you want to elect to have only part of this Security purchased by the Company pursuant to Section 3.07 of the Indenture, state the principal amount:

$ _____
(in an integral multiple of S 1,000)

Date: _____ Signature(s): _____

_____
(Sign exactly as your name(s) appear(s) on the other side of this Security)

Signature(s) guaranteed by:

_____
(Signatures must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.)

EXHIBIT B

FORM OF LEGENDS

I. PRIVATE PLACEMENT LEGEND

Each Security issued under the Indenture shall bear a legend (and any common stock issued upon conversion of such Security shall bear a comparable legend) substantially in the following form:

THIS SECURITY (OR ITS PREDECESSOR) WAS ORIGINALLY ISSUED IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER THE UNITED STATES SECURITIES ACT OF 1933 (THE "SECURITIES ACT"), AND THIS SECURITY AND THE SHARES OF COMMON STOCK ISSUABLE UPON CONVERSION HEREOF MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR AN APPLICABLE EXEMPTION THEREFROM. EACH PURCHASER OF THIS SECURITY IS HEREBY NOTIFIED THAT THE SELLER OF THIS SECURITY MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER.

THE HOLDER OF THIS SECURITY AGREES FOR THE BENEFIT OF THE ISSUER HEREOF THAT (A) THIS SECURITY AND THE SHARES OF COMMON STOCK ISSUABLE UPON CONVERSION HEREOF MAY BE OFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED, ONLY (I) IN THE UNITED STATES TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (II) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE) OR (III) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH OF CASES (I) THROUGH (III) IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES, AND (B) THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER OF THIS SECURITY FROM IT OF THE RESALE RESTRICTIONS REFERRED TO IN (A) ABOVE.

II. GLOBAL SECURITY LEGEND

Any Global Security authenticated and delivered hereunder shall bear a legend (which would be in addition to any other legends required in the case of a Restricted Security) in substantially the following form:

THIS SECURITY IS A GLOBAL SECURITY WITHIN THE MEANING OF THE INDENTURE HEREINAFTER REFERRED TO AND IS REGISTERED IN THE NAME OF A DEPOSITORY OR A NOMINEE OF A DEPOSITORY OR A SUCCESSOR DEPOSITORY. THIS SECURITY IS NOT EXCHANGEABLE FOR SECURITIES REGISTERED IN THE NAME OF A PERSON OTHER THAN THE DEPOSITORY OR ITS NOMINEE EXCEPT IN THE LIMITED CIRCUMSTANCES DESCRIBED IN THE INDENTURE, AND NO TRANSFER OF THIS SECURITY (OTHER THAN A TRANSFER OF THIS SECURITY AS A WHOLE BY THE DEPOSITORY TO A NOMINEE OF THE DEPOSITORY OR BY A NOMINEE OF THE DEPOSITORY TO THE DEPOSITORY OR ANOTHER NOMINEE OF THE DEPOSITORY) MAY BE REGISTERED EXCEPT IN THE LIMITED CIRCUMSTANCES DESCRIBED IN THE INDENTURE.

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO THE COMPANY OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

TRANSFERS OF THIS GLOBAL SECURITY SHALL BE LIMITED TO TRANSFERS IN WHOLE, BUT NOT IN PART, TO NOMINEES OF CEDE & CO. OR TO A SUCCESSOR THEREOF OR SUCH SUCCESSOR'S NOMINEE AND TRANSFERS OF PORTIONS OF THIS GLOBAL SECURITY SHALL BE LIMITED TO TRANSFERS MADE IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN SECTION 2.16 OF THE INDENTURE.

EXHIBIT C

Form of Certificate To Be
Delivered in Connection with
Transfers to Non-QIB Accredited Investors

[Date]

The Chase Manhattan Bank
450 West 33rd Street, 15th Floor
New York, NY 10001
Attention: Capital Markets Fiduciary Services

Ladies and Gentlemen:

In connection with our proposed purchase of 5 3/4% Convertible Subordinated Notes Due 2007 (the "Securities") of Alexion Pharmaceuticals, Inc. (the "Company"), we confirm that:

1. We have received a copy of the Offering Memorandum (the "Offering Memorandum"), dated March 3, 2000, relating to the Securities and such other information as we deem necessary in order to make our investment decision. We acknowledge that we have read and agreed to the matters stated on page 1 of the Offering Memorandum and in the section entitled "Notice to Investors" of the Offering Memorandum, including the restrictions on duplication and circulation of the Offering Memorandum.

2. We understand that any subsequent transfer of the Securities is subject to certain restrictions and conditions set forth in this Indenture relating to the Securities (as described in the Offering Memorandum) and the undersigned agrees to be bound by, and not to resell, pledge or otherwise transfer the Securities except in compliance with, such restrictions and conditions and the Securities Act of 1933, as amended (the "Securities Act") and all applicable state securities laws.

3. We understand that the offer and sale of the Securities have not been registered under the Securities Act, and that the Securities may not be offered or sold except as permitted in the following sentence. We agree, on our own behalf and on behalf of any accounts for which we are acting as hereinafter stated, that if we should sell any Securities prior to the date that is two years after the original issuance of the Securities, we will do so only (i) to the Company or any of its subsidiaries, (ii) inside the United States in accordance with Rule 144A under the Securities Act to a "qualified institutional buyer" (as defined in Rule 144A under the Securities Act), (iii) inside the United States to an institutional "accredited investor" (as defined below) that, prior to such transfer, furnishes (or has furnished on its behalf by a U.S. broker-dealer) to the Trustee (as defined in the Indenture relating to the Securities), a signed letter containing certain representations and agreements relating to the restrictions on transfer of the Securities (the form of which letter can be obtained from the Trustee), (iv) outside the United States in accordance with Rule 904 of Regulation S under the Securi-

ties Act, (v) pursuant to the exemption from registration provided by Rule 144 under the Securities Act (if available), or (vi) pursuant to an effective registration statement under the Securities Act, and we further agree to provide to any person purchasing any of the Securities from us a notice advising such purchaser that resales of the Securities are restricted as stared herein.

4. We are not acquiring the Securities for or on behalf of, and will not transfer the Securities to, any pension or welfare plan (as defined in Section 3 of the Employee Retirement Income Security Act of 1974), except as permitted by law.

5. We understand that, on any proposed resale of any Securities, we will be required to furnish to the Trustee and the Company such certification, legal opinions and other information as the Trustee and the Company may reasonably require to confirm that the proposed sale complies with the foregoing restrictions. We further understand that the Securities purchased by us will bear a legend to the foregoing effect.

6. We are an institutional "accredited investor" (as defined in Rule 50l(a)(1), (2), (3) or (7) of Regulation D under the Securities Act) and have such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of our investment in the Securities, and we and any accounts for which we are acting are each able to bear the economic risk of our or their investment, as the case may be.

7. We are acquiring the Securities purchased by us for our account or for one or more accounts (each of which is an institutional "accredited investor") as to each of which we exercise sole investment discretion.

You, the Company, the Trustee and others are entitled to rely upon this letter and are irrevocably authorized to produce this letter or a copy hereof to any interested party in any administrative or legal proceeding or official inquiry with respect to the matters covered hereby.

Very truly yours,

[Name of Transferee]

By: _____
Name:
Title:

EXHIBIT D

Form of Certificate To Be Delivered
in Connection with Transfers
Pursuant to Regulation S

[Date]

The Chase Manhattan Bank
450 West 33rd Street, 15th Floor
New York, NY 10001
Attention: Capital Markets Fiduciary Services

Re: Alexion Pharmaceuticals, Inc. (the "Company")
5 3/4% Convertible Subordinated Notes
due 2007 (the "Securities")

Ladies and Gentlemen:

In connection with our proposed purchase of $ aggregate principal amount of the Securities, we confirm that such purchase has been effected pursuant to and in accordance with Regulation S under the U.S. Securities Act of 1933, as amended (the "Securities Act"), and, accordingly, we represent that:

(1)* [We are not a U.S. person and are not acquiring the Securities for the account or benefit of any U.S. person]. [We are a U.S. person who purchased securities in a transaction that did not require registration under the Act.]

(2) We agree to resell the Securities only in accordance with the provisions of Regulation S, pursuant to registration under the Securities Act, or pursuant to an available exemption from registration; and we agree not to engage in hedging transactions with regard to such securities unless in compliance with the Securities Act.

- ----------
* One of the two following sentences must be used.

You, the Company and counsel for the Company are entitled to rely upon this letter and are irrevocably authorized to produce this letter or a copy hereof to any interested party in any administrative or legal proceedings or official inquiry with respect to the matters covered hereby. Terms used in this certificate have the meanings set forth in Regulation S.

Very truly yours,

[Name of Transferor]

By: _____
Authorized Signature

EXHIBIT E

Form of Notice of Transfer Pursuant to Registration Statement

[Date]

Alexion Pharmaceuticals, Inc.
25 Science Park
New Haven, Connecticut 06511

The Chase Manhattan Bank
450 West 33rd Street, 15th Floor
New York, NY
Attention: Capital Markets Fiduciary Services

Re: Alexion Pharmaceuticals, Inc. (the "Company")
5 3/4% Convertible Subordinated Notes Due 2007
(the "Securities")

Ladies and Gentlemen:

Please be advised that _____ has transferred $ _____ aggregate principal amount of the Securities or __ shares of the Company's common stock, $0.0001 par value per share, issuable on conversion of the Securities ("Stock") pursuant to an effective Shelf Registration Statement on Form S-3 (File No. 333-) filed by the Company.

We hereby certify that the prospectus delivery requirements, if any, of the Securities Act of 1933 as amended, have been satisfied with respect to the transfer described above and that the above-named beneficial owner of the Securities or Stock is named as a "Selling Security Holder" in the Prospectus dated or in amendments or supplements thereto, and that the aggregate principal amount of the Securities, or number of shares of Stock transferred are [a portion of] the Securities or Stock listed in such Prospectus, as amended or supplemented, opposite such owner's name.

Very truly yours,

_____
(Name)

EXHIBIT F

Form of Opinion of Counsel in Connection with Registration of Securities

[Date]

The Chase Manhattan Bank
450 West 33rd Street, 15th Floor
New York, NY 10001
Attention: Capital Markets Fiduciary Services

Re: Alexion Pharmaceuticals, Inc. (the "Company")
5 3/4% Subordinated Convertible Notes Due 2007
(the "Securities")

Ladies and Gentlemen:

Reference is made to the Securities issued pursuant to a certain indenture dated as of March 1, 2000 by and between the Company and The Chase Manhattan Bank, as trustee (the "Trustee"). The Securities were issued in transactions exempt from registration under the Securities Act of 1933, as amended (the "Securities Act"). The Company has filed with the Securities and Exchange Commission (the "SEC") a registration statement on Form S-3 (number 333-_____) (the "Registration Statement") relating to the registration under the Securities Act of $[_____] principal amount of the Securities and the shares of Common Stock of the Company (the "Shares") issuable upon conversion of the Securities being registered. The Registration Statement was declared effective by order of the SEC dated [_____].

We have acted as counsel for the Company in connection with the issuance of the Securities and the preparation and filing of the Registration Statement and are familiar with the Securities, the Indenture, the Registration Statement, the above-mentioned SEC order and such other documents as are necessary to render this opinion.

Based on the foregoing, it is our opinion that (1) the Registration Statement has become and is currently effective under the Securities act so that the Securities covered thereby and the Shares issuable upon conversion of such Securities are duly registered under the Securities Act; and (2) the Indenture has been duly qualified under the Trust Indenture Act of 1939, as amended.

Yours truly,

THIS SECURITY (OR ITS PREDECESSOR) WAS ORIGINALLY ISSUED IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER THE UNITED STATES SECURITIES ACT OF 1933 (THE "SECURITIES ACT"), AND THIS SECURITY AND THE SHARES OF COMMON STOCK ISSUABLE UPON CONVERSION HEREOF MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR AN APPLICABLE EXEMPTION THEREFROM. EACH PURCHASER OF THIS SECURITY IS HEREBY NOTIFIED THAT THE SELLER OF THIS SECURITY MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER.

THE HOLDER OF THIS SECURITY AGREES FOR THE BENEFIT OF THE ISSUER HEREOF THAT (A) THIS SECURITY AND THE SHARES OF COMMON STOCK ISSUABLE UPON CONVERSION HEREOF MAY BE OFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED, ONLY (I) IN THE UNITED STATES TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (II) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE) OR (III) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH OF CASES (I) THROUGH (III) IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES, AND (B) THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER OF THIS SECURITY FROM IT OF THE RESALE RESTRICTIONS REFERRED TO IN (A) ABOVE.

THIS SECURITY IS A GLOBAL SECURITY WITHIN THE MEANING OF THE INDENTURE HEREINAFTER REFERRED TO AND IS REGISTERED IN THE NAME OF A DEPOSITORY OR A NOMINEE OF A DEPOSITORY OR A SUCCESSOR DEPOSITORY. THIS SECURITY IS NOT EXCHANGEABLE FOR SECURITIES REGISTERED IN THE NAME OF A PERSON OTHER THAN THE DEPOSITORY OR ITS NOMINEE EXCEPT IN THE LIMITED CIRCUMSTANCES DESCRIBED IN THE INDENTURE, AND NO TRANSFER OF THIS SECURITY (OTHER THAN A TRANSFER OF THIS SECURITY AS A WHOLE BY THE DEPOSITORY TO A NOMINEE OF THE DEPOSITORY OR BY A NOMINEE OF THE DEPOSITORY TO THE DEPOSITORY OR ANOTHER NOMINEE OF THE DEPOSITORY) MAY BE REGISTERED EXCEPT IN THE LIMITED CIRCUMSTANCES DESCRIBED IN THE INDENTURE.

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO THE COMPANY OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY

PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

TRANSFERS OF THIS GLOBAL SECURITY SHALL BE LIMITED TO TRANSFERS IN WHOLE, BUT NOT IN PART, TO NOMINEES OF CEDE & CO. OR TO A SUCCESSOR THEREOF OR SUCH SUCCESSORS NOMINEE AND TRANSFERS OF PORTIONS OF THIS GLOBAL SECURITY SHALL BE LIMITED TO TRANSFERS MADE IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN SECTION 2.16 OF THE INDENTURE.

CUSIP No. 015351 AA 7

No. 001 $110,550,000

ALEXION PHARMACEUTICALS, INC.

5 3/4% CONVERTIBLE SUBORDINATED NOTE DUE 2007

ALEXION PHARMACEUTICALS, INC., a Delaware corporation (herein called the "Company"), for value received, hereby promises to pay to Cede & Co. or registered assigns, the principal sum of ONE HUNDRED AND TEN MILLION FIVE HUNDRED AND FIFTY THOUSAND Dollars on March 15, 2007, and to pay interest thereon as provided on the reverse hereof on the principal sum, until the principal hereof and any unpaid and accrued interest is paid or duly provided for. The right to payment of principal, premium, if any, and interest is subordinated to the rights of Senior Indebtedness as set forth in the Indenture referred to on the reverse side hereof.

Interest Payment Dates: March 15 and September 15, with the first payment to be made on September 15, 2000.

Record Dates: March 1 and September 1.

IN WITNESS WHEREOF, ALEXION PHARMACEUTICALS, INC. has caused this instrument to be duly signed.

ALEXION PHARMACEUTICALS, INC.

By: /s/ [ILLEGIBLE]

Name:
Title:

By: /s/ B.P. Luke

Name:
Title

Dated: March 8, 2000

TRUSTEE'S CERTIFICATE OF
AUTHENTICATION

This is one of the Securities referred to in the within-mentioned Indenture.

THE CHASE MANHATTAN BANK, as Trustee

By: /s/ Kathleen Perry

Authorized Officer

ALEXION PHARMACEUTICALS, INC.

5 3/4% CONVERTIBLE SUBORDINATED NOTE DUE 2007

1. Interest. Alexion Pharmaceuticals, Inc., a Delaware corporation (the "Company"), promises to pay interest on the principal amount of this Security at the rate per annum shown above. The Company will pay interest semi-annually in arrears on March 15 and September 15 of each year, with the first payment to be made on September 15, 2000. Interest on the Securities will accrue on the principal amount from the most recent date to which interest has been paid or duly provided for or, if no interest has been paid, from March 8, 2000. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

2. Maturity. The Securities will mature on March 15, 2007 unless earlier convened, redeemed or repurchased pursuant to the terms hereof and the Indenture.

3. Method of Payment. The Company will pay interest on the Securities (except defaulted interest) to the Persons who are registered Holders of Securities at the close of business on the record date set forth on the face of this Security next preceding the applicable interest payment date except that (i) interest payable upon redemption or repurchase, unless the date of redemption or repurchase is an interest payment date, will be payable to the Person to whom the principal is payable and (ii) in the case of any Security or portion of any Security that is converted into Common Stock during the period from, but excluding, a record date for any interest payment date to, but excluding, that interest payment date either (A) if the Security, or portion of the Security, has been called for redemption on a redemption date that occurs during that period, or is to be repurchased on a Repurchase Date that occurs during that period, the Company will not be required to pay interest on that interest payment date in respect of any Security, or portion of any Security, that is so redeemed or repurchased; or (B) if otherwise, any Security or portion of any Security that is not called for redemption but is submitted for conversion during that period must be accompanied by funds equal to the interest payable on that interest payment date on the principal amount so converted. Holders must surrender Securities to a Paying Agent to collect the principal payments. The Company will pay the principal, premium, if any, and interest in money of the United States that at the time of payment is legal tender. Principal and interest may, at the Company's option, be paid either (i) by check mailed to the address of the Person entitled to the interest as it appears in the register kept by the Registrar (provided (a) payments to the Depository will be made by wire transfer of immediately available funds to the account of the Depository or its nominee and (b) a Holder with an aggregate principal amount of Securities in excess of $10 million will, at the written election of the Holder, filed on or before the relevant record date with the Trustee, be paid by wire transfer in immediately available funds); or (ii) by transfer to an account maintained by that Person located in the U.S.

4. Paying Agent, Registrar, Conversion Agent. Initially, The Chase Manhattan Bank (the "Trustee") will act as Paying Agent, Registrar and Conversion Agent. The Company may change any Paying Agent, Registrar or Conversion Agent without notice. The Company may act in any such capacity.

5. Indenture. The Company issued the Securities under an Indenture dated as of March 8, 2000 (the "Indenture") between the Company and the Trustee. The terms of the Securities include those stated in the Indenture and those made part of the Indenture by reference to the Trust Indenture Act of 1939 (15 U.S. Code ss.ss. 77aaa-77bbbb) (the "Act") as in effect on the date of the Indenture. The Securities are subject to all such terms, and Holders are referred to the Indenture and the Act for a statement of such terms. The Securities are general unsecured subordinated obligations of the Company limited to a maximum of $120,000,000 aggregate principal amount (plus such additional amount (up to an aggregate of $30,000,000) purchased by the Initial Purchasers pursuant to the option described in Section 2.02), except as otherwise provided in the Indenture (except for Securities issued in substitution for destroyed, mutilated, lost or stolen Securities). Tens used herein which are defined in the Indenture have the meanings assigned to them in the Indenture.

6. Optional Redemption by the Company. At any time on or after March 20, 2003, the Company may redeem the Securities on at least 30 days' notice as a whole or, from time to time, in part at the following prices, expressed as a percentage of the principal amount, together with accrued interest to, but excluding, the date fixed for redemption:

Period	Redemption Price
Beginning March 20, 2003 and ending on March 14, 2004	103.286%
Beginning March 15, 2004 and ending on March 14, 2005	102.464%
Beginning March 15, 2005 and ending on March 14, 2006	101.643%
Beginning March 15, 2006 and ending on March 14, 2007	100.822%

and 100% on March 15, 2007. Any accrued interest becoming due on the date fixed for redemption will be payable to the holders of record on the relevant record date of the Securities being redeemed.

7. Notice of Redemption. Notice of redemption pursuant to paragraph 6 will be mailed at least 30 days before the redemption date to each Holder of Securities to be redeemed at its registered address. Securities in denominations larger than $1,000 principal amount may be redeemed in part but only in whole multiples of $1,000 principal amount. On and after the redemption date interest ceases to accrue on Securities or portions of them called for redemption.

8. Repurchase at Option of Holder. Pursuant to Section 3.07 of the Indenture within 15 days after a Repurchase Event occurs, the Company is required to give

notice of the Repurchase Event to the Holders. Each Holder has he right, at its option, to require the Company to repurchase all or any portion of the Securities 40 days after the notice of repurchase event is mailed. The Repurchase Price will be 105% of the principal amount of the Securities submitted for repurchase, plus accrued and unpaid interest to, but excluding, the Repurchase Date. If a Repurchase Date is an interest payment date, then the interest payable on that date will be paid to the holder of record on the relevant record date. Subject to the conditions of Section 3.07 of the Indenture, the Company, at its option, instead of paying the Repurchase Price in cash, may pay the Repurchase Price in Common Stock, valued at 95% of the average of the Closing Prices for the five Trading Days immediately before and including the third Trading Day preceding the Repurchase Date.

9. Conversion. A Holder of a Security may convert the principal of such Security into Common Stock at any time after the date of original issuance of the Security to the close of business on the business day prior to March 15, 2007, or (x) if the Security is called for redemption by the Company, the Holder may convert it at any time before the close of business on the date that is one business day before the date fixed for such redemption, or (y) if the Security is to be repurchased by the Company pursuant to paragraph 8 hereof, the Holder may convert it at any time before the close of business on the date that is one business day before the date fixed for such repurchase. The initial Conversion Price is $106.425 per share of Common Stock, subject to adjustment in certain circumstances as set forth in Section 10.06 of the Indenture. To determine the number of shares issuable upon conversion of a Security, divide the principal amount to be converted by the Conversion Price in effect on the conversion date and round the result to the nearest 1/100th share. The Company is not required to issue fractional shares of Common Stock upon conversion and, instead, will pay a cash amount as provided in Section 10.03 of the Indenture. Except as provided in Article Ten of the Indenture, no payment or adjustment for the principal of, premium, if any, interest on or liquidated damages with respect to, the Securities or for dividends on any Common Stock will be made. If a Holder surrenders a Security for conversion between the record date for the payment of interest and the next interest payment date, such Security, when surrendered for conversion, must be accompanied by payment of an amount equal to the interest thereon which the registered Holder on such record date is to receive. A Security which the Holder has elected to be repurchased may be converted only if the Holder withdraws its election to have such Security repurchased in accordance with the terms of the Indenture before the close of business on the business day prior to the Repurchase Date.

To convert a Security a Holder must (1) complete and sign the Conversion Notice, with appropriate signature guarantee, on the back of the Security, (2) surrender the Security to a Conversion Agent, (3) furnish appropriate endorsements and transfer documents if required by the Registrar or Conversion Agent, (4) pay the amount of interest, if any, the Holder may be paid as provided in the last sentence of the above paragraph and (5) pay any transfer or similar tax if required. A Holder may convert a portion of a Security if the portion is $1,000 principal amount or a whole multiple of $1,000 principal amount.

Any shares issued upon conversion of a Security shall bear the Private Placement Legend until after the second anniversary of the later of the issue date for the Securities and the last date on which the Company or any Affiliate of the Company was the owner of such shares or the Security (or any predecessor security) from which such shares were converted (or such shorter period of time as permitted by Rule 144(k) under the Securities Act or any successor provision thereunder) (or such longer period of time as may be required under the Securities Act or applicable state securities laws as set forth in the Opinion of Counsel delivered to the Conversion Agent, unless otherwise agreed by the Company and the Holder thereof).

10. Subordination. The Securities are subordinated in right of payment, in the manner and to the extent set forth in the Indenture, to the prior payment in full of all Senior Indebtedness. Each Holder by accepting a Security agrees to such subordination and authorizes the Trustee to give it effect.

11. Denominations, Transfer, Exchange. The Securities are in registered form without coupons in denominations of $1,000 principal amount and whole multiples of $1,000 principal amount. The transfer of Securities may be registered and Securities may be exchanged as provided in the Indenture. The Registrar may require a Holder, among other things, to furnish appropriate endorsements and transfer documents. No service charge shall be made for any such registration of transfer or exchange, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith. The Registrar need not exchange or register the transfer of any Security selected for redemption in whole or in part. Also, it need not exchange or register the transfer of any Securities for a period of 15 days before the mailing of a notice of redemption of the Securities selected to be redeemed.

12. Persons Deemed Owners. The registered Holder of a Security may be treated as the owner of such Security for all purposes.

13. Merger or Consolidation. The Company shall not consolidate with, or merge into, or transfer or lease all or substantially all of its assets to, any Person unless, among other things, the Person is organized under the laws of the United States, any State thereof or the District of Columbia and such Person assumes by supplemental indenture all the obligations of the Company under the Securities, the Indenture and the Registration Rights Agreement and after giving effect to the transaction no Default or Event of Default exists.

Notwithstanding the foregoing, any subsidiary of the Company may consolidate with, merge into or transfer all or part of its properties and assets to the Company or any other subsidiary or subsidiaries of the Company.

14. Amendments, Supplements and Waivers. Subject to certain exceptions, the Indenture or the Securities may be amended or supplemented with the consent of the Holders of at least a majority in aggregate principal amount of the Securities then outstanding,

and any existing Default or Event of Default may be waived with the consent of the Holders outstanding. Without notice to or the consent of any Holder, the Indenture or the Securities may be amended or supplemented to cure any ambiguity, omission, defect or inconsistency, to provide for uncertificated Securities in addition to certificated Securities, to comply with Sections 5.01 and 10.07 of the Indenture or to make any change that does not adversely affect the rights of any Holder.

15. Defaults and Remedies. An Event of Default includes the occurrence of any or the following: default in payment of the principal of or any premium on the Securities; default for 30 days in payment of interest; failure by the Company for 90 days after notice to it to comply with any of its other agreements in the Indenture or the Securities; and certain events of bankruptcy or insolvency. If any Event of Default occurs and is continuing, the Trustee or the Holders of at least 25% in aggregate principal amount of the Securities then outstanding may declare all the Securities to be due and payable. Holders may not enforce the Indenture or the Securities except as provided in the Indenture. The Trustee may require indemnity satisfactory to it before it enforces the Indenture or the Securities. Subject to certain limitations, Holders of a majority in principal amount of the Securities then outstanding may direct the Trustee in its exercise of any trust or power. The Trustee may withhold from Holders notice of any continuing Default or Event of Default (except a Default or Event of Default in payment of principal or interest) if it determines that withholding notice is in their interests. The Company must furnish an annual compliance certificate to the Trustee.

16. Registration Rights. The Holders are entitled to shelf registration rights as set forth in the Registration Rights Agreement. The Holders shall be entitled to receive liquidated damages in certain circumstances, all as set forth in the Registration Rights Agreement.

17. Trustee Dealings with Company. The Trustee under the Indenture, or any banking institution serving as successor Trustee thereunder, in its individual or any other capacity, may make loans to, accept deposits from, and perform services for the Company or its Affiliates, and may otherwise deal with the Company or its Affiliates, as if it were not Trustee.

18. No Recourse Against Others. No past, present or future director, officer, employee or stockholder, as such, of the Company shall have any liability for any obligations of the Company under the Securities or the Indenture or for any claim based on, in respect of or by reason of such obligations or their creation. Each Holder by accepting a Security waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Securities.

19. Authentication. This Security shall not be valid until authenticated by the manual signature of the Trustee or an authenticating agent.

20. Abbreviations. Customary abbreviations may be used in the name of a Holder or an assignee, such as: TEN COM (= tenants in common), TEN ENT (= tenants by the entirety), JT TEN (= joint tenants with right of survivorship and not as tenants in common), CUST (= Custodian), and U/G/M/A (Uniform Gifts to Minors Act).

THE COMPANY WILL FURNISH TO ANY SECURITYHOLDER UPON WRITTEN REQUEST AND WITHOUT CHARGE A COPY OF THE INDENTURE. REQUESTS MAY BE MADE TO:

ALEXION PHARMACEUTICALS, INC.
25 SCIENCE PARK
NEW HAVEN, CONNECTICUT 06511
ATTENTION: PRESIDENT

[FORM OF ASSIGNMENT]

I or we assign to

PLEASE INSERT SOCIAL SECURITY OR
OTHER IDENTIFYING NUMBER

_____

_____

(please print or type name and address)

_____

_____

the within Security and all rights thereunder, and hereby irrevocably constitutes and appoints

_____

attorney to transfer the Security on the books of the Company with full power of substitution in the premises.

Dated:_____ _____

NOTICE: The signature on this assignment must correspond with the name as it appears upon the face of the within Security in every particular without alteration or enlargement or any change whatsoever and be guaranteed by the endorser's bank or broker.

Signature Guarantee:_____

(Signatures must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.)

In connection with any transfer of this Security occurring prior to the date which is the earlier of (i) the date of the declaration by the Commission of the effectiveness of a registration statement under the Securities Act of 1933, as amended (the "Securities Act") covering resales of this Security (which effectiveness shall have been suspended or terminated at the date of the transfer) and (ii) March 7, 2002 the undersigned confirms that

it has not utilized any general solicitation or general advertising in connection with transfer:

[Check One]

(1) _____ to the Company or a subsidiary thereof; or

(2) _____ pursuant to and in compliance with Rule 144A under the Securities Act of 1933, as amended; or

(3) _____ to an institutional "accredited investor" (as defined in Rule 501(a)(1), (2), (3) or (7) under the Securities Act of 1933, as amended) that has furnished to the Trustee a signed letter containing certain representations and agreements (the form of which letter can be obtained from the Trustee); or

(4) _____ outside the United States to a "foreign purchaser" in compliance with Rule 904 of Regulation S under the Securities Act of 1933, as amended; or

(5) _____ pursuant to the exemption from registration provided by Rule 144 under the Securities Act of 1933, as amended; or

(6) _____ pursuant to an effective registration statement under the Securities Act of 1933, as amended; or

(7) _____ pursuant to another available exemption from the registration statement requirements of the Securities Act of 1933, as amended.

and unless the box below is checked, the undersigned confirms that such Security is not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act of 1933, as amended (an "Affiliate"):

|_| The transferee is an Affiliate of the Company.

(If the Security is transferred to an Affiliate, the restrictive legend must remain on the Security for two years following the date of the transfer).

Unless one of the items is checked, the Trustee will refuse to register any of the Securities evidenced by this certificate in the name of any Person other than the registered Holder thereof; provided, however, that if item (3),(4),(5) or (7) is checked, the Company or the Trustee may require, prior to registering any such transfer of the Securities, in their sole discretion, such written legal opinions, certifications (including an investment letter in the case of box (3) or (4)) and other information as the Trustee or the Company have reasonably requested to confirm that such transfer is being made pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act of 1933, as amended.

If none of the foregoing items are checked, the Trustee or Registrar shall not be obligated to register this Security in the name of any Person other than the Holder hereof unless and until the conditions to any such transfer of registration set forth herein and in Section 2.16 of the Indenture shall have been satisfied.

Dated: _____ Signed:_____
(Sign exactly as name appears on the other side of this Security)

Signature Guarantee:_____

TO BE COMPLETED BY PURCHASER IF (2) ABOVE IS CHECKED

The undersigned represents and warrants that it is purchasing this Security for its own account or an account with respect to which it exercises sole investment discretion and that it and any such account is a "qualified institutional buyer" within the meaning of Rule 144A under the Securities Act of 1933, as amended, and is aware that the sale to it is being made in reliance on Rule 144A and acknowledges that it has received such information regarding the Company as the undersigned has requested pursuant to Rule 144A or has determined transferor is relying upon the undersigned's foregoing representations in order to claim the exemption from registration provided by Rule 144A.

Dated: _____ _____
NOTICE: To be executed by an executive officer

CONVERSION NOTICE

To convert this Security into Common Stock of the Company, check the box:

|_|

To convert only part of this Security, state the principal amount to be converted (must be in multiples of $1,000):

$_____

If you want the stock certificate made out in another person's name, fill in the form below:

_____
(Insert other person's soc. sec. or tax I.D. no.)

_____

_____

_____

_____
(Print or type other person's name, address and zip code)

_____

Date:_____ Signature(s): _____

_____
(Signatures must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.)

Signature(s) guaranteed by: _____

(Signatures must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.)

OPTION OF HOLDER TO ELECT PURCHASE NOTICE

If you want to elect to have this Security purchased by the Company pursuant to Section 3.07 of the Indenture, check the box: |_|

If you want to elect to have only part of this Security purchased by the Company pursuant to Section 3.07 of the Indenture, state the principal amount:

$_____
(in an integral multiple of $1,000)

Date:_____ Signature(s): _____

_____
(Sign exactly as your name(s) appear(s) on the other side of this Security)

Signature(s) guaranteed by:

_____
(Signatures must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.)

THIS SECURITY (OR ITS PREDECESSOR) WAS 0RIGINALLY ISSUED IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER THE UNITED STATES SECURITIES ACT OF 1933 (THE "SECURITIES ACT"), AND THIS SECURITY AND THE SHARES OF COMMON STOCK ISSUABLE UPON CONVERSION HEREOF MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR AN APPLICABLE EXEMPTION THEREFROM. EACH PURCHASER OF THIS SECURITY IS HEREBY NOTIFIED THAT THE SELLER OF THIS SECURITY MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER.

THE HOLDER OF THIS SECURITY AGREES FOR THE BENEFIT OF THE ISSUER HEREOF THAT (A) THIS SECURITY AND THE SHARES OF COMMON STOCK ISSUABLE UPON CONVERSION HEREOF MAY BE OFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED, ONLY (I) IN THE UNITED STATES TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (II) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE) OR (III) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH OF CASES (I) THROUGH (III) IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES, AND (B) THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER OF THIS SECURITY FROM IT OF THE RESALE RESTRICTIONS REFERRED TO IN (A) ABOVE.

THIS SECURITY IS A GLOBAL SECURITY WITHIN THE MEANING OF THE INDENTURE HEREINAFTER REFERRED TO AND IS REGISTERED IN THE NAME OF A DEPOSITORY OR A NOMINEE OF A DEPOSITORY OR A SUCCESSOR DEPOSITORY. THIS SECURITY IS NOT EXCHANGEABLE FOR SECURITIES REGISTERED IN THE NAME OF A PERSON OTHER THAN THE DEPOSITORY OR ITS NOMINEE EXCEPT IN THE LIMITED CIRCUMSTANCES DESCRIBED IN THE INDENTURE, AND NO TRANSFER OF THIS SECURITY (OTHER THAN A TRANSFER OF THIS SECURITY AS A WHOLE BY THE DEPOSITORY TO A NOMINEE OF THE DEPOSITORY OR BY A NOMINEE OF THE DEPOSITORY TO THE DEPOSITORY OR ANOTHER NOMINEE OF THE DEPOSITORY) MAY BE REGISTERED EXCEPT IN THE LIMITED CIRCUMSTANCES DESCRIBED IN THE INDENTURE.

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO THE COMPANY OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY

PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

TRANSFERS OF THIS GLOBAL SECURITY SHALL BE LIMITED TO TRANSFERS IN WHOLE, BUT NOT IN PART, TO NOMINEES OF CEDE & CO. OR TO A SUCCESSOR THEREOF OR SUCH SUCCESSOR'S NOMINEE AND TRANSFERS OF PORTIONS OF THIS GLOBAL SECURITY SHALL BE LIMITED TO TRANSFERS MADE IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN SECTION 2.16 OF THE INDENTURE.

CUSIP No. U01409 AA 6

No. 002 $9,450,000

ALEXION PHARMACEUTICALS, INC.

5 3/4% CONVERTIBLE SUBORDINATED NOTE DUE 2007

ALEXION PHARMACEUTICALS, INC., a Delaware corporation (herein called the "Company"), for value received, hereby promises to pay to Cede & Co. or registered assigns, the principal sum of NINE MILLION FOUR HUNDRED AND FIFTY THOUSAND Dollars on March 15, 2007, and to pay interest thereon as provided on the reverse hereof on the principal sum, until the principal hereof and any unpaid and accrued interest is paid or duly provided for. The right to payment of principal, premium, if any, and interest is subordinated to the rights of Senior Indebtedness as set forth in the Indenture referred to on the reverse side hereof.

Interest Payment Dates: March 15 and September 15, with the first payment to be made on September 15, 2000.

Record Dates: March 1 and September 1.

IN WITNESS WHEREOF, ALEXION PHARMACEUTICALS, INC. has caused this instrument to be duly signed.

ALEXION PHARMACEUTICALS

By: /s/ David Keiser

Name:
Title:

By: /s/ B.P. Luke

Name:
Title:

Dated:March 8, 2000

TRUSTEE'S CERTIFICATE OF
AUTHENTICATION

This is one of the Securities referred to in the within-mentioned Indenture.

THE CHASE MANHATTAN BANK, as Trustee

By: /s/ Kathleen Perry

Authorized Office

ALEXION PHARMACEUTICALS, INC.

5 3/4% CONVERTIBLE SUBORDINATED NOTE DUE 2007

1. Interest. Alexion Pharmaceuticals, Inc., a Delaware corporation (the "Company"), promises to pay interest on the principal amount of this Security at the rate per annum shown above. The Company will pay interest semi-annually in arrears on March 15 and September 15 of each year, with the first payment to be made on September 15, 2000. Interest on the Securities will accrue on the principal amount from the most recent date to which interest has been paid or duly provided for or, if no interest has been paid, from March 8, 2000. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

2. Maturity. The Securities will mature on March 15, 2007 unless earlier convened, redeemed or repurchased pursuant to the terms hereof and the Indenture.

3. Method of Payment. The Company will pay interest on the Securities (except defaulted interest) to the Persons who are registered Holders of Securities at the close of business on the record date set forth on the face of this Security next preceding the applicable interest payment date except that (i) interest payable upon redemption or repurchase, unless the date of redemption or repurchase is an interest payment date, will be payable to the Person to whom the principal is payable and (ii) in the case of any Security or portion of any Security that is convened into Common Stock during the period from, but excluding, a record date for any interest payment date to, but excluding, that interest payment date either (A) if the Security, or portion of the Security, has been called for redemption on a redemption date that occurs during that period, or is to be repurchased on a Repurchase Date that occurs during that period, the Company will not be required to pay interest on that interest payment date in respect of any Security, or portion of any Security, that is so redeemed or repurchased; or (B) if otherwise, any Security or portion of any Security that is not called for redemption but is submitted for conversion during that period must be accompanied by finds equal to the interest payable on that interest payment date on the principal amount so convened. Holders must surrender Securities to a Paying Agent to collect the principal payments. The Company will pay the principal, premium, if any, and interest in money of the United States that at the time of payment is legal tender. Principal and interest may, at the Company's option, be paid either (i) by check mailed to the address of the Person entitled to the interest as it appears in the register kept by the Registrar (provided (a) payments to the Depository will be made by wire transfer of immediately available funds to the account of the Depository or its nominee and (b) a Holder with an aggregate principal amount of Securities in excess of $10 million will, at the written election of the Holder, filed on or before the relevant record date with the Trustee, be paid by wire transfer in immediately available funds); or (ii) by transfer to an account maintained by that Person located in the U.S.

4. Paying Agent, Registrar, Conversion Agent. Initially, The Chase Manhattan Bank (the "Trustee") will act as Paying Agent, Registrar and Conversion Agent. The Company may change any Paying Agent, Registrar or Conversion Agent without notice. The Company may act in any such capacity.

5. Indenture. The Company issued the Securities under an Indenture dated as of March 8, 2000 (the "Indenture") between the Company and the Trustee. The terms of the Securities include those stated in the Indenture and those made part of the Indenture by reference to the Trust Indenture Act of 1939 (15 U.S. Code ss.ss. 77aaa-77bbbb) (the "Act") as in effect on the date of the Indenture. The Securities are subject to all such terms, and Holders are referred to the Indenture and the Act for a statement of such terms. The Securities are general unsecured subordinated obligations of the Company limited to a maximum of $120,000,000 aggregate principal amount (plus such additional amount (up to an aggregate of $30,000,000) purchased by the Initial Purchasers pursuant to the option described in Section 2.02), except as otherwise provided in the Indenture (except for Securities issued in substitution for destroyed, mutilated, lost or stolen Securities). Terms used herein which are defined in the Indenture have the meanings assigned to them in the Indenture.

6. Optional Redemption by the Company. At any time on or after March 20, 2003, the Company may redeem the Securities on at least 30 days' notice as a whole or, from time to time, in part at the following prices, expressed as a percentage of the principal amount, together with accrued interest to, but excluding, the date fixed for redemption:

Period	Redemption Price
Beginning March 20, 2003 and ending on March 14, 2004	103.286%
Beginning March 15, 2004 and ending on March 14, 2005	102.464%
Beginning March 15, 2005 and ending on March 14, 2006	101.643%
Beginning March 15, 2006 and ending on March 14, 2007	100.822%

and 100% on March 15, 2007. Any accrued interest becoming due on the date fixed for redemption will be payable to the holders of record on the relevant record date of the Securities being redeemed.

7. Notice of Redemption. Notice of redemption pursuant to paragraph 6 will be mailed at least 30 days before the redemption date to each Holder of Securities to be redeemed at its registered address. Securities in denominations larger than $1,000 principal amount may be redeemed in part but only in whole multiples of $1,000 principal amount. On and after the redemption date interest ceases to accrue on Securities or portions of them called for redemption.

8. Repurchase at Option of Holder. Pursuant to Section 3.07 of the Indenture within 15 days after a Repurchase Event occurs, the Company is required to give

notice of the Repurchase Event to the Holders. Each Holder has the right, at its option, to require the Company to repurchase all or any portion of the Securities 40 days after the notice of repurchase event is mailed. The Repurchase Price will be 105% of the principal amount of the Securities submitted for repurchase, plus accrued and unpaid interest to, but excluding, the Repurchase Date. If a Repurchase Date is an interest payment date, then the interest payable on that date will be paid to the holder of record on the relevant record date. Subject to the conditions of Section 3.07 of the Indenture, the Company, at its option, instead of paying the Repurchase Price in cash, may pay the Repurchase Price in Common Stock, valued at 95% of the average of the Closing Prices for the five Trading Days immediately before and including the third Trading Day preceding the Repurchase Date.

9. Conversion. A Holder of a Security may convert the principal of such Security into Common Stock at any time after the date of original issuance of the Security to the close of business on the business day prior to March 15, 2007, or (x) if the Security is called for redemption by the Company, the Holder may convert it at any time before the close of business on the date that is one business day before the date fixed for such redemption, or (y) if the Security is to be repurchased by the Company pursuant to paragraph 8 hereof, the Holder may convert it at any time before the close of business on the date that is one business day before the date fixed for such repurchase. The initial Conversion Price is $106.425 per share of Common Stock, subject to adjustment in certain circumstances as set forth in Section 10.06 of the Indenture. To determine the number of shares issuable upon conversion of a Security, divide the principal amount to be converted by the Conversion Price in effect on the conversion date and round the result to the nearest 1/100th share. The Company is not required to issue fractional shares of Common Stock upon conversion and, instead, will pay a cash amount as provided in Section 10.03 of the Indenture. Except as provided in Article Ten of the Indenture, no payment or adjustment for the principal of, premium, if any, interest on or liquidated damages with respect to, the Securities or for dividends on any Common Stock will be made. If a Holder surrenders a Security for conversion between the record date for the payment of interest and the next interest payment date, such Security, when surrendered for conversion, must be accompanied by payment of an amount equal to the interest thereon which the registered Holder on such record date is to receive. A Security which the Holder has elected to be repurchased may be converted only if the Holder withdraws its election to have such Security repurchased in accordance with the terms of the Indenture before the close of business on the business day prior to the Repurchase Date.

To convert a Security a Holder must (1) complete and sign the Conversion Notice, with appropriate signature guarantee, on the back of the Security, (2) surrender the Security to a Conversion Agent, (3) furnish appropriate endorsements and transfer documents if required by the Registrar or Conversion Agent, (4) pay the amount of interest, if any, the Holder may be paid as provided in the last sentence of the above paragraph and (5) pay any transfer or similar tax if required. A Holder may convert a portion of a Security if the portion is $1,000 principal amount or a whole multiple of $ 1,000 principal amount.

Any shares issued upon conversion of a Security shall bear the Private Placement Legend until after the second anniversary of the later of the issue date for the Securities and the last date on which the Company or any Affiliate of the Company was the owner of such shares or the Security (or any predecessor security) from which such shares were converted (or such shorter period of time as permitted by Rule 144(k) under the Securities Act or any successor provision thereunder) (or such longer period of time as may be required under the Securities Act or applicable state securities laws as set forth in the Opinion of Counsel delivered to the Conversion Agent, unless otherwise agreed by the Company and the Holder thereof).

10. Subordination. The Securities are subordinated in right of payment, in the manner and to the extent set forth in the Indenture, to the prior payment in full of all Senior Indebtedness. Each Holder by accepting a Security agrees to such subordination and authorizes the Trustee to give it effect.

11. Denominations, Transfer, Exchange. The Securities are in registered form without coupons in denominations of $1,000 principal amount and whole multiples of $1,000 principal amount. The transfer of Securities may be registered and Securities may be exchanged as provided in the Indenture. The Registrar may require a Holder, among other things, to furnish appropriate endorsements and transfer documents. No service charge shall be made for any such registration of transfer or exchange, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith. The Registrar need not exchange or register the transfer of any Security selected for redemption in whole or in part. Also, it need not exchange or register the transfer of any Securities for a period of 15 days before the mailing of a notice of redemption of the Securities selected to be redeemed.

12. Persons Deemed Owners. The registered Holder of a Security may be treated as the owner of such Security for all purposes.

13. Merger or Consolidation. The Company shall not consolidate with, or merge into, or transfer or lease all or substantially all of its assets to, any Person unless, among other things, the Person is organized under the laws of the United States, any State thereof or the District of Columbia and such Person assumes by supplemental indenture all the obligations of the Company under the Securities, the Indenture and the Registration Rights Agreement and after giving effect to the transaction no Default or Event of Default exists.

Notwithstanding the foregoing, any subsidiary of the Company may consolidate with, merge into or transfer all or part of its properties and assets to the Company or any other subsidiary or subsidiaries of the Company.

14. Amendments, Supplements and Waivers. Subject to certain exceptions, the Indenture or the Securities may be amended or supplemented with the consent of the Holders of at least a majority in aggregate principal amount of the Securities then outstanding,

and any existing Default or Event of Default may be waived with the consent of the Holders of a majority in aggregate principal amount of the Securities then outstanding. Without notice to or the consent of any Holder, the Indenture or the Securities may be amended or supplemented to cure any ambiguity, omission, defect or inconsistency, to provide for uncertificated Securities in addition to certificated Securities, to comply with Sections 5.01 and 10.07 of the Indenture or to make any change that does not adversely affect the rights of any Holder.

15. Defaults and Remedies. An Event of Default includes the occurrence of any or the following: default in payment of the principal of or any premium on the Securities; default for 30 days in payment of interest; failure by the Company for 90 days after notice to it to comply with any of its other agreements in the Indenture or the Securities; and certain events of bankruptcy or insolvency. If any Event of Default occurs and is continuing, the Trustee or the Holders of at least 25% in aggregate principal amount of the Securities then outstanding may declare all the Securities to be due and payable. Holders may not enforce the Indenture or the Securities except as provided in the Indenture. The Trustee may require indemnity satisfactory to it before it enforces the Indenture or the Securities. Subject to certain limitations, Holders of a majority in principal amount of the Securities then outstanding may direct the Trustee in its exercise of any trust or power. The Trustee may withhold from Holders notice of any continuing Default or Event of Default (except a Default or Event of Default in payment of principal or interest) if it determines that withholding notice is in their interests. The Company must furnish an annual compliance certificate to the Trustee.

16. Registration Rights. The Holders are entitled to shelf registration rights as set forth in the Registration Rights Agreement. The Holders shall be entitled to receive liquidated damages in certain circumstances, all as set forth in the Registration Rights Agreement.

17. Trustee Dealings with Company. The Trustee under the Indenture, or any banking institution serving as successor Trustee thereunder, in its individual or any other capacity, may make loans to, accept deposits from, and perform services for the Company or its Affiliates, and may otherwise deal with the Company or its Affiliates, as if it were not Trustee.

18. No Recourse Against Others. No past, present or future director, officer, employee or stockholder, as such, of the Company shall have any liability for any obligations of the Company under the Securities or the Indenture or for any claim based on, in respect of or by reason of such obligations or their creation. Each Holder by accepting a Security waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Securities.

19. Authentication. This Security shall not be valid until authenticated by the manual signature of the Trustee or an authenticating agent.

20. Abbreviations. Customary abbreviations may be used in the name of a Holder or an assignee, such as: TEN COM (= tenants in common), TEN ENT (= tenants by the entirety), JT TEN (= joint tenants with right of survivorship and not as tenants in common), CUST (= Custodian), and U/G/M/A (Uniform Gifts to Minors Act).

THE COMPANY WILL FURNISH TO ANY SECURITYHOLDER UPON WRITTEN REQUEST AND WITHOUT CHARGE A COPY OF THE INDENTURE. REQUESTS MAY BE MADE TO:

ALEXION PHARMACEUTICALS, INC.
25 SCIENCE PARK
NEW HAVEN, CONNECTICUT 06511
ATTENTION: PRESIDENT

[FORM OF ASSIGNMENT]

I or we assign to

PLEASE INSERT SOCIAL SECURITY OR
OTHER IDENTIFYING NUMBER

_____

_____
(please print or type name and address)

_____

_____
the within Security and all rights thereunder, and hereby irrevocably constitutes and appoints

_____
attorney to transfer the Security on the books of the Company with full power of substitution in the premises.

Dated:_____ _____

NOTICE: The signature on this assignment must correspond with the name as it appears upon the face of the within Security in every particular without alteration or enlargement or any change whatsoever and be guaranteed by the endorser's bank or broker.

Signature Guarantee:_____

(Signatures must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.)

In connection with any transfer of this Security occurring prior to the date which is the earlier of (i) the date of the declaration by the Commission of the effectiveness of a registration statement under the Securities Act of 1933, as amended (the "Securities Act") covering resales of this Security (which effectiveness shall have been suspended or terminated at the date of the transfer) and (ii) March 7, 2002 the undersigned confirms that

it has not utilized any general solicitation or general advertising in connection with transfer:

[Check One]

(1) _____ to the Company or a subsidiary thereof; or

(2) _____ pursuant to and in compliance with Rule 144A under the Securities Act of 1933, as amended; or

(3) _____ to an institutional "accredited investor" (as defined in Rule 501(a)(1), (2), (3) or (7) under the Securities Act of 1933, as amended) that has furnished to the Trustee a signed letter containing certain representations and agreements (the form of which letter can be obtained from the Trustee); or

(4) _____ outside the United States to a "foreign purchaser" in compliance with Rule 904 of Regulation S under the Securities Act of 1933, as amended; or

(5) _____ pursuant to the exemption from registration provided by Rule 144 under the Securities Act of 1933, as amended; or

(6) _____ pursuant to an effective registration statement under the Securities Act of 1933, as amended; or

(7) _____ pursuant to another available exemption from the registration statement requirements of the Securities Act of 1933, as amended.

and unless the box below is checked, the undersigned confirms that such Security is not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act of 1933, as amended (an "Affiliate"):

|_| The transferee is an Affiliate of the Company.

(If the Security is transferred to an Affiliate, the restrictive legend must remain on the Security for two years following the date of the transfer).

Unless one of the items is checked, the Trustee will refuse to register any of the Securities evidenced by this certificate in the name of any Person other than the registered Holder thereof; provided, however, that if item (3),(4),(5) or (7) is checked, the Company or the Trustee may require, prior to registering any such transfer of the Securities, in their sole discretion, such written legal opinions, certifications (including an investment letter in the case of box (3) or (4)) and other information as the Trustee or the Company have reasonably requested to confirm that such transfer is being made pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act of 1933, as amended.

If none of the foregoing items are checked, the Trustee or Registrar shall not be obligated to register this Security in the name of any Person other than the Holder hereof unless and until the conditions to any such transfer of registration set forth herein and in Section 2.16 of the Indenture shall have been satisfied.

Dated: _____ Signed:_____
(Sign exactly as name appears on the other side of this Security)

Signature Guarantee:_____

TO BE COMPLETED BY PURCHASER IF (2) ABOVE IS CHECKED

The undersigned represents and warrants that it is purchasing this Security for its own account or an account with respect to which it exercises sole investment discretion and that it and any such account is a "qualified institutional buyer" within the meaning of Rule 144A under the Securities Act of 1933, as amended, and is aware that the sale to it is being made in reliance on Rule 144A and acknowledges that it has received such information regarding the Company as the undersigned has requested pursuant to Rule 144A or has determined transferor is relying upon the undersigned's foregoing representations in order to claim the exemption from registration provided by Rule 144A.

Dated: _____ _____
NOTICE: To be executed by an executive officer

CONVERSION NOTICE

To convert this Security into Common Stock of the Company, check the box:

|_|

To convert only part of this Security, state the principal amount to be converted (must be in multiples of $1,000):

$_____

If you want the stock certificate made out in another person's name, fill in the form below:

_____
(Insert other person's soc. sec. or tax I.D. no.)

_____

_____

_____

_____
(Print or type other person's name, address and zip code)

Date:_____ Signature(s): _____

_____
(Signatures must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.)

Signature(s) guaranteed by: _____

(Signatures must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.)

OPTION OF HOLDER TO ELECT PURCHASE NOTICE

If you want to elect to have this Security purchased by the Company pursuant to Section 3.07 of the Indenture, check the box: |_|

If you want to elect to have only part of this Security purchased by the Company pursuant to Section 3.07 of the Indenture, state the principal amount:

$_____
(in an integral multiple of $1,000)

Date:_____ Signature(s): _____

_____
(Sign exactly as your name(s) appear(s) on the other side of this Security)

Signature(s) guaranteed by:

_____
(Signatures must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.)

Exhibit 5.1

[Letterhead of Fulbright & Jaworski l.l.p.]

May 10, 2000

Alexion Pharmaceuticals, Inc.
25 Science Park, Suite 360
New Haven, Connecticut 06511

Ladies and Gentlemen:

We refer to the Registration Statement on Form S-3 (the "Registration Statement"), filed by Alexion Pharmaceuticals, Inc. (the "Company") on behalf of the selling stockholders (the "Selling Stockholders") with the Securities and Exchange Commission under the Securities Act of 1933, as amended, relating to $120,000,000 aggregate principal amount of 5-3/4% Convertible Senior Subordinated Notes due March 2007 (the "Notes") and 1,127,555 shares of the Company's common Stock, $.0001 par value (the "Shares"), issuable upon conversion of the Notes, to be sold by the Selling Shareholders named therein. The Notes have been issued under and pursuant to an Indenture, dated March 8, 2000, between the Company and The Chase Manhattan Bank, as Trustee (the "Indenture").

As counsel for the company, we have examined such corporate records, documents and such questions of law as we have considered necessary or appropriate for purposes of this opinion and, upon the basis of such examination, advise you that in our opinion (i) the Notes have been duly and validly authorized for issuance by the Company and are legal, valid and binding obligations of the Company (subject to bankruptcy, insolvency and other laws which affect the rights of creditors generally, including the laws of the State of Delaware relating to compromises, arrangements and reorganizations) and (ii) the Shares have been duly and validly authorized and, when issued upon conversion of the Notes in accordance with the terms of the Indenture, will be validly issued, fully paid and non-assessable.

We consent to the filing of this opinion as an exhibit to the Registration Statement and the reference to this firm under the caption "Legal Matters" in the prospectus contained therein and elsewhere in the Registration Statement and prospectus. This consent is not to be construed as an admission that we are a party whose consent is required to be filed with the Registration Statement under the provisions of the Securities Act of 1933, as amended.

Very truly yours,

/s/ Fulbright & Jaworski L.L.P.

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LEASE

WE KNOTTER, L.L.C.
(LANDLORD)

AND

ALEXION PHARMACEUTICALS, INC.
(TENANT)

DATED: MAY __, 2000

==========

LEASE

AGREEMENT OF LEASE dated as of the ___ day of May, 2000 between WE KNOTTER, L.L.C., a Delaware limited liability company, with an office at c/o Winstanley Enterprises, LLC, 150 Baker Street Extension, Suite 303, Concord Massachusetts 01742 ("Landlord"), and ALEXION PHARMACEUTICALS, INC., a Delaware corporation with offices at 25 Science Park, Suite 360, New Haven, Connecticut 06511 ("Tenant").

WITNESSETH:

Landlord and Tenant hereby covenant and agree as follows:

ARTICLE I DEFINITIONS

For the purposes of this Lease, unless the context otherwise requires:

1.1 "Governmental Authority" shall mean any federal, state, county, municipal or local government and all departments, commissions, boards, bureaus and offices thereof having or claiming jurisdiction over the "Premises" (as defined below).

1.2 "Land" shall mean the parcel of land situated in the County of New Haven, State of Connecticut and Town of Cheshire, known as 350 Knotter Drive, being more particularly described on Exhibit I attached hereto.

1.3 "Lease Year" shall mean every period of twelve (12) consecutive months during the term of this Lease commencing on January first (1st) and terminating on December thirty-first (31st), except that the first Lease Year shall mean the period from the Commencement Date through December 31st of such calendar year and the last Lease year shall end on the Expiration Date (as such terms are defined in the Lease).

1.4 "Tenant's Property" shall mean all of Tenant's personal property and all fixtures, improvements, additions, and other property installed at the sole expense of Tenant with respect to which Tenant has not been granted any credit or allowance by Landlord, whether any such replacement is made at Tenant's expense or otherwise. Tenant's Property shall include personal property that can easily be removed, including, without limitation, items described on Exhibit J attached hereto (and including enhancements to and replacements of such items which shall be identified by Tenant delivering to Landlord, on an annual basis, an update of the list of items), but shall not include any other fixtures or items of personal property which are permanently affixed to the Premises or the Building systems.

1.5 "Superior Mortgages" shall have the meaning given in Section 20.1.

ARTICLE 2 DEMISE; PREMISES; TERM

2.1 Landlord hereby leases to Tenant, and Tenant hereby hires from Landlord, the premises hereinafter described ("Premises"), consisting of approximately 81,890 rentable square feet in the building situated at 350 Knotter Drive, Cheshire, Connecticut (the "Building"), as shown on the plan attached hereto as Exhibit A (the "Plan"), together with the non-exclusive right to use the common areas

for their intended purposes, for the term hereinafter stated, for the rents hereinafter reserved, and upon and subject to the terms, restrictions and reservations hereinafter provided. The common areas of the Land and Building include the portions thereof designated by Landlord for the common use of tenants (including Tenant) and others, such as sidewalks, parking areas, grounds, lobby areas, boiler and mechanical rooms and areas. Landlord shall permit Tenant to have access to the common areas of the Building for installing and maintaining specific services or utilities designated for and/or dedicated to the specific use of Tenant (that is not with respect to shared services or utilities) with Landlord's prior consent (which consent shall not be unreasonably withheld). In the event and to the extent Landlord, Arch (as defined below) or any other tenant requires or has been granted access and right to use the common areas shown on Exhibit A as the boiler rooms, then such access shall be by the use of the exterior doors, except in the event of an emergency, when, if necessary to address the emergency, access may be had in the most expedient manner. Tenant has advised Landlord that it has a training program in place for persons requiring access to the Premises. Landlord covenants and agrees that it will require its employees and property managers to attend such program and it will cause other tenants at the Building moving into the Building after the Commencement Date to have such of their employees as may require access to Tenant's Premises to attend such training program. The Landlord has notified Arch that Tenant has required that the ability of other to access its Premises be conditioned upon such people attending Tenant's training program. Arch has represented to the Landlord that it will cause such of its employees as may require access to the Premises to attend such training program.

2.2 The Premises are located in the Building, substantially as shown on the floor plan(s) annexed as Exhibit A, and shall include all fixtures, equipment, improvements and appurtenances which, at the commencement of the Term or at any time during the Term, are attached thereto or installed therein, other than Tenant's Property.

2.3 The Premises are leased for a term ("Term") which shall commence on the date that Arch Chemicals, Inc. ("Arch") shall vacate the Premises (including removal by Arch of all of the property set forth on Exhibit K, as more particularly set forth below) and Landlord delivers the Premises to Tenant free of any right or claim of Arch or any other occupant (except as otherwise set forth herein) (such date, the "Commencement Date"). It is anticipated that Arch will vacate the Premises on or before August 14, 2000. Tenant acknowledges that during the period prior to the Commencement Date (such period, the "Arch Move-Out Period"), Arch will be relocating from the area of the Premises to the area demised to it, as shown on the Plan. In the event the Commencement Date has not occurred on or before October 1, 2000 then, for each day of delay after October 1, 2000, Tenant will be granted one additional day of abatement of Fixed Rent and Additional Rent beyond the dates specified in Exhibit B. The Term shall expire on the last day of the 126th month of the Term ("Expiration Date") unless the Term shall be extended or sooner terminated pursuant to any of the terms, covenants or conditions of this Lease or pursuant to law. The parties will promptly after the Commencement Date execute a notice of Commencement in the form attached hereto as Exhibit F. Tenant will be granted access to the Premises during the Arch Move-out Period provided that Tenant's presence doesn't interfere with (x) Arch's build-out of and relocation to its premises, (y) the day to day operations of Arch or (z) the performance by Landlord of Landlord's Work (as defined below) Tenant's access to and use of the Premises will be subject to the terms and conditions of this Lease (except that no rent or additional Rent shall be payable), including without limitation, the provisions of Article 17 and the obligation that Tenant deliver evidence of insurance as required by Article 7. Tenant may present to Landlord, from time to time, work plans (each of which shall include the scope, scheduling and method of work) for Landlord's agreement that the work, if performed in accordance with the plan, will not present an issue pursuant to any of clauses (x), (y) or (z) above. Arch has advised Landlord that it anticipates vacating the area of Tenant's

proposed vivarium (as shown on Exhibit L attached hereto) on or about June 9, 2000. Landlord agrees that Tenant may, upon the vacating by Arch of such area, in accordance with the terms of this Lease, have access to and use of such area.

2.4 Tenant acknowledges that Arch shall, promptly after the Commencement Date, continue to have access to an area shown on Exhibit A as the Less Than 90 Day Storage Facility to permit Arch to "close" the same in accordance with applicable laws. Pursuant to the lease between Landlord and Arch dated March 15, 2000 (the "Arch Lease"), Arch has agreed upon substantial completion of a new less than 90 Day hazardous waste storage facility which is being constructed by Landlord (which construction is anticipated to be completed on or before August 14, 2000) to promptly vacate and proceed to closure in accordance of all applicable law of the Less Than 90 Day Storage Facility referenced above. The Arch Lease further provides that, to the extent feasible, and subject to any applicable requirement of any Governmental Authority, from and after the expiration of the Arch Move-Out Period, Arch will access the aforesaid Less Than 90 Day Storage Facility through the outside door. Arch's access to the Less than 90 Day Storage Facility and of other areas not demised to it under the Arch Lease is governed by and subject to the terms and conditions of that certain Agreement between Landlord and Arch dated March 15, 2000. Landlord will promptly take all such action as may be necessary to cause Arch to comply fully with the March 15, 2000 agreement and the Arch Lease, provided this undertaking as to the Arch Lease applies only insofar as the Arch Lease relates to Arch's closure and vacating of the existing Less Than 90 Day Storage Facility. At such time as the closure of the Less Than 90 Day Storage Facility has been completed, Landlord shall deliver or cause to be delivered to Tenant a certification or report to evidence the same, which indicates that closure has been accomplished in full and in accordance with all applicable laws.

2.5 In connection with the performance of Landlord's Work and of Tenant's Initial Alterations, as defined below, Landlord and Tenant shall coordinate the preparation of plans and, to the extent feasible, the obtaining of necessary permits and approvals from the applicable Governmental Authorities and from F.I.P. Corporation, or its successor, as the declarant under those declarations of record in the Town of Cheshire affecting the Premises, copies of which declarations are attached hereto as Exhibit M.

ARTICLE 3 OCCUPANCY OF THE PREMISES, LANDLORD'S WORK AND TENANT'S WORK

3.1 Tenant represents that Tenant has inspected and is familiar with the Premises and the Building and is thoroughly acquainted with their condition and takes the Premises "as is", except (i) that the Premises will be delivered "broom clean" and (ii) for the completion of Landlord's Work, as defined herein, and the taking of possession of the premises by Tenant shall be conclusive at the time possession was taken by Tenant. Arch has covenanted that it will, in vacating the Premises, remove only those items of personal property set forth on Exhibit K attached hereto. All items other than those set forth on Exhibit K present in the Premises as of that date of Tenant's inspection of the Premises, that is, as of April 18, 2000, will be surrendered by Arch and, as set forth in Section 2.2 above, be included in and constitute a part of the Premises. Except as expressly set forth herein, neither Landlord nor Landlord's agents have made any representations or promises with respect to the condition of the Building, the Premises or the Land, and no rights easements or licenses are acquired by Tenant by implication or otherwise except as expressly set forth in this Lease.

3.2 Landlord shall, at Landlord's expense, and pursuant to the provisions of Exhibit E, attached hereto, perform the Landlord's Work. Landlord's Work shall be performed in a good and workmanlike manner, using materials of a quality not less than those now present in the Building (but in any event of no less than first quality unused material). Any of Landlord's Work not completed during the Arch Move-Out Period will be performed in a manner so as to minimize disruption of Tenant's business.

3.3 The Tenant shall complete certain work (the "Initial Alterations") subject to and in accordance with the provisions of the Work Letter attached hereto as Exhibit D.

3.4 To the extent Tenant draws upon the Allowance furnished by Landlord (as set forth on Exhibit D), then the Allowance amount utilized by Tenant shall be repaid by Tenant by amortizing the amount over the initial Term of the Lease (commencing on the 1st day of the seventh month of the Term) with interest thereon at the rate of 11% per annum and the amortized Allowance (including interest) shall be added to Fixed Rent as identified and set forth in Section 4 and Exhibit B hereof. Alternatively, Tenant may elect to repay the amount of the Allowance utilized in a lump sum, together with interest thereon from the date(s) of disbursement through the date of repayment at 11% per annum provided that the full repayment is made prior to the end of the sixth month of the first Lease Year. In the event Tenant wishes to repay the Allowance in full at any time after the end of the sixth month of the first Lease Year, Tenant may do so provided that (i) as Landlord may, upon receipt of such funds, apply them to the mortgage debt encumbering the Land and Building, the Mortgagee holding the Superior Mortgage (as such terms are defined in Article 20) will accept a prepayment and (ii) Tenant pays to Landlord, at the time of such repayment, the amount of any fee or penalty imposed or assessed by the Mortgagee in connection with such prepayment.

ARTICLE 4 RENT

4.1 Tenant shall pay to Landlord, without notice or demand, in lawful money of the United States of America, at the office of Landlord or at such other place as Landlord may designate, the following:

(a) annual fixed rent ("Fixed Rent") at the rates and in the amounts set forth on Exhibit B, together with the amortized Allowance amount (as set forth in Section 3 above), as additional Fixed Rent. Annual Fixed Rent shall be payable in equal monthly installments (in amounts as set forth on Exhibit B) in advance on the first day of each and every calendar month commencing on the date set forth on Exhibit B and continuing throughout the remainder of the Term.

(b) additional rent ("Additional Rent") consisting of all other sums of money as shall become due and payable by Tenant hereunder.

(c) If Tenant shall fail to pay within ten (10) days of the date when due any installment of Fixed Rent or any Additional Rent, Tenant shall pay interest thereon at the annual rate of interest (the "Default Rate") equal to the lesser of (i) four percentage points per annum above the so-called prime rate as published in the Money Rates section of The Wall Street Journal (the "Journal") (or if the Journal ceases to be published or to publish such rates, then any successor reasonably designated by Landlord), or (ii) the then prevailing maximum legal rate chargeable to Tenant, from the date when such installation or payment shall have become due to the date of the payment thereof, and such interest shall be deemed Additional Rent.

(d) There shall be no abatement of, deduction from, counterclaim or setoff against Fixed Rent or Additional Rent except as otherwise specifically provided in this Lease.

(e) If the Commencement Date is other than the first day of a month, Fixed Rent for the first partial month of the Term shall be apportioned in that percentage which the number of days from the Commencement Date to the end of that month shall bear to the total number of days in the month in which such Commencement Date occurs.

ARTICLE 5 USE

5.1 Tenant shall use and occupy the Premises for executive offices and as a research and development facility to the extent now and hereafter permitted under applicable laws, ordinances, codes, rules, regulations, order or other lawful requirements of each Governmental Authority and for no other purpose without first obtaining Landlord's written consent. Landlord represents that the Building is in an I-2 (Industrial Zone) in the Town of Cheshire. Attached hereto as Exhibit G is a list of uses permitted in the I-2 Zone.

5.2 Tenant shall not use or occupy, suffer or permit the Premises or any part thereof to be used in any manner, or anything to be done therein, or suffer or permit anything to be brought into or kept therein, which would in any way, (a) cause, or be likely to cause, physical damage to the Building or any part thereof, (b) constitute a public or private nuisance, (c) discharge objectionable fumes, vapors or odors in a manner as may unreasonably offend other occupants, (d) cause substantial or objectionable noise, (e) impair or interfere with any of the Building's services, including the furnishing of electrical energy, or the proper and economic cleaning, air conditioning or other servicing of the Building or the Premises or impair or interfere with the use of any of the other areas of the Building, or occasion discomfort, annoyance or inconvenience to Landlord or any of the other tenants or occupants of the Building other than for such brief interruptions of services as may be reasonably necessary for Tenant to perform Tenant's Initial Alterations and permitted future Alterations and after Landlord shall have approved of the work being performed and Tenant shall have coordinated the conduct of such work with Landlord. Arch and other tenants at the Building or (f) cause Tenant to default in any of its other obligations under this Lease.

5.3 If any governmental license or permit shall be required for the proper and lawful conduct of Tenant's business in the Premises or any part thereof, then Tenant, at its expense, shall duly procure and thereafter maintain such license or permit and submit the same to inspection by Landlord. Tenant shall at all times comply with the terms and conditions of each such license or permit, but in no event shall failure to procure and maintain same by Tenant affect Tenant's obligations hereunder.

5.4 Tenant shall not place a load upon any floor of the Premises that exceeds the floor load per square foot that such floor was designed to carry and which is allowed by certificate, rule, regulation, permit or law.

ARTICLE 6 ADDITIONAL RENTAL

6.1 This Lease is intended by the parties hereto to be a so-called net lease and the Fixed Rent shall be received by Landlord net of all costs and expenses related to the Land, the Building and the premises, except as otherwise set forth herein. Tenant shall pay to Landlord, in addition to Tenant's obligations with respect to the payment of Tenant's Pro Rata Percentage of Real Estate Taxes (as defined

below) and Operating Expenses (as defined below), Tenant shall pay all other costs which are specifically set forth herein, to Landlord, upon demand as Additional Rent, in the same manner as Fixed Rent, together with reasonable attorney's fees incurred by the Landlord in connection with any amendments to, consents under and subleases and assignments of this Lease requested by Tenant and in connection with the enforcement of rights and pursuit of the remedies of the Landlord under this Lease (whether during or after the expiration or termination of the term of this Lease).

As set forth above and commencing on the first day of the 4th month of the Term, Tenant shall pay to Landlord, its Tenant's Pro Rata Percentage of the aggregate of Operating Expenses (as hereinafter defined) and Real Estate Taxes (as hereinafter defined) incurred by Landlord for or during each Lease Year during the term of this Lease. Tenant's Pro Rata Percentage is set forth on Exhibit B, provided that Tenant's Pro Rata Percentage may not be adjusted unless (i) Landlord or another tenant constructs an addition to the Building or (ii) Tenant consents in writing to an adjustment being made for any other reason (which consent will not be unreasonably delayed, conditioned or withheld).

"Operating Expenses" shall mean all reasonable expenses paid or incurred by Landlord or on Landlord's behalf in respect of the proper management, repair, operation and maintenance of the Building, including but not limited to (1) properly allocated salaries, wages and benefits of employees of Landlord engaged in the management, repair, operation and maintenance of the Building; (2) payroll taxes, workmen's compensation, uniforms and related expenses for such employees; (3) the cost of all charges for oil, gas, steam, oxygen, compressed air, electricity, any alternate source of energy, heating, ventilation, air-conditioning, water, sewers and other utilities furnished to the Building (including the Common areas and leased areas thereof), together with any taxes on such utilities; (4) the cost of painting non-tenant space; (5) the cost of all charges for insurance carried by Landlord (with regard to the Land and the Building and operations therein) including without limitation rent, casualty, environmental, comprehensive general liability and fidelity insurance with regard to the Building and the maintenance or operation thereof; (6) the cost of all supplies (including cleaning supplies), materials and equipment, the rental thereof and sales and other taxes thereon; (7) depreciation of hand tools and other movable equipment regularly used in the repair, operation or maintenance of the Building; (8) the cost of all charges for window and other cleaning and janitorial services for the common areas only, snow and ice removal, and any security services to patrol or monitor the common areas; (9) charges of independent contractors, including, without limitation, the cost of a security firm, in each case provided such are unaffiliated with Landlord (or if affiliated provided such charges are competitive) and all such charges are properly allocated to the Building; (10) repairs and replacements made by Landlord at its expense (provided that if such cost would, under real estate accounting principles, be required to be capitalized, then such costs shall be reasonably amortized over the useful life, as determined in accordance with real estate accounting principles, together with interest at 11% per annum (unless the repairs are required by reason of Landlord's gross negligence or willful misconduct); (11) exterior and interior landscaping; (12) alterations and improvements to the Building made by reason of and to the extent required to meet the minimum requirements of applicable law or regulation of any Governmental Authority or the requirements of insurance bodies; (13) reasonable management fees which shall not exceed the lesser of (i) those customarily charged by third party managers for bio-tech buildings in New Haven County or, (ii) 5% of the amount of gross rents payable under leases (including this Lease) in place at the Building, provided that if no managing agent is employed by Landlord, a sum in lieu thereof which is not in excess of the lesser of (y) the then prevailing rates for management fees payable to third party managers of other similar buildings located in New Haven County or (z) 5% of the amount of gross rents payable under leases (including this Lease) in place at the Building; (14) the cost of any capital improvements or additions to the Building and of any machinery or equipment installed in the Building which improve the

safety, comfort or amenities available to tenants of the Building or which have the effect of reducing the expenses which otherwise would be included in Operating Expenses provided that such costs shall be reasonably amortized over the useful life, as determined in accordance with real estate accounting principles, together with interest at 11% per annum; (15) reasonable legal, accounting and other professional fees incurred in connection with the operation, maintenance and management of the Building; (16) all other charges properly allocable to the repair, operation and maintenance of the Building in accordance with generally accepted accounting principles. Landlord may, in the event the Premises are less than 95% leased, adjust expenses for only the following categories or items: snow plowing and landscaping. Landlord will pass through the actual Operating Expenses and shall not markup or add-on to Operating Expenses.

Excluded from Operating Expenses shall be the following: (aa) depreciation (except as provided above); (bb) interest on and amortization of debts; (cc) leasehold improvements including redecorating made for tenants of the Building; (dd) brokerage commissions and advertising expenses for procuring new tenants of the Building; (ee) refinancing costs (including legal, accounting and other professional costs in connection thereof); (ff) Real Estate Taxes; (gg) the cost of any item included in Operating Expenses under clauses (1) - (16) to the extent that such cost (y) is reimbursed by an insurance company or a condemnor or a tenant (except as a reimbursement of Operating Expenses) or any other party or (z) was reimbursable by an insurance company, condemnor, tenant (except as a reimbursement of Operating Expenses) or other party but not reimbursed by reason of Landlord's default; (hh) salaries of employees above the grade of building manager or building superintendent; (ii) legal, accounting and professional fees incurred by Landlord in negotiating or enforcing any lease of any other tenant in the Building; and (jj) the cost of repairs made to the Building if the need for such repair is due to the gross negligence or willful misconduct of Landlord; and (kk) the cost of performance of Landlord's Work.

Landlord agrees that prior to incurring any capital expenditure (which would be of such a nature that it would be included in Operating Expenses) in excess of $25,000.00, it will give notice to Tenant of the anticipated expenditure. Tenant shall have 10 days within which to respond to such notice and Tenant's failure to respond within such 10 day period shall be deemed to constitute approval of the expenditure. If Tenant, within such 10 day period, notifies Landlord that it objects to such expenditure, it shall specify the reason(s) for such objection. Landlord and Tenant shall, in good faith, attempt to resolve any such objection. If Tenant's objection is based, in whole or in part, on the cost of the anticipated expenditure, Tenant may put the matter out for bid to reputable contractors or suppliers and present such bids to Landlord in connection with their attempts to resolve the objection. If the cost of the anticipated expenditure is less than $50,000, and despite such good faith efforts, Landlord and Tenant fail to reach agreement, Landlord, in its sole, but reasonable, discretion, may elect to incur such expense and it shall, as appropriate, be included in Operating Expenses. If the cost of the anticipated expenditure is equal to or greater than $50,000, and despite such good faith efforts, Landlord and Tenant fail to reach agreement, Landlord shall not incur the expense.

"Real Estate Taxes" shall mean and include: (i) all general and special taxes, assessments, duties and levies, if any, of any kind which are assessed, levied, charged, confirmed or imposed by any public authority upon the Building, its operations or the rent provided for hereunder, which are payable (adjusted after protest or litigation, if any) for any part of the term of this Lease, including without limitation personal property taxes paid by Landlord with respect to equipment used in connection with the operation of the Building, exclusive of penalties or discounts; and (ii) the reasonable expenses of contesting the amount or validity of any such taxes, charges or assessments, such expense to be applicable to the period if the term is contested. Excluded from Real Estate Taxes shall be any capital

levy, net income, estate, succession, inheritance, transfer sales and use, and franchise taxes payable by Landlord.

Landlord shall estimate the amount of Operating Expenses and Real Estate Taxes which may be payable hereunder. Said estimates shall be based upon careful and reasonable examination of all available economic data and projections. The amounts of said estimates shall be divided into equal monthly payments which shall be paid by Tenant in advance, along with Tenant's regular monthly payment of Fixed Rent. Should the actual amount of Operating Expenses and Real Estates Taxes provided for above be more or less than Landlord's estimate, then Tenant's monthly payment as aforesaid shall be adjusted to more nearly reflect the same.

Within thirty (30) days from the date Landlord presents each annual bill to Tenant for payments of Operating Expenses and Real Estate Taxes, Tenant will pay to Landlord in a lump sum that amount by which Tenant's actual pro rata share exceeds the amount of Tenant's estimated payments theretofore. Should the amount of Tenant's estimated payments exceed Tenant's Pro Rata Percentage, then Landlord shall, at Landlord's option, either credit the amount of the overpayment to the payment of Additional Rent next coming due or within said thirty (30) day period refund such overpayment to Tenant. A certified bill (from the Building Manager) for Operating Expenses and a real estate tax bill (or copy thereof) submitted by Landlord to Tenant shall be sufficient evidence of the amount of Operating Expenses and Real Estate Taxes with respect to the Land and improvements thereon. Tenant's Pro Rata Percentage of any Operating Expenses and Real Estate Taxes in such payments hereunder shall be adjusted in the first and last years of the Lease to take into consideration the fact that Tenant may only be in possession for a partial year.

Tenant may, within 120 days after receiving Landlord's statement of Operating Expenses, give Landlord written notice ("Review Notice") that Tenant intends to review Landlord's records of the Operating Expenses for that Lease Year. Within a reasonable time after receipt of the Review Notice (which period shall not exceed 60 days), Landlord shall make all pertinent records available for inspection that are reasonably necessary for Tenant to conduct its review. Tenant may inspect the records at the office of Landlord or Landlord's property manager. If Tenant retains an agent to review Landlord's records, the agent must be with a licensed CPA firm. Tenant shall be solely responsible for all costs, expenses and fees incurred for the audit. Within 60 days after the records are made available to Tenant, Tenant shall have the right to give Landlord written notice (an "Objection Notice") stating in reasonable detail any objection to Landlord's statement of Operating Expenses for that Lease Year. If Tenant fails to give Landlord an Objection Notice within the 60 day period or fails to provide Landlord with a Review Notice within the 120 day period described above, Tenant shall be deemed to have approved Landlord's statement of Operating Expenses and shall barred from raising any claims regarding the Operating Expenses for that Lease Year. If Tenant provides Landlord with a timely Objection Notice, Landlord and Tenant shall work together in good faith to resolve any issues raised in Tenant's Objection Notice. If Landlord and Tenant determine that Operating Expenses for the Lease Year are less than reported, Landlord shall provide Tenant at Landlord's option either a refund of the amount of overpayment or with a credit against the next installment of Additional Rent in the amount of any overpayment by Tenant. Likewise, if Landlord and Tenant determine that Operating Expenses for the Lease Year are greater than reported, Tenant shall pay Landlord the amount of any underpayment within 30 days. The records obtained by Tenant shall be treated as confidential. In no event shall Tenant be permitted to examine Landlord's records or to dispute any statement of Operating Expenses unless Tenant has paid and continues to pay all Fixed Annual Rent and Additional Rent when due.

Tenant shall pay for all ad valorem taxes on Tenant's Property and its personal property, if any, and on the value of leasehold improvements relating to the Premises, to the extent that same are (i) separately assessed and taxed and (ii) exceed standard building allowances.

If Landlord shall receive a refund of Real Estate Taxes for any period during the term of this Lease after the year during which the term of this Lease shall commence, then Landlord shall pay over to Tenant the pro rata percentage of Real Estate Taxes paid by Tenant as set forth above, to the extent Tenant shall have borne any portion of such taxes so refunded, after deducting from any such taxes so refunded the fees and expenses incurred by Landlord in obtaining such refund.

So long as Tenant is not in default of its obligations under this Lease and Tenant continues to pay its Pro Rata Percentage of Landlord's estimate of Real Estate Taxes pending a final determination of the amount of Real Estate Taxes, and if Landlord is not contesting or reviewing the Real Estate Taxes, Tenant or its designees shall have the right to contest or review all such Real Estate Taxes by appropriate legal proceedings, (which, if instituted, Tenant or its designees shall conduct properly and promptly at its own cost and expense, and free of any expense to Landlord, and, if necessary, Landlord will cooperate with Tenant and shall execute all documents necessary to accomplish the foregoing).

6.2 Any Additional Rent payable pursuant to Article 6 shall be collectable by Landlord in the same manner as Fixed Rent and Landlord shall have the same remedies for nonpayment thereof as Landlord has hereunder for non-payment of Fixed Rent.

ARTICLE 7 INSURANCE

7.1 Tenant, at Tenant's expense, shall comply with all rules, regulations or requirements of the Connecticut Board of Fire Underwriters and the Connecticut Fire Insurance Rating Organization or any similar body applicable to the Premises. Tenant, at Tenant's expense, shall further comply with any and all safety recommendations of Landlord's or Tenant's insurance companies. Landlord shall comply with all rules, regulations or requirements of the Connecticut Board of Fire Underwriters and the Connecticut Fire Insurance Rating Organization or any similar body applicable to the common areas of the Bui]ding. Landlord shall further comply with any and all safety recommendation or Landlord's insurance companies with respect to the common areas of the Building. Landlord's costs and expenses in connection with the foregoing shall be deemed to be part of Operating Expenses payable under the provisions of this Lease.

7.2 If by any reason of any act or omission of the part of Tenant, the rate of fire insurance with extended coverage on the Building or equipment or other property of Landlord located at the Building or on the Land or any other tenant or occupant of the Building shall be higher than it otherwise would be, Tenant shall reimburse Landlord, on demand, for that part of the premiums for fire insurance and extended coverage paid by Landlord and such other tenants or occupants because of such act or omission on the part of the Tenant. Landlord will include a provision in the leases of other tenants in the Building substantially similar to the provisions of this Section 7.2.

7.3 (a) Tenant shall obtain and keep in full force and effect during the Term, at its own cost and expense and in the following amounts or such greater amounts as Landlord or the holder of the Superior Mortgages may reasonably request for the benefit of and protecting Landlord, its property managers and the holder of the Superior Mortgages (i) ISO Simplified Commercial General Liability

insurance (with contractual liability rider) against claims for bodily death or property damage occurring to, upon or about the Premises. The limits of liability of such insurance shall be an amount of not less than Two Million and 00/100 Dollars ($2,000,000.00) per occurrence, Bodily Injury including death and Two Million and 00/100 Dollars ($2,000,000.00) per occurrence, Property Damage Liability or Two Million and 00/100 Dollars ($2,000,000.00) combined single limit for Bodily Injury and Property Damage Liability; and (ii) insurance against loss or damage by fire, and such other risks and hazards as are insurable under present and future standard forms of fire and extended coverage insurance policies, to Tenant's Property for the full insurable value thereof, protecting Landlord, the holder of the Superior Mortgages, and Tenant as insureds as their respective interests may appear.

(b) Tenant shall obtain such other insurance in such amounts as may from time to time be reasonably required by Landlord against other insurable hazards which at the time are commonly and generally insured against by tenants having similar uses to Tenant's use, with due regard being given to the type of building, its location, construction, use and occupancy.

(c) Said insurance is to be written in form and substance satisfactory to Landlord by a good and solvent insurance company of recognized standing, admitted to do business in the State of Connecticut, which shall be reasonably satisfactory to Landlord and Superior Mortgagee. Tenant shall procure, maintain and place such insurance and pay all premiums and charges therefor and upon failure to do so Landlord may, but shall not be obligated to, procure, maintain and place such insurance or make such payments, and in such event Tenant agrees to pay the amount thereof, plus interest at the Default Rate, to Landlord on demand and said sums shall be in each instance collectable as Additional Rent on the first day of the month following the date of payment by Landlord. Tenant shall cause to be included in all such insurance policies a provision to the effect that the same will be non-cancelable or non-renewable except upon thirty (30) days' prior written notice to Landlord. On the earlier to occur of the date Tenant enters onto the Premises or the Commencement Date, the original or certified duplicate insurance policies or appropriate certificates shall be deposited with Landlord. An renewals, replacements, or endorsements thereto shall also be deposited with Landlord prior to the expiration of the policies to make certain that said insurance shall be in full force and effect during the Term.

7.4 The Landlord shall maintain (the cost of which shall be an Operating Expense):

(a) ISO Simplified Commercial General Liability Insurance. The limits of liability of such insurance shall be an amount not less than Two Million and 00/100 Dollars ($2,000,000.00) per occurrence, Bodily Injury including death and Two Million and 00/100 Dollars ($2,000,000.00) per occurrence, Property Damage Liability or Two Million and 00/100 Dollars ($2,000,000.00) combined single limit for Bodily Injury and Property Damage Liability. Such policies shall name Tenant as additional insured with respect to acts caused by or resulting from the negligence of the Landlord at the Building and include Contractual Liability coverage;

(b) Property insurance on the Building, the Premises and the Common Areas insuring the full replacement value thereof, on a Special Causes of Loss-Replacement Cost basis and shall include, but not be limited to, fire and extended coverage perils. The property to be insured by the Landlord shall also include all improvements made by Landlord to the Premises, but shall not include improvements made by Tenant (unless the Tenant shall (x) give the Landlord notice of the improvement(s) made by the Tenant together with evidence of the cost thereof; (y) provide the Landlord and its insurer with the ability to inspect the same; and (z) pay to the Landlord any increase in the insurance premiums that may

result by reason of the Tenant having made such improvement(s) nor Tenant's furniture and furnishings or any fixtures or equipment removable by the Tenant under the provisions of this Lease; and

(c) If applicable, Boiler and Machinery coverage in an amount that is adequate for the exposure at risk.

7.5 Each party agrees to use its best efforts to include in each of its fire and extended coverage insurance policies (insuring the Building and Landlord's property therein, in the case of Landlord, and insuring Tenant's Property and business interest in the Premises, in the case of Tenant, against loss, damage or destruction by fire or other casualty) a waiver of the insurer's right of subrogation against the other party, provided such waiver shall be obtainable without additional charge, unless the other party shall agree in writing to pay the insurer's additional charge therefor. The policy of insurance or certificate thereof delivered to Landlord shall include reference to the waiver of subrogation referred to above.

ARTICLE 8 COMPLIANCE WITH LAWS

8.1 The Tenant agrees that its obligations to make payment of the Basic Rent, Additional Rent and all other charges on its part to be paid, and to perform all of the covenants and agreements on its part to be performed during the Term hereunder shall not, except as herein set forth in the event of condemnation by public authority, be affected by any present or future law, by-law, ordinance, code, rule, regulation, order or other lawful requirement regulating or affecting the use which may be made of the Premises.

8.2 Landlord shall comply with all present and future laws, ordinances, requirements, orders, directives, rules and regulations of federal state, county and city governments and of all other governmental authorities having or claiming jurisdiction over the Land (excluding those relating to Tenant's specific manner of use of the Premises) or appurtenances or any part thereof as enforced by the applicable governmental authority. Without limiting the generality of the foregoing, Landlord shall, in performing Landlord's Work, comply with Americans with Disabilities Act Accessibility Guidelines for Buildings and Facilities (the "ADAAG"). Except for the Landlord's Work to be performed under Article 3 of this Lease, the expenses incurred by Landlord under this Paragraph shall be deemed Operating Expenses under Paragraph 6 of the Lease.

8.3 During the Term the Tenant shall comply, at its own cost and expense, with all applicable laws, by-laws, ordinances, codes, rules, regulations, orders, and other lawful requirements (including, without limitation, the ADAAG) of the governmental bodies having jurisdiction, which are applicable to, or by reason of, the Tenant's particular manner of use of the Premises or the fixtures and equipment therein and thereon; the orders, rules and regulations of the National Board of Fire Underwriters, or any other body hereafter constituted exercising similar functions, which may be applicable to the Premises, the fixtures and equipment therein or thereon or the use thereof, and the requirements of all policies of public liability, fire and all other types of insurance at any time in force with respect to the Premises, the Building or the Land and the fixtures and equipment therein and thereon (provided the Tenant has been given notice of the requirements of such policies).

8.4 In connection with the operation by Arch of its business, Arch has advised Landlord that it is necessary that Arch conduct at least two emergency evacuation drills in each calendar year. In connection with the operation by Tenant of its business, Tenant has also advised Landlord that it is

necessary that Tenant conduct emergency evacuation drills. Landlord has agreed with Arch and agrees with Tenant to coordinate and cooperate with Arch and Tenant in the conduct of such drills, and to use reasonable efforts to cause Arch, Tenant and any other tenants in the Building to conduct drills in conjunction and cooperatively with each other. Tenant agrees that it shall cooperate with Landlord and Arch in connection with the conduct of such drills.

8.5 Tenant or its designees shall have the right, in good faith, to contest or review the applicability or scope of the application of applicable laws as they affect the Building (unless Landlord is contesting or reviewing the same) or the Tenant's operations therein by appropriate legal proceedings, (which, if instituted, Tenant or its designees shall conduct properly and promptly at its own cost and expense, and free of any expense to Landlord, and, if necessary, Landlord will cooperate with Tenant and shall execute all documents necessary to accomplish the foregoing). Notwithstanding the foregoing, Tenant shall promptly comply with any and all directives, orders, rulings, laws, rules and regulations if at any time the Building or any part thereof shall then be immediately subject to forfeiture, or if Landlord or Tenant shall be subject to any civil criminal liability or penalty arising out of any non-compliance or claimed non-compliance, or if failure to comply may result in a lien being placed against the Premises, or if the holder of any Superior Mortgage shall require compliance.

ARTICLE 9 ALTERATIONS; IMPROVEMENTS

9.1 Tenant shall make no changes or alterations in or to the Premises of any nature without Landlord's prior written consent, which consent shall not be unreasonably withheld, delayed or conditioned (provided that Tenant may make interior, non-structural alterations which do not affect the building systems (including the heating, ventilating and air conditioning systems, plumbing, electrical and mechanical systems) or the roof and which cost less than $100,000.00 without the Landlord's consent), provided that (i) Tenant delivers plans and specifications to Landlord for such alterations; (ii) Tenant otherwise complies with the provisions of Section 9.2 below); (iii) Landlord's engineer and/or architect reviews and approves all plans and specifications for and inspects the construction of changes or alterations that affect the Building systems (including the heating, ventilating and air conditioning systems, plumbing, electrical and mechanical systems) or the roof; and (iv) the same are conducted in accordance with the terms of Superior Mortgages. All fixtures, partitions and items of personal property which are permanently affixed to the Premises or the Building systems, railings and like installations, installed in the Premises at any time, either by Tenant or by Landlord shall remain upon and be surrendered with the Premises unless Landlord, by notice to Tenant given no later than 60 days prior to the Expiration Date or upon the prior termination of this Lease, elects to have them removed by Tenant, in which event, the same shall be removed from the Premises by Tenant, at Tenant's expense. Landlord agrees that Tenant may remove the Tenant's Property, including items described on Exhibit J (and enhancements to and replacements of such items as shall be identified by Tenant to Landlord) upon the expiration or termination of the Lease and Tenant agrees that it shall remove the same if Landlord requests that do so within 60 days prior to the Expiration Date. Nothing in this Section shall be construed to prevent Tenant's removal of Tenant's Property, but upon removal of any Tenant's Property from the Premises or upon removal of other installations as may be required or permitted by Landlord, Tenant shall immediately, and at its expense, repair and restore the Premises to the condition existing prior to installation and repair any damage to the Premises or the Building due to such removal. All property permitted or required by Landlord to be removed from the Premises at the end of the Term remaining in the Premises after Tenant's removal shall be deemed abandoned and may, at the election of Landlord, either be retained as Landlord's property or may be removed from the Premises by Landlord at Tenant's expense.

9.2 Tenant shall, before making any alterations, additions, installations or improvements, at its expense, obtain all permits, approvals and certificates required by any governmental or quasi-governmental bodies and (upon completion) certificates of final approval thereof and shall deliver promptly duplicates of all such permits approvals and certificates to Landlord and Tenant agrees to carry and will cause Tenant's contractors and subcontractors to carry such workmen's compensation, general liability, personal and property damage insurance as Landlord may reasonably require. Notwithstanding anything in this Lease to the contrary Tenant shall, unless Landlord in the exercise of its sole discretion otherwise permits Tenant to use its contractors, use Landlord's contractors in connection with any work involving tie-ins to building systems or roof penetrations. As permitted by law, Tenant agrees to obtain and deliver to Landlord written and unconditional waivers or subordinations of mechanic's liens upon the Land and Building for all work, labor and services to be performed and all materials to be furnished in connection with such work and certificates of full payment, signed by all contractors, sub-contractors materialmen and laborers to become involved in such work. Notwithstanding the foregoing, if any mechanic's lien is filed against the Premises, Land or Building for work claimed to have been done for, or materials furnished to, Tenant, whether or not done pursuant to this Article, the same shall be discharged by Tenant within thirty (30) days thereafter, at Tenant's expense, by filing the bond required by law or by paying the claim.

ARTICLE 10 REPAIRS

10.1 Tenant shall take care of the Premises and, at Tenant's sole cost and expense, shall (i) make all repairs and replacements, as and when needed to preserve the Premises in good working order and condition, except that Tenant shall not be required to make any structural repairs or structural replacements to the Premises unless necessitated or occasioned by the acts, omissions or negligence of Tenant, or any of its servants, employees, contractors, agents, visitors, invitees, or licensees, or by the use or occupancy or manner of use or occupancy of the Premises by Tenant or any such person; and (ii) provide for customary rubbish removal service for the Premises and keep and maintain the Premises, clean and free of debris.

10.2 Landlord shall keep and maintain the Building and its fixtures, appurtenances, systems and facilities serving the premises in good working order, condition and repair and shall make all repairs, structural and otherwise, interior and exterior, as and when needed in or about the Building, the costs of which shall be included in the Operating Expenses, except for (i) those repairs for which Tenant is responsible pursuant to any other provision, including but not limited to Section 10.1 above, or (ii) repairs to Tenant's Property provided, however, that Landlord shall have no obligation or liability for repairs in the Premises until receipt of written notice from Tenant specifying the repairs required.

10.3 Tenant shall, at all times, designate a contact person(s) having availability 24 hours a day, 7 days a week, to (i) provide Landlord with access to the Premises in the event of an emergency; and (ii) respond to alarms.

ARTICLE 11 UTILITIES AND SERVICES

11.1 Landlord shall furnish and distribute to the Premises through the base Building system pre-conditioned outside air, at a temperature range of between 53(degree) F and 58(degree) F (with a set point of 55(degree) F) in reasonable volumes and velocities on a year round basis on Business Days from 6:00 A.M. to 6:00 P.M. Monday through Friday and Saturdays 6:00 A.M. to 12:00 noon. Landlord covenants that it will, as required, run both chillers in an effort to maintain the temperature at or approximate to the 55(degree) F set

point. The term "Business Days" shall mean all days except Sundays and days observed by the federal government as legal holidays. If Tenant shall require such service at any other time ("after hours"). Landlord shall furnish after hours service upon reasonable advance notice from Tenant, given between the hours of 9:00 AM. and 1:00 P.M. of any week-day, Business Day, and Tenant shall pay the actual charges therefor on Landlord's demand. If any of the other tenants of the Building shall request and receive after hours service, pursuant to Landlord's obligation to provide the same to them, at the same time as Tenant, only that equitably prorated portion of the charge made by Landlord by such service shall be allocated to Tenant. Tenant shall be responsible for and pay costs associated with (i) the installation, maintenance, repair and operation of any equipment necessary to provide humidification to the Premises; and (ii) the installation of any additional equipment together with the maintenance, repair and operation of all such additional equipment necessary to re-heat the air. All of Tenant's work in connection with the installation of such equipment shall be performed in accordance with the provisions of Article 9 hereof.

11.2 (a) From and after the earlier to occur of (i) the date Tenant's business is fully operational in the Premises (i.e. when Tenant's equipment has been installed and personnel moved in) or (ii) the first day of the 7th month of the Term (such date, the "Utility Commencement Date"), Tenant shall pay for all electricity, gas, water and all other utilities used or consumed at the premises, as Additional Rent.

(b) Tenant shall pay to Landlord a Premises Electric Charge of, initially, $5.00 per square foot per annum. The Premises Electric Charge shall be payable in equal monthly installments, in advance, together with Tenant's monthly payment of Fixed Rent. Landlord shall, at Landlord's expense, prior to the end of the Arch Move-Out Period, install a submeter to measure Tenant's consumption of electricity at the Premises. The cost of electricity shall be determined on the basis of the rate charged for such load and usage in the service classification in effect from time to time pursuant to which Landlord then purchased electric current for the entire Building. The Premises Electrical Charge shall be reconciled with the actual costs approximately every 6 months during the first 12 month period following the Utility Commencement Date and not less than annually thereafter. The Premises Electrical Charge shall be adjusted, if necessary, from time to time, to appropriately reflect the cost of electricity delivered to and consumed at the Premises.

(c) Tenant's use of electrical service shall not exceed, either in voltage, rated capacity, or overall load, that which Landlord deems to be standard for the Building. The electric capacity of the Building expressed in watts per square foot ("w/sf") is 40 w/sf for the entire Building, including mechanical systems, and 20 w/sf for non-mechanical loads. Tenant shall be permitted to utilize its pro rata share of such electrical service. If Tenant requests permission to consume excess electrical service, Landlord may condition consent upon conditions that Landlord reasonably elects (including, without limitation, the installation of utility service upgrades, additional submeters, air handlers or cooling units), and the additional usage, installation and maintenance costs shall be paid by Tenant. Electrical service to the Premises may be furnished by one or more companies providing electrical generation, transmission and distribution services, and the cost of electricity may consist of several different components or separate charges for such services, such as generation, distribution and stranded cost charges. Landlord shall have the exclusive right to select any company providing electrical service to the Premises, to aggregate the electrical service for the Land and Premises with other building, to purchase electricity through a broker and/or buyers group and to change the providers and manner of purchasing electricity.

(d) If either the quantity or character of utility service is changed by the public utility corporation supplying such service to the Building or the Premises is no longer available or suitable for

Tenant's requirements, no such change, unavailability or unsuitability shall constitute an actual or constructive eviction, in whole or in part, or entitle Tenant to any abatement or diminution of rent, or relieve Tenant from any of its obligations under this Lease, or impose any liability upon Landlord or Landlord's agents.

11.3 (a) Landlord shall supply water from a 4" street main with a gallon per minute ("gpm") flow of 250 gpm to a point or points in the Premises. Tenant shall be permitted to utilize its pro rata share of such water service. Tenant shall pay for all water consumed or utilized at the Premises. Landlord may, at Landlord's cost, install a water meter or submeter and thereby measure Tenant's consumption of water for all purposes. Tenant, at Tenant's sole cost and expense, shall keep any such meter or submeter and any such installation equipment in good working order and repair. Tenant shall pay for water consumed as shown on said meter or submeter and sewer charges thereon, as and when bills are rendered.

(b) Tenant agrees that (i) all waste water discharged from the Premises, including from laboratories, shall be free of all chemicals and biological waste other than those Tenant is permitted to discharge pursuant to applicable law and/or valid permits into the Building's collection facility and into the sanitary sewer system; and (ii) it shall collect all chemicals and biological waste into appropriate hazardous waste storage receptacles and discard the same in accordance with applicable laws and shall not dispose of the same through the Building's plumbing system, unless, and only to the extent, Tenant is permitted to do so by law and/or valid permits.

11.4 Landlord reserves the right to stop the service of the air conditioning, elevator, plumbing, electrical, sanitary mechanical or other service or utility systems of the Building when necessary by reason of accident or emergency, or mechanical breakdown, or requirement of law or any cause beyond Landlord's reasonable control or, after notice to Tenant, for repairs, alterations, replacements or improvements, which in the judgement of Landlord, are desirable or necessary. Except in the event of an emergency or systems failure caused by an accident or other cause beyond Landlord's reasonable control, Landlord shall use commercially reasonable efforts to give Tenant as much prior notice as possible prior to the stoppage.

11.5 The Landlord shall not be required to provide heat, air conditioning, or ventilation to the Premises if any action of the Tenant, Act of God, or other unforeseen circumstances makes it impossible for the Landlord reasonably to do so. Further, Landlord shall not be liable for the interruption, curtailment, stoppage or suspension of services and utilities when necessary by reason of accident or emergency or suspension of utility services or when necessary for repairs, alterations, replacements or improvements desirable or necessary in the reasonable judgment of Landlord or for any cause beyond the reasonable control of Landlord. Landlord shall use commercially reasonable efforts to restore services after an interruption shall occur. In the event of any such interruption, curtailment, stoppage or suspension, there shall be no diminution or abatement of rent, additional rent or other charges due from Tenant to Landlord hereunder, Tenant's obligations hereunder shall not be affected or reduced, and Landlord shall have no responsibility or liability for any such interruption, curtailment, stoppage or suspension. Notwithstanding anything to the contrary contained in this section 11.5, in the event there shall be an interruption, curtailment or a suspension of a building system ("Service Interruption") and (i) if such Service Interruption shall continue for more than 5 consecutive Business Days; and (ii) such Service Interruption shall materially impair the operation of Tenant's business in the Premises, rendering all or any material part of the Premises inaccessible or untentantable and Tenant's generator (if any) has not functioned in a manner that would permit Tenant to continue to operate in all or a material portion of

the Premises and (iii) such Service Interruption has not been caused by the public utility servicing or supplying the Building or by an act of Tenant or Tenant's servants, employees or contractors, then as Tenant's sole remedy in connection with such Service Interruption, Tenant shall be entitled to an abatement of Fixed Rent and Additional Rent (based on the square footage of the Premises subject to the Service Interruption) beginning on the sixth consecutive Business Day of such Service Interruption and ending on the date such Service Interruption ceases.

11.6 Landlord shall provide a parking area contiguous or adjacent to the Building. Tenant shall have the non-exclusive right to use its proportionate share of the available parking spaces and the right together with the other tenants and occupants of the Building, and its and their employees, agents, and invitees, to use any driveways appurtenant thereto for the purposes of egress and ingress, parking of vehicles for itself, its customers, and employees in connection with and incidental to the business conducted by Tenant in the Premises, all without additional charge.

11.7 Landlord agrees to (a) provide building security to the Building, which may be through the installation and maintenance of a card access system (Tenant shall be able to access the Premises 24 hours a day, 7 days a week); (b) maintain and repair the parking areas, flag poles, driveways, curbs and sidewalks on the Land, (c) to keep the surface of the parking area, driveways and sidewalks located on the Land reasonably free from snow, ice, dirt and rubbish and (d) to insure, protect and maintain the common areas located on the Land, whether or not sheltered, including the maintenance of shrubbery and grass areas in and around the Building; (e) maintain a back-up generator to provide power for emergency services to the Building; and (f) at all times designate a contact person(s) having availability 24 hours a day 7 days a week to respond to Tenant in the event of an emergency. Landlord shall use commercially reasonable efforts, from time to time, as needed, to control the goose population that inhabits the Common Areas, from time to time. Landlord's expense in performing such obligations shall be part of the Operating Expenses described in Article 6. Tenant shall, at Tenants sole election, cost and expense, install, maintain, repair and operate any back-up generator necessary or desirable for the conduct of its operations. If the generator would best be located in a common area, Landlord shall, in accordance with the provisions of Section 2.1 hereof, give Tenant permission to so locate the same. Tenant may also place and maintain a flag on one of the flag poles on the Land.

ARTICLE 12 DAMAGE TO OR DESTRUCTION OF THE PREMISES

12.1 Except as provided below, in the event of partial or total destruction of the Premises during the Term by fire or other casualty, the Landlord shall, as promptly as practicable after receipt of any insurance proceeds available as a result of such casualty, repair, reconstruct or replace the portions of the Premises destroyed as nearly as possible to their condition prior to such destruction, except that in no event shall the Landlord be obligated to expend more for such repair, reconstruction or replacement than the amounts of any such insurance proceeds actually received. Commencing on the date of such casualty and during the period of such repair, reconstruction and replacement there shall be an equitable abatement of Fixed Rent hereunder for up to one (1) year from the date of such casualty in proportion to the loss of usable floor area in the Premises.

12.2 If (i) the Building is so extensively destroyed by fire or other casualty that an independent engineer or architect certifies that the Premises cannot reasonably be expected to be susceptible of repair, reconstruction or replacement within a period of two hundred-ten (210) days from the Deemed Start Date (as defined below) and if the damage shall materially and adversely interfere with the conduct of Tenant's business; or (ii) any damage results from causes or risks not required to be insured against by

the Landlord hereunder or (iii) any holder of a Superior Mortgage refuses to promptly make such net proceeds available for such repair, reconstruction or replacement; or (iv) a casualty occurs during the last 2 years of the Initial Term or any Extended Term and an independent engineer or architect certifies that the Premises cannot reasonably be expected to be susceptible to repair, reconstruction or replacement within 90 days of the Deemed Start Date, the Landlord or Tenant may terminate this Lease by giving written notice to the other within sixty (60) days after the date of such destruction. Provided further, that if, despite diligent efforts, the Landlord has been unable to restore or, if an independent engineer or architect, after the passage of 180 days from the Deemed Start Date, determines (at Tenant's sole cost and expense), that Landlord's progress is such that it is not likely that the Landlord will be able to restore the Premises to their condition prior to such destruction within two hundred-ten (210) days following the Deemed Start Date, then (y) Tenant may terminate this Lease by giving Landlord thirty (30) days' prior written notice, unless Landlord substantially completes the repair and restoration work within said thirty (30) day period or performs a sufficient amount of work so that it appears likely that Landlord will complete restoration within 210 days from the Deemed Start Date, in which event the termination notice shall be null and void; or (z) Landlord may terminate this Lease by written notice to the Tenant. In the event of any such notice of termination, this Lease shall terminate as of, and Fixed Rent and Additional Rent shall be appropriately apportioned through and abated from and after, the date of such notice of termination. The "Deemed Start Date" shall mean the earlier to occur of the (i) date work on rebuilding or restoration actually commences; or (ii) date which is ninety days after the date of the casualty, provided, however, if arson or another criminal investigation concerning the origins of the casualty is pending, then the Deemed Start Date shall mean the date work actually commences.

12.3 Landlord shall not be liable for any inconvenience or annoyance to Tenant or injury to the business of Tenant resulting in any way from such damage by fire or other casualty or the repair thereof. Landlord will not carry insurance of any kind on Tenant's Property, and Landlord shall not be obligated to repair any damage thereto or replace the same.

ARTICLE 13 EMINENT DOMAIN

13.1 If more than twenty percent (20%) of the usable floor area of the Premises, or more than twenty percent (20%) of the parking area available for use by the Tenant shall be taken by eminent domain or appropriated by public authority or if the Tenant shall be deprived of suitable vehicular or pedestrian access to the Premises or the Property by virtue of such a taking or appropriation, the Landlord or the Tenant may terminate this Lease by giving written notice to the other within thirty (30) days after such taking or appropriation. In the event of such a termination, this Lease shall terminate as of the date the Tenant must surrender possession or, if later, the date the Tenant actually surrenders possession, and the Fixed Rent and Additional Rent reserved shall be apportioned and paid to and as of such date.

13.2 If all or any part of the Premises is taken or appropriated by public authority as aforesaid and this Lease is not terminated as set forth above, the Landlord shall, subject to the rights of any holder of any Superior Mortgagee, as promptly as practicable, apply any such damages and compensation awarded (net of the costs and expenses, including reasonable attorneys' fees, incurred by the Landlord in obtaining the same) to secure and close so much of the Premises as remain and shall restore the Building to an architectural whole and except that in no event shall the Landlord be obligated to expend more for such replacement than the net amount of any such damages, compensation or award which the Landlord may have received as damages in respect of the Building and any other improvements situated on the Property as they existed immediately prior to such taking or appropriation; in such event there shall be an

equitable abatement of Fixed Rent in proportion to the loss of usable floor area in the Premises after giving effect to such restoration, from and after the date the Tenant must surrender possession or, if later, the date the Tenant actually surrenders possession.

13.3 In the event of any such acquisition or condemnation of all or any part of the Building and/or Land, Landlord shall be entitled to receive the entire award for any such acquisition or condemnation. Tenant shall have no claim against Landlord or the condemning authority for the value of any unexpired portion of the Term and Tenant hereby expressly assigns to Landlord all of its right, title and interest in any to any such award, and also agrees to execute any and all further documents that may be required in order to facilitate the collection thereof by Landlord. Nothing contained in this Section shall be deemed to prevent Tenant from making a separate claim in any condemnation proceedings (but not against Landlord) for any moving expenses or any other expenses, claims or damages to which Tenant may be entitled, provided the award thereof does not diminish the award otherwise payable to Landlord and for the value of any Tenant's Property which would be removable at the end of the Term pursuant to the provisions of Article 9.

ARTICLE 14 CONDITIONS OF LIMITATION

14.1 This Lease and the Term and estate hereby granted are subject to the limitation that;

(a) if Tenant shall file a voluntary petition in bankruptcy or insolvency, or shall be adjudicated a bankrupt or insolvent, or shall file any petition or answer seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under the present or any future federal bankruptcy act or any other present or future applicable federal, state or other statute or law, or shall make an assignment for the benefit of creditors or shall seek or consent to or acquiesce in the appointment of any trustee, receiver or liquidator of Tenant or of all or any part of Tenant's Property; or

(b) if, within sixty (60) days after the commencement of any such proceeding against Tenant, such proceeding shall not have been dismissed, or if, within sixty (60) days after the appointment of any trustee, receiver or liquidator of Tenant, or of all or any part of Tenant's property, without the consent or acquiescence of Tenant, such appointment shall not have been vacated or otherwise discharged, or if any execution or attachment shall be issued against Tenant or any of Tenant's Property pursuant to which the Premises shall be taken or occupied or attempted to be taken or occupied; or

(c) if Tenant shall default in the payment when due of any installment of Fixed Rent or in the payment when due of any Additional Rent (provided that Landlord shall, not more than 2 times in any 12 consecutive month period provide Tenant with ten (10) days' written notice and opportunity to cure Tenant's failure to pay Fixed Rent or Additional Rent when due); or

(d) if Tenant shall default in the observance or performance of any term, covenant or condition of this Lease on Tenant's part to be observed or performed (other than the covenants for the payment of Fixed Rent and Additional Rent) and Tenant shall fail to remedy such default within thirty (30) days after notice by Landlord to Tenant of such default, or if such default is of such a nature that it cannot be completely remedied within said period of thirty (30) days if Tenant shall not promptly commence to cure the same and thereafter remedy the default within sixty (60) days after such notice of default; or

(e) if any event shall occur or any contingency shall arise whereby the estate hereby granted or the unexpired balance of the Term would, by operation of law or otherwise, devolve upon or pass to any person, firm or corporation other than Tenant except as is expressly permitted under Article 19; or

(f) if the Premises shall become deserted or abandoned for a period of sixty (60) consecutive days;

then in any of said events Landlord may, to the extent permitted by law, immediately or at any time thereafter, and without notice or demand, terminate this Lease.

14.2 Any monies received by Landlord from or on behalf of Tenant during the pendency of any proceeding of the types referred to in said Subsections (a) and (b) of Section 14.1 shall be deemed paid as compensation for the use and occupation of the premises and the acceptance of any such compensation by Landlord shall not be deemed an acceptance of rent or a waiver on the part of Landlord of any rights under Section 14.1.

14.3 In the event Tenant becomes the subject debtor in a case pending under the Bankruptcy Code (11 U.S.C. Section 10 et. seq.), Landlord's right to terminate this Lease shall be subject to the rights of the Trustee in bankruptcy to assume or assign this Lease. To the extent permitted or allowed by law, the Trustee shall not have the right to assume or assign this Lease until the Trustee (a) promptly cures all defaults under this Lease, (b) promptly compensates Landlord for monetary damages incurred as a result of such default, and (c) provides "adequate assurance of future performance" which shall mean, in addition to any other requirements of 11 U.S.C. Section 365(b)(3), that all of the following have been satisfied: (i) in addition to rent payable under the Lease, the Trustee shall establish with Landlord a security deposit equal to three (3) months' Fixed Rent; (ii) maintain said security deposit in said amount whenever it is drawn upon by Landlord; (iii) Trustee must agree that Tenant's business shall be conducted in a first-class manner; and (iv) the use of the Premises cannot change. If all the foregoing are not satisfied, Tenant shall be deemed not to have provided Landlord with adequate assurance of future performance of this Lease.

ARTICLE 15 RE-ENTRY BY LANDLORD; REMEDIES

15.1 If this Lease and the Term shall terminate as provided in Article 14;

(a) To the extent permitted by law, Landlord and Landlord's agents may immediately, or at any time after such default or after the date upon which this Lease shall terminate, re-enter the Premises or any part thereof, without notice, either by summary proceeding or by any other applicable action or proceeding, and may repossess the Premises and dispossess Tenant and any other persons from the Premises and remove any and all of its or their property and effects from the Premises and in no event shall re-entry be deemed an acceptance of surrender of this Lease; and

(b) Landlord, at Landlord's option, may relet the whole or any part or parts of the Premises from time to time, either in the name of Landlord or otherwise, to such tenant or tenants, for such term or terms ending before, on or after the Expiration Date, at such rental or rentals and upon such other conditions, which may include concessions and free rent periods, as Landlord, in its reasonable discretion, may determine. Landlord shall use commercially reasonable efforts to mitigate its damages, but Landlord shall in no event be liable for failure to relet the Premises or any part thereof, or, in the

event of any such reletting, for failure to collect any rent due upon any such reletting, and no failure shall operate to relieve Tenant of any liability under this Lease or otherwise to affect any such liability. Landlord at Landlord's option, may make such repairs, replacements, alterations, additions, improvements, decorations and other physical changes in and to the Premises as Landlord, in its sole, but commercially reasonable, discretion, considers advisable or necessary in connection with any such reletting or proposed lease. Tenant shall be liable for the amount of all expenses incurred by Landlord in connection with such repairs, replacements, alterations additions, improvements, decorations and other physical changes made by Landlord and the costs of such reletting, including without limitation, brokerage and reasonable legal expenses.

15.2 Subject to applicable law, Tenant waives any rights to (a) redeem the Premises, (b) re-enter or repossess the Premises, or (c) restore the operation of this Lease, after Tenant shall have been dispossessed by a judgment or by warrant of any court or judge, or after any re-entry by Landlord, or after any expiration or termination of this lease and the Term, whether such dispossess, reentry, expiration or termination shall be by operation of law or pursuant to the provisions of this Lease. The words "re-enter", "re-entry" and "re-entered" as used in this Lease shall not be deemed to be restricted to their technical legal meanings.

15.3 In the event of any breach (and, as to such threatened breach, if a breach occurred there would be a reasonable likelihood of imminent danger to person or property) or threatened breach by Tenant or any persons claiming through or under Tenant of any of the agreements, terms, covenants or conditions contained in this Lease, Landlord shall be entitled to enjoin such breach or threatened breach and shall have the right to invoke any right and remedy allowed at law or in equity or by statute or otherwise as if re-entry, summary proceedings or other specific remedies were not provided for in this Lease.

15.4 If this Lease and the Term shall terminate as provided in Article 14, or by or under any summary proceeding or any other action or proceeding, or if Landlord shall re-enter the Premises as provided in this Article, or by or under any summary proceeding or any other action or proceeding then, in any of said events:

(a) Tenant shall pay to Landlord all Fixed Rent and Additional Rent to the date upon which this Lease and the Term shall have terminated or to the date of re-entry upon the Premises by Landlord, as the case may be;

(b) Landlord shall be entitled to retain all monies, if any, paid by Tenant to Landlord, whether as advance rent, security or otherwise, but such monies shall be credited by Landlord against any Fixed Rent or Additional Rent due at the time of such termination or re-entry, or at Landlord's option, against any damages payable by Tenant;

(c) Tenant shall be liable for and shall pay to Landlord any deficiency between (i) the Fixed Rent or Additional Rent payable hereunder for the period which otherwise would have constituted the unexpired portion of the Term (conclusively presuming the Additional Rent to be the same as was payable for the year immediately preceding such termination or re-entry) and (ii) the net amount, if any, of rents ("Net Rent") collected under any reletting effected pursuant to the provisions of Section 15.1(b) for any part of such period (first deducting from the rents collected under any such reletting all of Landlord's expenses in connection with the termination of this Lease or Landlord's re-entry upon the Premises and in connection with such reletting including but not limited to all repossession costs,

brokerage commissions, legal expenses, attorneys' fees, alteration costs and other expenses for preparing the Premises for such reletting);

(d) Any such deficiency shall be paid in monthly installments by Tenant on the days specified in this Lease for the payment of installments of Fixed Rent. Landlord shall be entitled to recover from Tenant each monthly deficiency as the same shall arise and no suit to collect the amount of the deficiency for any month shall prejudice Landlord's right to collect the deficiency for any subsequent month by a similar proceeding. Alternatively, suit or suits for the recovery of such deficiencies may be brought by Landlord from time to time at its election;

(e) Whether or not Landlord shall have collected any monthly deficiencies as aforesaid, Landlord shall, at its sole option, be entitled to recover from Tenant, and Tenant shall pay Landlord, on demand, as and for liquidated and agreed final damages, a sum equal to the amount by which the Fixed Rent and Additional Rent payable hereunder for the period which otherwise would have constituted the unexpired portion of the Term (conclusively presuming the Additional Rent to be the same as was payable for the year immediately preceding such termination or re-entry) exceeds then fair and reasonable rental value of the Premises for the same period, both discounted to present worth at the rate of ten percent (10%) per annum. If, before presentation of proof of such liquidated damages to any court, commission or tribunal, the premises, or any part thereof, shall have been relet by Landlord for the period which otherwise would have constituted the unexpired portion of the Term, or any part thereof, the amount of rent upon such reletting, shall be deemed, prima facie, to be the fair and reasonable rental value for the part or the whole of the Premises so relet during the term of the reletting, provided said reletting is on commercially reasonable terms. In no event shall Landlord recover double damages from Tenant by pursuing alternative recoveries.

(f) In no event (i) shall Tenant be entitled to receive any excess of such Net Rent over the sums payable by Tenant to Landlord hereunder, or (ii) shall Tenant be entitled in any suit for the collection of deficiencies or damages pursuant to this Section to a credit in respect of any Net Rent from a reletting except to the extent that such Net Rent is actually received by Landlord prior to the commencement of such suit. If the Premises or any part thereof should be relet in combination with other space, then proper apportionment on a square foot area basis shall be made of the rent received from such reletting and of the expenses of reletting.

15.5 (a) If this Lease be terminated as provided in Article 14 or by or under any summary proceeding or any other action or proceeding, or if Landlord shall re-enter the Premises, Tenant covenants and agrees, notwithstanding anything to the contrary contained in this Lease;

(i) That the Premises shall be, upon such earlier termination or re-entry, in the same condition as that in which the Tenant has agreed to surrender them to Landlord at the expiration of the Term hereof;

(ii) That Tenant, on or before the occurrence of any event of default, shall have performed every covenant contained in this Lease for the making of any improvement, alteration or betterment to the Premises, or for restoring or rebuilding any part hereof; and

(iii) That, for the breach of either Subdivision (i) or (ii) of this Subsection, or both, Landlord shall be entitled immediately, without notice or other action by Landlord, to recover, and Tenant shall pay the then cost of performing such covenant, plus interest thereon at the Default Rate for

the period between the occurrence of any event of default and the time when any such work or act, the cost of which is computed, should have been performed under the other provisions of this Lease had such event of default not occurred.

(b) Each and every covenant contained in this Section shall be deemed separate and independent, and not dependent on other provisions of this Lease or the use and occupation of the Premises by Tenant, and the performance of any such covenant shall not be considered to be rent or other payment for the use of said Premises. It is understood that the consideration for the covenants in this Section is the making of this Lease, and the damages for failure to perform the same shall be deemed to be in addition to and separate and independent of the damages accruing by reason of default in observing any other covenant contained in this Lease.

15.6 Nothing herein contained shall be construed as limiting or precluding the recording by Landlord against Tenant of any sums or damages to which, in addition to the damages particularly provided above, Landlord may lawfully be entitled by reason of any default hereunder on the part of Tenant.

15.7 Each right and remedy of Landlord provided for in this Lease shall be cumulative and shall be in addition to every other right and remedy provided for in this Lease, or now or hereafter existing at law or in equity or by statute or otherwise, and the exercise or beginning of the exercise by Landlord of any one or more of the rights or remedies provided for in this Lease, or now or hereafter existing at law or in equity or by statute or otherwise, shall not preclude the simultaneous or later exercise by Landlord of any or all other rights or remedies provided for in this Lease or now or hereafter existing at law or in equity by statute or otherwise.

ARTICLE 16 CURING TENANT'S DEFAULT; FEES AND EXPENSES

16.1 If Tenant shall default in the observance or performance of any term, covenant, or condition of this Lease on Tenant's part to be observed or performed, Landlord, without thereby waiving such default, may perform the same for the account and at the expense of Tenant, without notice in a case of emergency and in any other case if such default continues after thirty (30) days from the date of the giving by Landlord to Tenant of notice of intention so to do or such lesser period of notice in the event that a condition might constitute a default under a Superior Mortgage. Landlord may enter the Premises at any time to cure any default. Bills for any expense incurred by Landlord in connection with any such performance by it for the account of Tenant, and bills for all costs, expenses and disbursements of every kind and nature whatsoever, including reasonable counsel fees, involved in collecting or endeavoring to collect Fixed Rent or Additional Rent or other charge or any part thereof or enforcing or endeavoring to enforce any rights against Tenant, under or in such cost, expense and disbursement involved in instituting and prosecuting summary proceedings, as well as bills for any property, material, labor or services provided, furnished or rendered by Landlord to Tenant and any charges for services provided under this Lease, may be sent by Landlord to Tenant monthly or immediately, and shall be due and payable in accordance with the terms of said bills and if not paid when due, the amounts thereof shall immediately become due and payable as Additional Rent. Any such bill shall be payable with interest at the Default Rate from the date Landlord incurs the charge or expense to the date of payment by Tenant to Landlord. Tenant's obligations under this Section shall survive the Expiration Date or sooner termination of the Term.

ARTICLE 17 NON-LIABILITY AND INDEMNIFICATION

17.1 Except as provided in Section 17.3(b) below, neither Landlord nor any agent or employee of Landlord, shall be liable to Tenant, its employees, agents, contractors, invitees and licensees, and Tenant shall save Landlord and Landlord's agents harmless of and from all loss, cost, liability, claim, damage and expense including reasonable counsel fees, penalties and fines incurred in connection with or arising from any injury to Tenant or for any damage to, or loss (by theft or otherwise) of any of Tenant's Property, irrespective of the cause of such injury, damage or loss (including the acts of negligence of Tenant), but excluding Landlord's and Landlord's agents and employees, negligence or willful misconduct. Any Building employees to whom any property shall be entrusted by or on behalf of Tenant shall be deemed to be acting as Tenant's agents with respect to such property and neither Landlord nor Landlord's agents shall be liable for any loss of or damage to any such property by theft or otherwise.

17.2 Except as provided in Section 17.3(b), neither Landlord, nor any agent or employee of Landlord, shall be liable for (a) any injury or damage to any person or property resulting from fire, explosion, falling plaster, steam, gas, electricity, dust, water or snow, or leaks from any part of the Building or from the pipes, appliances or plumbing system, or from the roof, street or subsurface or any other place or by dampness, or from any other cause whatsoever, (b) any such damage caused by other occupants or persons in the Building or by construction of any private, public or quasi-public work, or (c) any latent defect in the Premises or the Building.

17.3 (a) Tenant agrees to indemnify and save Landlord and Landlord's agents and employees harmless of and from all losses, costs, liabilities, claims, damages and expenses including reasonable counsel fees, penalties and fines, incurred in connection with or arising from (a) any default by Tenant in the observance or performance of any of the terms, covenants or conditions of this Lease on Tenant's part to be observed or performed, or (b) the use or occupancy or manner of use or occupancy of the Premises by Tenant or any person claiming through or under Tenant, or (c) any acts, omissions or negligence of Tenant or any such person, or the contractors, agents, servants, employees, visitors or licensees of Tenant or any such person, in or about the Premises or the Building either prior to, during, or after the expiration of, the Term including any acts, omissions or negligence in the making or performing of any improvements. If any action or proceeding shall be brought against Landlord or Landlord's agents or employees based upon any such claim and if Tenant, upon notice from Landlord, shall cause such action or proceeding to be defended at Tenant's expense by counsel reasonably satisfactory to Landlord without any disclaimer of liability by Tenant in connection with such claim, Tenant shall not be required to indemnify Landlord and Landlord's agents or employees for counsel fees in connection with such action or proceeding. The provisions of this Section 17.3 shall survive the expiration or termination of this Lease.

(b) Landlord agrees to indemnify and save Tenant and Tenant's agents and employees harmless of and from all losses, cost, liabilities, claims, damages and expenses including reasonable counsel fees, penalties and fines incurred in connection with or arising from (i) any default by Landlord in the observance of performance of any of the terms, covenants or conditions of this Lease on Landlord's part to observed or performed; or (ii) any acts, omissions or negligence of Landlord or any other person, or the contractors, agents, servants or employees of Landlord or any such person in or about the Building either prior to, during or after the expiration of the Term. If any action or proceeding shall be brought against Tenant or Tenant's agents or employees based upon such claim and if Landlord, upon notice from Tenant, shall cause such action or proceeding to be defended at Landlord's expense by counsel reasonably satisfactory to Tenant but without any disclaimer of liability by Landlord in connection with such claim, Landlord shall not be required to indemnify Tenant or Tenant's agents or

employees for counsel fees in connection with the proceeding or action. The provisions of this Section 17.3(b) shall survive the expiration or termination of this Lease.

ARTICLE 18 SURRENDER

18.1 On the last day of the Term or upon any earlier termination of this Lease, or upon any re-entry by Landlord upon the Premises, Tenant shall, at its own expense, quit and surrender the Premises to Landlord, together with all improvements which have been made upon the Premises (except as otherwise provided for in this Lease, including but not limited to Article 9 above), in broom clean, good order, condition and repair except (i) for ordinary wear and tear; (ii) for damage by fire or other insured casualty and (iii) if, as of the Commencement Date of this Lease, Tenant discovers that a component of the Premises is not in good order, condition or repair and provided Tenant gives a list to Landlord of such components within 180 days after the Commencement Date, then Tenant will be required only to surrender such components in the condition in which they were found at the Commencement Date and as they are described in the list delivered to Landlord. Tenant shall remove from the Premises and the Building all of all personal property and personal effects of all persons claiming through or under Tenant and may remove items of Tenant's Property including the items described on Exhibit J (and enhancements to and replacements of such items as are identified to Landlord), and shall also remove at Landlord's request, all vaults at the Premises, and, as set forth in Section 9.1 hereof, together with such other items as Landlord shall require Tenant to remove, and shall, in each instance, pay the cost of repairing all damage to the Premises and the Building occasioned by such removal.

18.2 Any Tenant's Property or other personal property which shall remain in the Premises after the Expiration Date or the date of sooner termination of this Lease shall be deemed to have been abandoned and either may be retained by Landlord as its property or may be disposed of in such manner as Landlord may see fit at Tenant's cost and expense.

18.3 If the Premises are not surrendered at the expiration of the Term, Tenant shall (i) pay for the use and occupancy of the Premises at a rate equal to two times the rate of Fixed Rent in effect immediately prior to the expiration of the Term, on a daily basis, for each day until the date of surrender of the Premises; and (ii) indemnify Landlord against any and all damages, costs, expenses, loss or liability resulting from delay by Tenant in so surrendering the Premises.

18.4 Tenant's obligation under this Article shall survive the Expiration Date or sooner termination of this Lease.

ARTICLE 19 ASSIGNMENT, MORTGAGING AND SUBLETTING

19.1 (a) Neither this Lease, nor the Term and estate hereby granted, nor any part hereof or thereof, nor the interest of Tenant in any sublease or the rentals thereunder, shall be assigned, mortgaged, pledged, encumbered or otherwise transferred by Tenant, Tenant's legal representatives or successors in interest by operation of law or otherwise, and neither the Premises, nor any part thereof, shall be encumbered in any manner by reason of any act or omission on the part of Tenant or anyone claiming under or through Tenant, or shall be sublet or be used or occupied or permitted to be used or occupied, or for any purpose other than as permitted by this Lease, without the prior consent of Landlord in each case, which consent shall not be unreasonably withheld, delayed or conditioned, except as expressly otherwise provided in this Article. In the event that Tenant shall desire to assign this Lease or to sublease all or any

portion of the Premises, then Tenant shall submit in writing to Landlord the name of the proposed assignee or subtenant, the nature and character of its business, the terms and conditions of the proposed assignment or subletting, information as to the financial responsibility and such other information as Landlord may require. In the event that Tenant desires to assign this Lease, then any proposed assignment must require Tenant's assignee to assume Tenant's obligations from and after the effective date of an assignment. If Tenant shall give Landlord notice of a desire to assign this Lease, or to sublet the entirety of the Premises, Landlord shall be entitled to recapture the Premises or cancel this Lease on 30 days' prior written notice thereof, and this Lease shall come to an end on the date in such notice specified, with the same force and effect as is such date were the date herein specified for the expiration hereof, and the Fixed Rent, and Additional Rent shall be apportioned and adjusted as of the effective date of such cancellation. Notwithstanding the foregoing, Tenant may assign its entire interest under this Lease to a "Related Entity" (as defined below) without the consent of Landlord provided that all of the following conditions are satisfied: (i) Tenant is not in default of its obligations under this Lease beyond any applicable grace or notice and cure periods; (ii) Tenant shall remain fully liable for the obligations of the Tenant under this Lease; and (iii) Tenant shall give Landlord written notice of at least thirty days prior to the Effective Date of the proposed assignment. As used in this section, the term "Related Entity" shall mean an entity which controls, is controlled by, or is under common control with Tenant.

(b) Any assignment of this Lease, or of the interest of Tenant hereunder, or sublease as aforesaid, without full compliance with any and all requirements set forth in this Lease shall be a breach of this Lease and a default hereunder and shall, at Landlord's option, render any such purported assignment or subletting null and void and of no force or effect

19.2 If this Lease be assigned, whether or not in violation of the provisions of this Lease, Landlord may collect rent from the assignee. If the Premises or any part hereof be sublet or be used or occupied by anybody other than Tenant, whether or not in violation of this Lease, Landlord may, after default by Tenant and expiration of Tenant's time to cure such default, collect rent from the subtenant or occupant. In either event, Landlord may apply the net amount collected to the rents herein reserved, but no such assignment subletting, occupancy or collection shall be deemed a waiver of any of the provision of this Article, or the acceptance of the assignee, subtenant or occupant as tenant, or a release by Tenant from the further performance by Tenant of Tenant's obligations under this Lease. The consent of Landlord to an assignment, mortgaging or subletting pursuant to any provision of this Lease shall not in any way be considered to relieve Tenant from obtaining the express consent of Landlord to any other or further assignment, mortgaging or subletting. Tenant agrees to pay to Landlord reasonable counsel fees incurred by Landlord in connection with any proposed assignment of Tenant's interest in this Lease or any proposed subletting of the Premises or any part thereof. Neither any assignment of Tenant's interest in this Lease nor any subletting, occupancy or use of the Premises or any part thereof by any person other than Tenant, nor any collection of rent by Landlord from any person other than Tenant as provided in this Article, nor any application of any such rent as provided in this Article, nor any application of any such rent as provided in this Article, shall under any circumstances, relieve or release Tenant of its obligation fully to observe and perform the terms, covenants and conditions of this Lease on Tenant's part to be observed and performed.

19.3 To the extent Tenant realizes any profit on any assignment or sublease of all or any portion of the Premises, then 75 percent of said profit shall be payable to Landlord. For purposes of this Section "profit" shall refer to the difference between; (1) all payments made by an assignee or a subtenant to Tenant as rent or otherwise under or in connection with said assignment or sublease; and (2) the costs and expenses paid by Tenant in connection with said assignment or sublease including the annual Fixed

Rent and Additional Rent payable hereunder with respect to the sublet space and the reasonable brokerage, legal and alteration expenses, if any, incurred in connection with said assignment or sublease. Promptly after such assignment or the commencement of any such sublease Tenant shall deliver to Landlord a statement of the expenses incurred in connection therewith and payments to Landlord of Landlord's share of the profit in connection therewith shall be made promptly after receipt thereof, in the case of an assignment and, in the case of a sublease, monthly, as Additional Rent hereunder.

19.4 (a) In case of a subletting approved by Landlord, a duly executed and acknowledged original of the sublease shall be delivered to Landlord, the same to provide that (i) such sublease is and shall be subject and subordinate to this Lease and any then present or future modifications thereof; and (ii) in the event of termination, re-entry or dispossess by Landlord under this Lease, Landlord may, at its option, take over all of the right, title and interest of Tenant, as sublessor, under such sublease, and such subtenant shall, at Landlord's option, attorn to Landlord pursuant to the then executory provisions of such sublease, except that Landlord shall not (A) be liable for any previous acts or omissions of Tenant, as sublessor under such sublease; (B) be subject to any offsets against Landlord or (C) be bound by any previous modification of such sublease to which Landlord shall not have consented in writing or by any previous prepayments of more than one month's rent.

(b) In the case of any approved assignment or subletting, Tenant, as assignor or as sublessor, as the case may be, shall remain liable for the performance or observance of all of the terms and provisions on Tenant's part to be performed or observed under this Lease.

19.5 (a) If this Lease is assigned to any party pursuant to the Bankruptcy Code or similar law, any and all monies or other consideration payable or otherwise to be delivered in connection with such assignment shall be paid or delivered to Landlord, shall be and remain the exclusive property of Landlord and shall not constitute property of Tenant or of the estate of Tenant within the Bankruptcy Code or similar law. Any and all monies and other consideration constituting Landlord's property under the preceding sentence not paid or delivered to Landlord shall be held in trust for the benefit of Landlord and then be promptly paid or delivered to Landlord.

(b) Any party to which this Lease shall be assigned pursuant to the provisions of the Bankruptcy Code or similar law shall be deemed, without further act or deed, to have assumed all of the obligations accruing under this Lease on and after the date of such assignment. Any such assignee shall, upon demand, execute and deliver to Landlord an instrument confirming such assumption.

ARTICLE 20 SUBORDINATION AND ATTORNMENT

20.1 This Lease, and all rights of Tenant hereunder, are and shall be subject and subordinate in all respect to (a) all future ground leases, overriding leases and underlying leases and/or grants of term of the Land and/or the Building or the portion thereof in which the Premises are located in whole or in part, (b) all mortgages and building loan agreements, including leasehold mortgages and building loan agreements, which may now or hereafter affect the Land and/or the Building (collectively, the "Superior Mortgages") whether or not the Superior Mortgages shall also cover other lands and/or buildings and (c) each and every advance made or hereafter to be made under the Superior Mortgages and to all renewals, modifications, replacements substitutions and extensions of the Superior Mortgages and spreaders and consolidations of the Superior Mortgages. The provisions of this section shall be self-operative and no further instrument of subordination shall be required as to any Superior Mortgage filed subsequent to the effective date hereof but only if the holder of such Superior Mortgage agrees in writing or the mortgage provides that for so long as Tenant is not in default of its obligations set forth in this Lease beyond any

applicable notice and cure period, the holder of such Superior Mortgage will not, in foreclosing against, or taking possession of the Premises or otherwise exercising its right under the Superior Mortgage, disturb the Tenant's right of possession under this Lease. In confirmation of such subordination, Tenant shall within 10 days after receipt of a request for the same, provided the provisions of the foregoing sentence are complied with to Tenant's benefit, execute and deliver at its own cost and expense any instrument, in recordable form if required, that Landlord or the holder of a Superior Mortgage or any of their respective successors in interest may request to evidence such subordination. Landlord shall obtain and deliver to Tenant a non-disturbance agreement from the holder of the Superior Mortgage encumbering the Land and Building as of the date hereof in form and substance reasonably satisfactory to Tenant.

20.2 Subject to the provisions of Section 20.1 being complied with to Tenant's benefit, if, at any time prior to the expiration of the Term, the holder of a Superior Mortgage shall become the owner of the Building as a result of foreclosure of its mortgage or conveyance of the Building, or become a mortgagee in possession of the Land or the Building. Tenant agrees, at the election and upon demand of any owner of the Land or the Building, or of the holder of any Superior Mortgage (including a leasehold mortgagee) in possession of the Land or the Building, to attorn from time to time to any such owner, holder or lessee upon the then executory terms and conditions of this Lease, provided that such owner, holder or lessee, as the case may be, shall then be entitled to possession of the Premises. Such successor in interest to Landlord shall not be bound by (i) any payment of rent or additional rent for more than one month in advance, except prepayments in the nature of security for the performance by Tenant of its obligations under the Lease, or (ii) any amendment, modification or termination of this Lease made or entered into after the date of execution of the Superior Mortgage without the consent of the holder of the Superior Mortgage or such successor in interest whose name is disclosed to Tenant or (iii) any offsets which may be asserted by the Tenant against payments of rent as a result of any default by or claims against Landlord hereunder arising prior to the date such successor takes possession of the Premises or (iv) any obligation by Landlord as lessor hereunder to perform any work or grant any concession without the mortgagee's express assumption of such obligation to perform work or grant such concession. The foregoing provisions of this Section shall inure to the benefit of any such owner, holder or lessee, shall be self-operative upon any such demand, and no further instrument shall be required to give effect to said provisions, although Tenant shall execute such an instrument upon the request of the holder of a Superior Mortgage, provided the provisions of Section 20.1 are complied with to Tenant's benefit.

20.3 INTENTIONALLY OMITTED.

20.4 Provided that the Tenant has been provided with notice of the name and address of any holder of a Superior Mortgage (a "Mortgagee"), no notice from the Tenant of any default by the Landlord in its obligations shall be valid, and the Tenant shall not attempt to terminate this Lease, withhold Fixed Rent or Additional Rent or exercise any other remedy which may arise under law by reason of any such default, unless the Tenant first gives such notice to any Mortgagees and provides such Mortgagees with notice of such default, and an opportunity to cure the same within a period of time that shall be not less than the period afforded to the Landlord to cure the default under the provisions of this Lease, provided further that if the default by the Landlord is of such a nature that it would, if left uncured, give rise to a right of termination by the Tenant of this Lease, then the Tenant shall, prior to exercising any such termination right, provide to the Mortgagee a second notice (which second notice shall be given upon the expiration of the cure period initially applicable to the default, after taking into account all applicable facts and circumstances) stating the continuing nature of the default and providing to the Mortgagee an additional thirty (30) day period within which to cure such default.

20.5 Any Mortgagee may, at any time, by giving written notice to, and without any further consent from, the Tenant, subordinate its mortgage to this Lease, and thereupon the interest of the Tenant under this Lease shall automatically be deemed to be prior to the lien of such mortgage without regard to the relative dates of execution, delivery or filing thereof or otherwise.

20.6 Landlord shall endeavor to have each Mortgagee provide in connection with the application of insurance proceeds received by such Mortgagee, that, so long as (i) Landlord is not in default of its obligations under the Superior Mortgage and all financial covenants required by such Mortgagee have been and are anticipated to continue to be satisfied; (ii) Tenant is not in default of its obligations under this Lease; and (iii) Tenant will not exercise any right it may have under the first sentence of Section 12.2 of this Lease by virtue of the occurrence of such casualty to terminate the Lease such Mortgagee will disburse such proceeds, in accordance with requirements set forth in the Superior Mortgage (or other loan documents) for the repair and restoration of the Building.

ARTICLE 21 ACCESS; CHANGE IN FACILITIES

21.1 Landlord reserves the right, at any time without incurring any liability to Tenant therefor, to make such changes in or to the Building and the fixtures and equipment of the Building, as well as in the entrances, passageways, halls, doors, doorways, corridors, elevators, escalators, stairs, toilets and other public parts of the Building as it may deem necessary or desirable, provided any such change does not (x) deprive Tenant of access to the Premises; (y) materially or unreasonably interfere with the use of the Premises or the conduct of business therein; nor (z) reduce the usable area of the Premises in excess of one percent (1%) of the total rentable area thereof so long as such reduction shall not materially, adversely effect the Tenant's current use (with an appropriate adjustment in Fixed Rent due to such reduction in the area of the Premises).

21.2 Tenant shall permit Landlord to install, use and maintain pipes, ducts and conduits within or through the Premises, or through the walls, columns and ceilings therein, provided that the installation work is performed at such times and by such methods as will not reduce the usable space in the Premises or unreasonably interfere with Tenant's use and occupancy of the Premises, or damage the appearance thereof.

21.3 Landlord or Landlord's agents shall have the right to enter the Premises at all times for any of the purposes specified in this Article and (a) to examine the Premises or for the purpose of performing any obligation of Landlord or exercising any right or remedy reserved to Landlord in this Lease; (b) to exhibit the Premises to a prospective purchaser, mortgagee, ground lessor of the Building, or others and during the last six months of the lease term to exhibit the Premises to prospective tenants; (c) make such repairs, alterations, improvements or additions or to perform such maintenance as Landlord may deem necessary or desirable; (d) to take all materials into and upon the Premises that may be required in connection with any such repairs, alterations improvements, additions or maintenance; and (e) to alter, renovate and decorate the Premises if Tenant shall have removed all or substantially all of Tenant's Property from the Premises. Notwithstanding the foregoing, except in emergencies or Tenant's default hereunder, all entries by Landlord under this Section shall be, after notice to Tenant, at reasonable times and shall be conducted in accordance with Tenant's customary rules and regulations concerning access to the Premises including, but not limited to labs, research and administrative offices located therein and so as not to unduly or unseasonably, interfere with Tenant's use and occupancy of the Premises.

21.4 The exercise of any right reserved to Landlord in this Article shall not constitute an actual or constructive eviction, in whole or in part, or entitle Tenant to any abatement or diminution of rent

(except as specifically provided herein), or relieve Tenant from any of its obligations under this Lease, or impose any liability upon Landlord or Landlord's agents, or upon the holder of a Superior Mortgage.

ARTICLE 22 INABILITY TO PERFORM

22.1 This Lease and the obligations of Tenant to pay rent and perform all of the terms, covenants and conditions on the part of Tenant to be performed shall in no way be affected, impaired or excused because Landlord, due to the occurrence of an event of force majeure (as set forth in Article 32 hereof) is (a) unable to fulfill any of its obligations under this Lease or (b) unable to supply or delayed in supplying any service expressly or impliedly to be supplied, or (c) unable to make or delayed in making any repairs, replacements, additions, alterations or decorations or (d) unable to supply or delayed in supplying any equipment or fixtures. Landlord shall in each instance exercise commercially reasonable diligence to effect performance when and as soon as possible.

ARTICLE 23 PREJUDGMENT REMEDY, REDEMPTION, COUNTERCLAIM AND JURY TRIAL

23.1 Tenant, for itself and for all persons claiming through or under it, hereby acknowledges that this Lease constitutes a commercial transaction as such term is used and defined in Chapter 903 of the Connecticut General Statutes, and hereby expressly waives any and all rights which are or may be conferred upon Tenant by said Act to any notice or hearing prior to a prejudgment remedy, and by any present or future law to redeem the Premises, or to any new trial in any action or ejection under any provisions of law, after reentry thereupon, or upon any part thereof, by Landlord, or after any warrant to dispossess or judgment in ejection. If Landlord shall acquire possession of the Premises by summary proceedings, or in any other lawful manner without judicial proceedings, it shall be deemed a reentry within the meaning of that word as used in this Lease. In the event that Landlord commences any summary proceedings or action for nonpayment of rent or other charges provided for in this Lease, Tenant shall not interpose any non-compulsory counterclaim of any nature or description in any such proceeding or action. Tenant and Landlord both waive a trial by jury of any or all issues arising in any action or proceeding between the parties hereto or their successors, under or connected with this Lease, or any of its provisions.

ARTICLE 24 WAIVERS

24.1 The failure of Landlord to insist in any one or more instances upon the strict performance of any one or more of the arguments, terms, covenants, conditions or obligations of this Lease, or to exercise any right, remedy or election herein contained, shall not be construed as a waiver or relinquishment for the future of the performance of such one or more obligations of this Lease or of the right to exercise such election, but the same shall continue and remain in full force and effect with respect to any subsequent breach, act or omission whether of a similar nature or otherwise. The manner of enforcement or the failure of Landlord to enforce any of the Rules and Regulations against Tenant and/or any other tenant in the Building shall not be deemed a waiver of any such Rules and Regulations.

24.2 The following specific provisions of this Section shall not be deemed to limit the generality of the foregoing provisions of this Article:

(a) No agreement to accept a surrender of all or any part of the Premises shall be valid unless in writing and signed by Landlord. No delivery of keys shall operate as a termination of this Lease or a surrender of the Premises.

(b) The receipt or acceptance by Landlord of rents with knowledge of breach by Tenant of any term, covenant or condition of this Lease shall not be deemed a waiver of such breach.

(c) No payment by Tenant or receipt by Landlord of a lesser amount than the correct Fixed Rent or Additional Rent shall be deemed to be other than a payment on account, nor shall any endorsement or statement on any check or any letter accompanying any check or payment be deemed to effect or evidence an accord and satisfaction, and Landlord may accept such check or payment without prejudice to Landlord's right to recover the balance or pursue any other remedy in this Lease or at law provided.

ARTICLE 25 QUIET ENJOYMENT

25.1 If, and so long as Tenant pays the Fixed Rent and Additional Rent and keeps and performs each and every term. covenant and condition herein contained on the part and on behalf of Tenant to be kept and performed, Tenant shall lawfully and quietly hold, occupy and enjoy the Premises during the Term of this Lease without hinderance or molestation by Landlord, subject to the terms, covenants, and conditions of this Lease and the Superior Mortgages (provided, with regard to the Superior Mortgages, Tenant shall have the benefit of the right of non-disturbances granted herein and of any non-disturbance agreement delivered to Tenant by any holder of a Superior Mortgage).

ARTICLE 26 ENVIRONMENTAL COMPLIANCE

26.1 Tenant hereby covenants to Landlord that Tenant shall (a) (i) comply with all Laws (as defined below) applicable to the discharge, generation, manufacturing, removal, transportation, treatment, storage, disposal and handling of Hazardous Materials or Wastes (as defined below) as apply to the activities of the Tenant, its directors, officers, employees, agents, contractors, subcontractors, licensees, invitees, sublessees, assignees, successors and assigns at the Property (together with Tenant, the "Tenant Parties") and, without limiting the generality of the foregoing, obtain and comply with any and all required discharge permits for the discharge of laboratory waste, and prior to the expiration or termination of this Lease, use commercially reasonable efforts to complete the closure of any Hazardous Waste Storage Area in accordance with all applicable laws, rules and regulations; (ii) promptly remove any Hazardous Materials or Wastes caused or generated by the Tenant Parties from the Premises in accordance with all applicable Laws and orders of governmental authorities having jurisdiction; (iii) pay or cause to be paid all costs associated with such removal of such Hazardous Materials or Wastes generated by Tenant or the Tenant Parties including any remediation and restoration of the Premises; and (iv) indemnify Landlord from and against all losses, claims and costs arising out of the migration of Hazardous Materials or Wastes caused or generated by the Tenant Parties from or through the Premises into or onto or under other portions of the Building or the Property or other properties; (b) keep the Property free of any lien imposed pursuant to any applicable Law in connection with the existence of Hazardous Materials or Wastes in or on the Premises caused or generated by Tenant or the Tenant Parties; (c) not install or permit to be installed or to exist in the Premises any asbestos, asbestos-containing materials, urea formaldehyde insulation or any other chemical or substance which has been determined to be a hazard to health and environment, the installation, presence, use or existence of which would be in or cause a violation of any applicable Law; (d) not cause or permit to exist, as a result of an intentional or unintentional act or omission on the part of Tenant, any Tenant Parties or any occupant of

the Premises, a releasing, spilling, leaking, pumping, emitting (other than from one containment area to another), pouring, discharging, emptying or dumping of any Hazardous Materials or Wastes onto the Premises, the Building or the Land; (e) identify on Exhibit C all Hazardous Materials or Wastes currently used by Tenant and shall notify Landlord of any changes or addition to the Hazardous Materials or Wastes so used; (f) give all notifications and prepare all reports required by Laws or any other law with respect to Hazardous Materials or Wastes caused or generated by the Tenant Parties existing on, released from or emitted from the Premises (and shall give copies of all such notifications and reports to Landlord); (g) promptly notify Landlord in writing of any release, spill, leak, emittance, pouring, discharging, emptying or dumping of Hazardous Materials or Wastes known to Tenant in or on the Premises; (h) if Landlord has a reasonable basis of belief that Tenant, the Tenant Pates permitted a release or spill of Hazardous Materials or Wastes to occur, pay for periodic environmental monitoring by Landlord as well as subsurface testing paid as Additional Rent; and (i) promptly notify Landlord in writing of any summons, citation, directive, notice, letter or other communication, written or oral, from any local, state or federal governmental agency, or of any claim or threat of claim known to Tenant, made by any third party relating to the presence or releasing, spilling, leaking, pumping, emitting, pouring, discharging, emptying or dumping of any Hazardous Materials or Wastes caused or generated by the Tenant Parties onto the Premises. In addition to the foregoing, Tenant shall be responsible for and bear all costs in connection with the treatment and discharge of its laboratory waste and waste water disposal. Notwithstanding anything to the contrary set forth in this Lease, Tenant shall not be responsible or liable for any Hazardous Materials or Waste located at, in, or around the Premises which was (i) released or generated prior to the Commencement Date (unless released or generated by Tenant during its early access to and occupancy of the Premises); or (ii) was released or generated by Landlord, Arch or any other tenant.

Tenant's obligation to close the Hazardous Waste Storage Area, at Tenant's sole cost and expense, shall survive termination of the Lease. Tenant agrees that, in connection therewith, and as security for Tenant's obligation to close any Hazardous Waste Storage Area then, on Landlord's request made prior to or within 10 business days after than the Expiration Date, (or if the Lease is sooner terminated, on the termination date, Tenant shall deposit with Landlord a reasonable sum, not to exceed $50,000, which Landlord shall be entitled to continue to hold as security for the proper and lawful closure of the Hazardous Waste Storage Area, the "Closure Obligation"). In lieu of cash, Tenant may provide Landlord with an unconditional, irrevocable, assignable letter of credit, (the "Letter of Credit") for all or a portion of such amount. In the event Tenant furnishes the Letter of Credit, the Letter of Credit shall be on the following terms and conditions: (i) issued by a commercial bank acceptable to Landlord, which bank must have an office in New Haven, Connecticut; (ii) having a term which shall have an expiration date not sooner than the date which is five (5) years from the Expiration Date (as such date may be extended by virtue of Tenant exercising its right to extend the Term) or sooner termination date, however, if the Letter of Credit has an earlier expiration date, it shall contain a so-called "evergreen clause"; (iii) available for negotiation by draft(s) at sight accompanied by a statement signed by Landlord stating that the amount of the draw represents funds due to Landlord (or its successors and assigns) due to the failure of Tenant to perform its Closure Obligation or (iv) be otherwise on terms and conditions reasonably satisfactory to Landlord. It is agreed that in the event Tenant fails to perform its Closure Obligation, Landlord may draw upon the Letter of Credit or upon the funds held on account as the Security Deposit to the extent required to perform the same. In the event that Tenant shall fully and faithfully perform its Closure Obligation (as shall be evidenced by a sign-off or other definitive communication from applicable Governmental Authorities, the Letter of Credit and/or funds on deposit with Landlord shall be returned to Tenant. Tenant further covenants that it will not assign or encumber or attempt to assign or encumber the Letter of Credit or any funds on deposit and that neither Landlord nor its successors or

assigns shall be bound by any such assignment, encumbrance, attempted assignment or attempted encumbrance.

26.2 The term "Hazardous Materials or Wastes" shall mean any hazardous or toxic materials, pollutants, chemicals, or contaminants, including without limitation asbestos, asbestos-containing materials, urea formaldehyde foam insulation, polychlorinated biphenyls (PCBS) and petroleum products as defined, determined or identified as such in any Laws, as hereinafter defined. The term "Laws" means any federal, state, county, municipal or local laws, rules or regulations (whether now existing or hereinafter enacted or promulgated) including, without limitation, the Clean Water Act, 33 U.S.C. ss. 1251 et seq. (1972), the Clean Air Act, 42 U.S.C. ss. 7401 et seq. (1970), the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. Subsection 1802, and The Resource Conservation and Recovery Act, 42 U.S.C. Subsection 6901 et seq., any similar state laws, as well as any judicial or administrative interpretation thereof, including any judicial or administrative orders or judgments.

26.3 Tenant hereby agrees to defend, indemnify and hold harmless Landlord, its employees, agents, contractors, subcontractors, licensees, invitees, successors and assigns from and against any and all claims, losses, damages, liabilities, judgements, costs and expenses (including, without limitation, attorneys' fees and costs incurred in the investigation, defense and settlement of claims or remediation of contamination) incurred by such indemnified parties as a result of or in connection with the presence at or removal of Hazardous Materials or Wastes caused or generated by Tenant or any of the Tenant Parties from the Premises or as a result of or in connection with activities prohibited under this Article 26. Tenant shall bear, pay and discharge, as and when the same become due and payable, any and all such judgments or claims for damages, penalties or otherwise against such indemnified parties, shall hold such indemnified parties harmless against all claims, losses, damages, liabilities, costs and expenses, and shall assume the burden and expense of defending all suits, administrative proceedings, and negotiations of any description with any and all persons, political subdivisions or government agencies arising out of any of the occurrences set forth in this Paragraph 26. The provisions of this Section shall survive termination of this Lease.

ARTICLE 27 BROKERAGE

27.1 Tenant represents that in the negotiation of this Lease it dealt with no real estate broker or salesman other than Cushman & Wakefield of Connecticut, Inc. and CB Richard Ellis, Inc. Tenant shall indemnify Landlord and hold Landlord harmless from any and all losses, damages and expenses arising out of any inaccuracy or alleged inaccuracy of the above representation, including court costs and attorneys' fees. Landlord shall have no liability for brokerage commissions arising out of a sublease by Tenant and Tenant shall and does hereby indemnify Landlord and hold harmless from any and all liability for brokerage commissions arising out of any such sublease. Tenant's indemnity shall also cover all fees, costs and expenses, including attorneys' fees, which Landlord incurs to defend against any such claim (which Tenant shall pay upon demand). The provisions of this Article 27 shall survive the expiration or termination of this Lease.

ARTICLE 28 NOTICES

28.1 All notices, demands or communications given under this Lease shall be sent to the addresses set forth above (except that from and after the Commencement Date, Tenant's notice address shall be 350 Knotter Drive, Cheshire, Connecticut 06410) or at such other addresses as the parties may

designate by written notice and shall be hand delivered or sent by private overnight courier service or by prepaid registered or certified mail, return receipt requested, and shall be deemed given on the date delivered or, if refused, the date of such refusal.

ARTICLE 29 ESTOPPEL CERTIFICATE, MEMORANDUM; FINANCIALS

29.1 At any time and from time to time within ten (10) days' prior of delivery of written notice by Landlord or Tenant to the other, Landlord and Tenant shall execute, acknowledge and deliver to the other a statement in writing in form satisfactory to Landlord certifying that this Lease is unmodified and in full force and effect (or if there have been modifications, that the same is in full force and effect as modified and stating the modifications), and the dates to which the Fixed Rent and Additional Rent have been paid in advance, if any, stating whether there are any offsets to the Tenant's obligation to pay rent thereunder and describing them, if any, and stating whether or not to the best knowledge of the signer of such certificate (who shall be a duly authorized officer or signatory of Tenant) Landlord is in default in performance of any term, covenant or condition contained in this Lease, and if so, specifying each such default of which the signer may have knowledge, it being intended that any such statement delivered pursuant hereto may be relied upon by any prospective purchaser of the Land and the Building or any part thereof or of the interest of Landlord in any part thereof, by any mortgagee or prospective mortgagee thereof, by any lessor or prospective lessor thereof, or by any lessee or prospective lessee thereof, or by any prospective assignee of any mortgagee thereof.

29.2 At the request of either party. Landlord and Tenant shall promptly execute, acknowledge and deliver a memorandum with respect to this Lease sufficient for recording. Such memorandum shall not state the Fixed Rent. Such memorandum shall not in any circumstances be deemed to change or otherwise affect any of the terms, covenants and conditions of this Lease.

29.3 Tenant, and each and every assignee, sublessee, successor or assign of Tenant, shall deliver to Landlord, with reasonable promptness, but in no event later than ninety (90) days after the close of each fiscal year of such entity, a copy of such entity's audited year end financial statements and cash flow analysis, each prepared in accordance with generally accepted accounting principles, which shall be certified by such entity's chief financial officer as being true, accurate and complete in all material respects. Upon written request by Tenant, Landlord shall enter into a commercially reasonable confidentiality agreement covering any confidential information that is disclosed by Tenant.

ARTICLE 30 PARTIES BOUND

30.1 The terms, covenants and conditions contained in this Lease shall bind and benefit the successors and assigns of the parties with the same effect as if mentioned in each instance where a party is named or referred to except that no violation of the provisions of Article 19 shall operate to vest any rights in any successor or assignee of Tenant and that the provisions of this Article shall not be construed as modifying the conditions of limitation contained in Article 14.

30.2 The obligations of Landlord under this Lease shall no longer be binding upon Landlord named herein after the sale, assignment or transfer by Landlord named herein (or upon any subsequent landlord) of its interest in the Building as owner or lessee, and in the event of such sale, assignment or transfer, such obligations shall thereafter be binding upon the grantee, assignee or other transferee of such interest, and any such grantee, assignees or transferee, by accepting such interest, shall be deemed to have assumed such obligations. A lease of Landlord's entire interest in the Building shall be deemed a

transfer for the purposes of this Section, provided the transferee assumes the obligations of the Landlord hereunder.

30.3 In connection with the provisions of this Lease and the obligations and covenants of Landlord herein set forth, Tenant shall look solely to the estate and property of such Landlord in the Land and Building for the satisfaction of Tenant's remedies, for the collection of a judgement (or other Judicial process) requiring the payment of money by Landlord in the event of any default or breach by Landlord with respect to any of the terms, covenants and conditions of this Lease to be observed and/or performed by Landlord, and no other property or assets of such Landlord shall be subject to levy, execution or other enforcement procedure for the satisfaction of Tenant's remedies.

ARTICLE 31 ENTIRE AGREEMENT; NO OTHER REPRESENTATIONS; GOVERNING LAW; SEPARABILITY; TIME IS OF THE ESSENCE

31.1 This Lease contains the entire agreement between the parties and all prior negotiations and agreements are merged in this Lease. This Lease may not be changed, modified or discharged, in whole or in part, except by a written instrument executed by the party against whom enforcement of the change, modification or discharge is sought.

31.2 Tenant expressly acknowledges that neither Landlord nor Landlord's agents has made or is making, and Tenant, in executing and delivering this Lease, is not relying upon any warranties, representations, promises or statements, except to the extent that the same are expressly set forth in this Lease, and no rights, easements or licenses are or shall be acquired by Tenant by implication or otherwise unless expressly set forth in this Lease.

31.3 This Lease shall be governed in all respects by the laws of the State of Connecticut.

31.4 Each covenant and agreement in this Lease shall be construed to be a separate and independent covenant and agreement and the breach of any such covenant or agreement by Landlord or Tenant shall not discharge or relieve the other from its obligation to perform every covenant and agreement of this Lease to be performed by it. If any term or provision of this Lease or any application thereof shall be invalid or unenforceable, the remainder of this Lease and any other application of such term shall not be affected thereby.

31.5 The parties agree that with respect to payments to be made and obligations to be performed under this Lease, time is of the essence.

ARTICLE 32 FORCE MAJEURE

32.1 Landlord and Tenant shall be excused for the period of any delay in the performance of any obligations hereunder, when prevented from so doing by cause or causes beyond Landlord's or Tenant's, as the case may be, reasonable control which shall include, without limitation, all labor disputes, civil commotion, war, war-like operations, invasion, rebellion, hostilities, military or usurped power, sabotage, governmental regulations or controls, fire or other casualty, inability to obtain any material or services through Acts of God (force majeure) provided:

(a) Nothing contained in this Article 32 or elsewhere in this Lease shall be deemed to excuse or permit any delay in the payment of any sums of money required hereunder, or any delay in the cure of any default which may be cured by the payment of money;

(b) Neither Landlord nor the Tenant shall be entitled to rely upon this Article 32 unless it shall advise the other in writing of the existence of any force majeure event preventing the performance of any obligation of the Landlord or the Tenant, as the case may be, within five (5) days after the commencement of the force majeure; and

(c) No reliance by the Tenant or the Landlord upon this Paragraph 32 shall limit or restrict in any way the Landlord's or Tenant's, as applicable, right to self-help as provided in this Lease.

(d) Landlord and Tenant shall each use commercially reasonable efforts to alleviate or curtail any force majeure occurrence.

ARTICLE 33 EXTENSION OPTION

33.1 At the expiration of the original term hereof, if this Lease shall be in full force and effect and if the Tenant shall not be in default (beyond any applicable notice and grace period) of any of the terms, conditions, covenants and provisions hereof, at the time of exercise of the option and as of the commencement of the applicable extended term, Tenant shall have the right to extend the term of this Lease for three (3) additional terms of five (5) years, provided that it gives Landlord at least twelve (12) months' advance written notice of its exercise of each such extended term option, time being of the essence. The Fixed Rent (as described in Section 4 of this Lease) to be paid by Tenant during such extended term shall be payable at the rates and in the amounts set forth on Exhibit B. The Fixed Rent during such extended term shall be paid at the times and in the manner provided in the Lease for payment of Fixed Rent, but in the amount set forth on Exhibit B. Tenant occupancy during such extended term shall be governed by all of the other terms, conditions, covenants and provisions of this Lease, including, with respect to payment of Additional Rent, and except as expressly otherwise provided in this Article, and as this Lease shall have hereafter been amended, if at all.

ARTICLE 34 SECURITY DEPOSIT

34.1 Tenant shall deposit with Landlord upon execution of this Lease the sum of Two Hundred Thousand and 00/100 Dollars ($200,000.00), as a deposit toward the total amount of the Security Deposit to be delivered to Landlord and which Landlord shall be entitled to continue to hold as security for the faithful performance and observance by Tenant of the terms, provisions, and conditions of this Lease. The total amount of the Security Deposit to be delivered to Landlord shall be determined and deposited with Landlord as of the Rent Commencement Date. The amount of the Security Deposit is to be a function of the amount of the Allowance utilized by Tenant. In the event Tenant utilizes the entirety of the $30.00 per square foot Allowance, the amount of the Security Deposit shall be One Million and 00/100 Dollars ($1,000,000.00) and if Tenant does not use any of the Allowance, the amount of the Security Deposit shall be Two Hundred Thousand and 00/100 Dollars ($200,000.00). If Tenant uses part of the Allowance, the amount of the Security Deposit will be equal to the product of (i) the percentage of the $30.00 per square foot Allowance used by Tenant times (ii) $ 1,000,000.00, but in no event will the amount of the Security Deposit be less than $200,000.00. (For example, if Tenant uses $20.00 per square foot, then the Security Deposit shall be equal to (i) $20 / $30 (or 66.67) times (ii) $1,000,000.00, or $666,666.67). As of the Rent Commencement Date, Landlord and Tenant shall apply the $200,000.00 deposit toward the total amount of the Security Deposit and Tenant shall, within 5 Business Days, deliver

any amount necessary to equal the total amount of the Security Deposit. In lieu of cash, Tenant may provide Landlord with an unconditional, irrevocable, assignable letter of credit. (the "Letter of Credit") for all or a portion of such amount. In the event Tenant furnishes the Letter of Credit, the Letter of Credit shall be on the following terms and conditions: (i) issued by a commercial bank acceptable to Landlord, which bank must have an office in New Haven, Connecticut; (ii) having a term which shall have an expiration date not sooner than 60 days after the Expiration Date (and, if the Term is extended in accordance with the terms hereof, an expiration date 60 days after the expiration of each extended period), however, if the Letter of Credit has an earlier expiration date, it shall contain a so-called evergreen clause"; (iii) available for negotiation by draft(s) at sight accompanied by a statement signed by Landlord stating that the amount of the draw represents funds due to Landlord (or its successors and assigns) due to the failure of Tenant to pay Fixed Rent and/or Additional Rent when due or otherwise perform its obligations under this Lease and (iv) be otherwise on terms and conditions satisfactory to Landlord. It is agreed that in the event Tenant defaults beyond any applicable notice and cure period in respect of any of the terms, provisions, covenants, and conditions of this Lease, including, but not limited to, the payment of Fixed Rent and Additional Rent, Landlord may draw upon the Letter of Credit or upon the funds held on account as the Security Deposit to the extent required for the payment of any Fixed Rent and Additional Rent or any other sum as to which Tenant is in default or for any sum which Landlord may expend or may be required to expend by reason of Tenant's default (beyond applicable notice and cure periods) in respect of any of the terms, provisions, covenants, and conditions of this Lease, including, but not limited to, any damages or deficiency accrued before or after summary proceedings or other re-entry by Landlord. In the event that Tenant shall fully and faithfully comply with all of the terms, provisions, covenants, and conditions of this Lease, the Letter of Credit and/or funds on deposit with Landlord shall be returned to Tenant within 60 days after the Expiration Date (as if may be extended) and after delivery of entire possession of the Premises to Landlord. Tenant further covenants that it will not assign or encumber or attempt to assign or encumber the Letter of Credit or any funds on deposit and that neither Landlord nor its successors or assigns shall be bound by any such assignment, encumbrance, attempted assignment or attempted encumbrance. In the event Landlord draws upon the Letter of Credit or on funds on deposit as the Security Deposit, Tenant shall provide a new irrevocable letter of credit (on the terms set forth above) or with cash in the amount of the amount so drawn within seven (7) days after Landlord notifies Tenant of the draw or withdrawal so that at all times the total amount of Letters of Credit and/or funds in the account held by Landlord shall be equal to the aggregate Security Deposit. If the amount of the Security Deposit exceeds, $200,000.00 then, provided that Tenant is not in default, beyond any applicable notice and grace period, of its obligations under this Lease at any time during each applicable Lease Year, then commencing on the expiration of the fifth Lease Year and at the end of each Lease Year thereafter, the amount of the Security Deposit shall be reduced by $200,000.00, but in no event will the Security Deposit be reduced below $200,000.00.

34.2 In the event of a sale of the Building or leasing of the Building, or of the portion of the Building in which the Premises are located, Landlord shall have the right to transfer the Security Deposit to the vendee or Lessee and Landlord shall thereupon be released by Tenant from all liability for the return of the Security Deposit, and Tenant agrees to look solely to the new landlord for the return of the Security Deposit, and it is agreed that the provisions hereof shall apply to every transfer or assignment made of the Security Deposit to a new landlord.

ARTICLE 35 LANDLORD DEFAULT

35.1 In the event Landlord shall (i) file or have filed against it a petition or case under any section or chapter of the United States Bankruptcy Code, as amended, or any similar law or statute of the United States or any state and such petition or case is not discharged within 90 days or (ii) default in the

observance or performance of any term, covenant, or condition of this Lease on Landlord's part to be observed and performed, beyond any applicable notice or grace period, Tenant may pursue such rights and remedies as are available to it in law or in equity.

ARTICLE 36 EXPANSION

36.1 Attached hereto as Exhibit H is a preliminary plan to outline expansion possibilities that the Landlord may make available to Tenant. The ability of Landlord to make any expansion space available to Tenant is subject to, among other things (i) Tenant not being in default (beyond applicable notice or cure period(s) of its obligations under this Lease and (ii) Landlord's ability to obtain (y) all necessary permits and approvals and (z) financing. If any expansion option is pursued, the parties shall, in good faith, negotiate an amendment of the terms of this Lease (including the amount of Fixed Rent and Additional Rent payable by Tenant) to apply to the expansion area, and Landlord shall, in good faith, seek the financing necessary to accomplish the expansion.

Plan A shows a possible expansion of the Building in an area located at the southeast corner of the Building. Tenant shall have the exclusive right, during the initial Term of the Lease (but not during an extension term of the Lease Term), to request that Landlord pursue this expansion alternative.

Plan B shows a possible expansion along the western side of the Building. Tenant shall have the right during the Initial Term (but not during any extension term) to request that Landlord pursue this expansion alternative.

If the parties are unable to agree on the terms under which Landlord would provide expansion space to Tenant, then Landlord shall be under no obligation to pursue an expansion. Furthermore, Landlord's inability to expand the Building under Plan A or Plan B, shall not constitute a default by Landlord under this Lease.

The exclusive nature of the Tenant's right, as described above with regard to Plan A, in this Article 36, means that Landlord will take not action as to the Land or Building during the initial Term that would preclude Tenant from seeking the full benefit of the expansion option available to it under Plan A.

The expansion rights set forth above are personal to Tenant and to any assignee that is a Related Entity (as set forth in Article 19 of this Lease) and shall automatically terminate and become null, void and of no force and effect upon the earlier to occur of (i) the expiration or termination of the Lease by Landlord or pursuant to Law; (ii) the termination or surrender of Tenant's right of possession to the Premises; (iii) the assignment of this Lease by Tenant; (iv) the sublease by Tenant of more than 50% of the rentable area of the Premises, which sublease(s) have expiration dates within six months of the termination date or expiration date of this Lease; (v) the failure of Tenant to timely and/or properly exercise the option set forth above.

Subject to the requirements of law, including the obtaining of necessary permits and approvals from applicable Governmental Authorities, and the restrictions and conditions set forth in the declarations attached hereto as Exhibit M, the parties shall negotiate in good faith to arrive at a design, choice of materials, and specifications for the expansion area that will, substantially, meet the needs of Tenant.

ARTICLE 37 RIGHT OF FIRST OFFER FOR THE ARCH PREMISES

37.1 In the event that at any time during the Term of this Lease, as it may be extended, the Premises shown on Exhibit A as the Arch Chemical Premises becomes or is to become available for rental and Landlord wishes to lease such space to any person other than the then current occupant(s) thereof (if any), and, in the further event, that Tenant is not then in default (beyond any applicable grace or notice period) of its obligations to Landlord under this Lease, Landlord shall, before entering into a Lease for all or any portion of such space, make a written offer to lease the same to Tenant ("Landlord's Offer") stating the Rent and Additional Rent that Landlord will accept and all other material terms and conditions on which it would be willing to lease such space to Tenant. If within twenty (20) business days after receipt of Landlord's Offer, Tenant agrees in writing to lease such space, Landlord and Tenant will use commercially reasonable efforts to execute a lease or an amendment to this Lease for such space within forty-five (45) business days after Landlord's receipt of Tenant's notice of its election. If such notice of acceptance by Tenant is not so given, the Landlord shall be free to lease such space to a third party at an effective rent (which shall include Base Rent, Additional Rent and other monetary considerations) not substantially more favorable to said third party (i.e., Landlord shall not offer an effective rent that is less than 95% of the effective rent offered to Tenant) than that set forth in Landlord's Offer. In any case in which Tenant shall waive said right or if Tenant shall have failed to timely exercise such right, then Tenant shall, on request of Landlord, execute and deliver in recordable form an instrument indicating such waiver or expiration, which instrument shall be conclusive in favor of all persons relying thereon in good faith. This Right of First Offer is personal to the named Tenant and to any assignee that is a Related Entity (as set forth in Article 19 of this Lease) and shall automatically terminate and become null, void and of no force and effect upon the earlier to occur of (i) the expiration or termination of this Lease by Landlord or pursuant to Law: (ii) the termination or surrender of Tenant's right to possession of the Premises; (iii) the assignment of this Lease by Tenant (to other than a Related Entity); (iv) the sublease by Tenant of more than 50% of the rentable area of the Premises, which sublease(s) have expiration dates within six months of the Termination Date or Expiration Date of this Lease (to other than a Related Entity) ; or (v) the failure of Tenant to timely and properly exercise its rights under this provision.

ARTICLE 38 RIGHT OF FIRST OFFER AS TO THE LAND AND BUILDING

38.1 In the event that Landlord shall decide to sell the Land and the Building, provided that (i) this Lease is in full force and effect and (ii) Tenant is not then in default (beyond any applicable grace or notice period), then the Landlord shall negotiate in good faith with the Tenant (to the exclusion of others), for up to thirty (30) business days from the date of written notice of Landlord's intent to sell, for the sale of the Land and Building to Tenant, provided, however, Landlord shall have no liability to the Tenant, nor shall the Tenant's obligations under this Lease be in any way affected, in the event that the Landlord and Tenant do not agree on terms for a sale of the Land and Building to the Tenant, for any reason. In any case in which Landlord and Tenant do not agree on terms for the sale of the Land and Building to Tenant, within such thirty (30) business day period, then Tenant shall, on request of Landlord, execute and deliver in recordable form an instrument indicating such failure or inability, which instrument shall be conclusive in favor of all persons relying thereon in good faith. This right of first offer is personal to the named Tenant and to any assignee that is a Related Entity (as set forth in Article 19 of this Lease) and shall automatically terminate and become null, void and of no force and effect upon the earlier to occur of (i) the expiration or termination of this Lease by Landlord or pursuant to any Law; (ii) the termination or surrender of Tenant's right to possession of the Premises; (iii) the assignment of this Lease by Tenant (to other than a Related Entity); (iv) the sublease by Tenant of more than 50% of the rentable area of the Premises, which sublease(s) shall have expiration dates within six months of the

Expiration Date of this Lease (to other than a Related Entity); or (v) the failure of Tenant to timely and properly exercise its rights under this provisions.

ARTICLE 39 TENANT'S CONTRACTORS AND SERVICE PROVIDERS

39.1 Tenant may, in the exercise of its commercially reasonable judgment, enter into contracts with service providers. For example, Tenant may enter into contracts with a caterer to service the cafeteria located within the Premises, a security firm and/or a janitorial firm to provide services to the Premises. Tenant shall, from time to time, give notice to Landlord of the name and address of the contractors or the service providers and such other information as Landlord may reasonably request. Landlord and Tenant agree that in the event Landlord elects to retain a security firm to provide security to the common areas of the Building, that Landlord and Tenant shall cooperate and coordinate in the delivery of security services to the common areas of the Building and to the Premises.

(Signature page to follow).

IN WITNESS WHEREOF, Landlord and Tenant have duly executed this Lease as of the day and year first above written.

Signed, Sealed, and Delivered in the Presence of:

_____

_____

LANDLORD:

WE KNOTTER, L.L.C.
By: Winstanley Enterprises, LLC
Its Manager

By: _____

Its

TENANT:

ALEXION PHARMACEUTICALS, INC.

_____

By: _____

_____

Its

EXHIBIT A

[Floor Plan Omitted]

SCHEME AA
350 Knotter Road, Cheshire, CT
AREA SUMMARY

Date: December 15, 1999
Project No.: 99591

SUMMARY:	
Rentable Area	133,939
Common Area	12,900
Usable Area	121,039
R/U Ratio	1.107

SUMMARY: Tenants	USF	RSF USFxR/U
Arch Chemical	47,036	52,049
Alexion	74,003	81,890
TOTAL	121,039	133,939

EXHIBIT B

ANNUAL RENT SCHEDULE

Annual Rent Schedule:

1. For the first 4 months of the Term, no Fixed or Additional Rent shall be payable (other than utilities as may be payable under Article 11).

2. For the fifth and sixth months of the Term, no Fixed Rent will be payable, but Tenant shall pay its Pro Rata Percentage of Real Estate Taxes and Operating Expenses. Utility expenses shall be payable in accordance with the provisions of Article 11.

3. For the remainder of the initial Term and, for each Extended Term, if exercised, Fixed Rent will be payable at the following amounts for the applicable periods.

Period	Annual Rate Per Square Foot	Annual Fixed Rent	Monthly Fixed Rent
Months 7-24	$11.75	$962,207.50	$80,183.96
Months 25-60	$12.50	$1,023,625.00	$85,302.08
Months 61-96	$13.25	$1,085,042.50	$90,420.21
Months 97 - Scheduled Expiration Date	$14.00	$1,146,460.00	$95,538.33
First Extended Term The greater of	(i) $15.00 or (ii) the fair market rental value (as determined in accordance with the provisions set forth below)	(to be determined)	(to be determined)
Second Extended Term The greater of	(i) $16.00 or (ii) the fair market rental value (as determined in accordance with the provisions set forth below)	(to be determined)	(to be determined)
Third Extended Term The greater of	(i) $19.00 or (ii) the fair market rental value (as determined in accordance with the provisions set forth below)	(to be determined)	(to be determined)

To the extent Tenant utilizes all or any portion of the Allowance, then the Fixed Rent amounts set forth above for the initial Term shall be increased to include the amortized Allowance amount (including interest) and Landlord and Tenant will execute an amendment to this Lease to reflect the increased Fixed Rent payable by Tenant.

Tenant's Pro-Rata Percentage is 61.14% (calculated on the basis of the rentable square footage of the Premises at 81,890 square feet and the total rentable area of the Building of 133,939 square feet).

The Term Fair Market Rental Value shall mean the fair market rental of similar buildings, housing bio-technical or bio-chemical research uses, of similar age, size and location as the Premises within the New Haven County area (but without regard to the value of Tenant's Property). If Landlord and Tenant are unable to agree on such Fair Market Rental Value they shall each choose an MAI appraiser having at least 10 years experience in appraising such similar buildings. If the two appraisers cannot agree on a Fair Market Rental, they shall together choose a third similarly qualified appraiser, whose appraisal of the Fair Market Rental shall be final and binding upon Landlord and Tenant and may be entered by either party as a final judgement in any court of competent jurisdiction. Landlord and Tenant shall each bear the cost of their chosen appraiser and shall share equally the cost of any third appraiser chosen. The Fixed Rent during each such extended term shall be paid at the times and in the manner provided in the Lease for the payment of Fixed Rent, but in an amount as calculated as provided in this Exhibit.

EXHIBIT C

Alexion Pharmaceuticals, Inc. Chemical Inventory
(Subject to Change)

A

Amyl Acetate
Accuclot
Albmumin Human Essentially Fatty Acid Free
2-Aminoethylisothiouronium Bromide Hydrobromide
2-4-Dinitrophenylhydrazine
2-Chloroethanol
2-Mercaptoethanol Electrophoresis Reagent
2-Mercaptoethylamine Hydrochloride
2-mercaptoethanol molecualr biology reagent
A-Naphthyl Acetate
3-Isobutyl-1-Methylxanthine
5,5' dithio-bis(2-nitrobenzoic acid),dtnb
5-Cholomethylfluorescein Diacetate
5-sulfosalicylic acid dihyrdrate
7-amino-4-chloromethylcoumarin (cell tracker Blue CMAC)
8-chloromethyl-4,4-difluoro-1,3,5,7-tetramethyl-4-bora-3a, 4a-diaza-s-indacene
8-azaguanine(50X) Hybri-MAx gamma-irradiated
ABC Dry chemical
Acetic Acid, Glacial
acetonitrile
Acetonitrile Ace reagent
Acrylamide/Bis-Acrylamide 19 : 1 ratio
Acrylamide
actinomycin d from from streptomyces species
adenosine 5'-triphosphate disodium
a-galactosidase from escherichia coli
agarose conjugated anti-phosphotyrosine (monoclonal lgG2bk), mouse
alchohol, usp
aluminum ammonium sulfate dodecahydrate
americleasr tissue-clearing solvent
aminopterin, (50x) hybri-max gamma-irradiated
ammonium acetate, anhydrous acs reagent
ammonium chloride
ammonium persulfate
ammonium bromide, 99+%, a.c.s. reagent
ammonium sulfate grade I
apo-transferrin human
quidel assay kit - a006
ammonium sulfamate
amorphous sodium/calcium borosilicate glass
ampicillin sodium crystalline
antibody sensitized she ep erythrocytes

A (cont')

anti chicken egg albumin (ovalbumin) developed in rabbit delipidized, whole serum
antifoam a emulsion
anti-human fyn (p59 fyn) protien (whole serum), rabbit
anti-human 1 ck kinase (ct), rabbit
anti-mouse lgg (fc specific) developed in goat affinity isolated antigen specific
antibody absorbed with human lgg
anti-phosphotyrosine (monoclonal lgG2bk), mouse
anti-rat lgg (whole molecule) developed in rabbit lgg
aptt-fsl reagent
aprotinin from bovine lung
anti-rabbit lgg-agaroso (whole molecule) developed in goat solid phase second antibody
autoradiography enhancer

B

BCA
barbital sodium--dea schedule IV item
barium sulfate
benzamidine hydrochloride hydrate
b-galactosidase grade VIII from escherichia coli
b-glucuronidase from mollusk type h-2
blue dextran mol.wt.2,000,O0O
b-nicotinamide adenine di nucleotide phosphate reduced formtrasodium
boric acid acs reagent
boric acid sigma grade
boric acid molecular biology reagent
5-bromo-2'-deoxyuridine sigma grade
n-butane
n-butyric acid, sodium

F

Cacodylic acid sodium cryst
cacodylic acid, sodium salt hydrate 98%
calcium chloride anhydrus
carbenicillin disodium
carbon-14
carboxy-sulfrom bonded silica gel
catechol crystalline

C (cont')

celestine blue
cellufine GCL-25
cell tracker orange
cellufine GCL-90
cesium chloride molecualr biology reagent
chloramphenicol cyrstalline
chloroform
chloroform ACS grade
chloroform molecular biology reagent
chloroquine disphosate crystalline
cholesterol cell culture tested
chromium-51
coagulation control level I
coagulation control level II
coagulation control level III
cobalt(II) bromide, 99%
cobalt chloride hexahydrate acs reagent
cobalt(II) bromide, 99%
collagenase p
collagenase type v
colloidal gold and colloidal silver labeled proteins, enzymes & ligand
complement component C1Q from human serum
complement component C1Q deficient serum from human plasma lyophilized
complement factor B deficient serum human
complement C2 deficient serum human
complement serum, standard human frozen
complement C5 deficient serum human
complement C5A human, recombinant
complement c8 deficient serum human
conanavalin a-sepharose 4b
concanavalin a type iv
copper(II) sulfate pentahydrate, 99.999%
cretine phosphokinase type I from rabbit muscle
gram crystal violet solution
cupric chloride hydrate
cupric sulfate pentahydrate acs reagent
cycloheximide from streptomyces griseus
crystal ponceau 6R
cytidine, 99%

D

deae-sephacel anion exchanger
dehydrated alcohol usp
deoxyribonuclease I type II-s from bovine pancreas
deoxycytidine-5'-Triphosphate, [alpha-32P]
deoxycholic acid sodium
dextran mol. wt. 500,000
dextrose, anyhdrous
dextrin type i
dcomts
disodium phosphate
diethyl pyrocarbonate
diluent kit for pkh26-gl or pkh95
dimethyl pimelmidate dihydrochloride
dimethyl sulfoxide acs regent
n,n dimethylformamide acs reagent
dl-dithiottreitol electrophoresis reagent
dithiothreitol (DTT)
5,5-dithio-bis (2-nitrobenzoic acid)
dot-e 7891

E

ecl western blotting detec.reagents (contains 2X250ml) formula:N/A
ecolume
embedding medium, infiltration medium
enolase from bakers yeast
endotheial cell growth supplement from bovine pituitary glands
en3hance(tm) spray
enterokinase from porcine intestine
environmentally hazardous substances, colid, n.o.s., cobalt (II) bromide
eosin
(-)-epinephrine (+)-bitartrate
ethidium bromide
enhance spray for surface autoradiography
ethanol
ether, 99.9%, HPLC Grade, Inhibitor-free
ethyl alcohol 200 proof usp
ethidium bromide tablets 100mg per tablet molecular biology reagent
ethylenediaminetetraacetic acid disodium dihydrate
ethylenediaminetetraacetic acid tetrasodium
ethyl alcohol 200 proof usp
ethylene glycol monomethyl ether
evans blue

F

fixative
"44" flux cored solder
factor IX deficient plasma
fast green fcf
fast red violet lb salt
ferrous sulfate heptahydrate 99+%
fluorescein
folin & ciocalteu's phenol reagent
formaldeyde
formalin solution, neutral buffered
formamide
forskolin from coleus forskohl II

G

geneticin disulfate
glutaraldehyde grade I
glutaraldehyde grade II
glutaric dialdehyde, 50wt, % solution in water
glutathione oxidized form free acid sigmaultra
glycerol acs reagent
glycerol, molecular biology reagent
glyoxal, 40wt. %solution in water
goat anti-human igg (fc specific) agarose, affinity isolated anitbody
goat anti-human igm (mu chain specific) isolated antibody, antibody absorbed with mouse and rat igg
guanidine thiocyanate
guanidine thiocyante molecular biology

H

harris hematoxylin
l-cysteine hydrochloride anhydrous
hat media supplement (50x) hybri-max gamma irradiated
hazorb-universal
hematoxylin
heptanoic acid
heparin sodium cell culture tested
heparin sodium grade I-A from porcine intestinal mucosa
ketamine hydrochloride
hexadecyltrimethylammonium bromide
hexadecyltrimethylammonium bromide flukabrand

H (cont')

hexadimethrine bromide
hexanes
histamine DI-hcl
hoechst 33258 (bisbenzimide)
human serum gamma-globulin free
hydrochloric acid
hydrochloric acid solution 1.on
hydrogen-3
hydrogen peroxide 3% (W/W) solution
hydrogen peroxide 30% (W/W) solution
hydroxylamine hacl grade I
hygromycin B
ethanolamine free base
hygromycin B hydrochloride from streptomyces hygroscopicus cell culture tested

I

iminodiacetic acid-epoxy activated sepharose 6B fast flow
iminodiacetic acid free acid
imidazole apporx. 99%
injection solution
indomethcin crystalline
insulin chain A. oxidized from bovine insulin ammonium
insulin chain A. oxidized from bovine insulin free acid
insulin from bovine pancreas
insulin-transferrin sodium selenite media supplement gamma-irradiated cell
culture tested\
invertase grade VII
invitrogen
iodine-125
iodoacetamjide crystalline
iodo (1-14c) acetamide / monoiodacetamide
isobutane
isopropanol molecular biology reagent
isopropyl b-d-thiagalactopyranoside
isopropyl alcohol
isopropyl alcohol and water

K

kanamycin monosulfate from streptomyces

L

l-isokeucine
lactic dehydrogenase kit
lauryl sulfate sodium
lectin from bandieraea simplicifolia bs-l isolectin B4
lectin from canavalia ensiformis typeiv-s gamma - irradiated
lectin from canavalia ensiformis typeiv-s sterile filtered cell culture tested
lectin from phaseolus vulgaris leucoagglutinin pha-I
lectin from phaseolus vulgaris leucoagglutinin pha-I cell culture tested
lectin from phytolacca
lectin from phytolacca americana sterile filtered
leupeptin hemisulfate from microbial source
l-leucine sigma grade
linoleic acid free acid approx. 99%
lipopolysaccharide chromatographically purified from salmonella abortus equi
phenolic extract
lipipolysaccharide from E.coli 0111:84 cell culture tested
lipopolysaccharide from escherichia coli serotype 0127:B8 phenol extract
lithium acetate dihydrate
lithium chloride anhydrous commercial grade
lithium sulfate
l-tryptophan sigam grade
l-lysine monohydrochloride, 99+%
lysozyme egg white for sds gel electrophoresis
lysozyme grade I from chicken egg white

M

magnesium chloride, 6-hydrate, crystal
majestic staunless stell protective polish (aerosol)
manganese chloride tetrahydrate
menadione sodium bosulfate cell culture tested
mallinckrodt
matrex cellufine sulfate
magnesium sulfate, 7-hydrate
matrex cellufine GCL-25
tmb substratre soluition
maleic anhydride
martius yellow sodium monohydrate
2-mercaptoethanol cell culture tested
2-mercaptoethanol
tmb substrate solution
methanol absolute

methanol spectrophotometric grade
methyl isobutyl ketone
methyl sulfoxide, anyhydrous, 99+%
methylene blue trihydrate
2-methylnaphthalene (BETA)
N,N-Methylene-Bix-Acrylamide
mineral oil light white oil
mineral spirits regular
mitomycin c from streptomyces caespitosus
molybdic acid sodium dihydrate
mops free acid
monoclonal anti-alpha-smooth muscle actin, clone 1A4
myelin basic protein from bovine brain
mycophenolic acid from penicillium brevi-compactum

N

2-naphthalenesulfonic acid, sodium salt, tech., 90%
naphthol as-bi butyrate
naphthol as-d chloroacetate
nnaphthol as phospate sodium
naphthol as-mx phosphate free acid
naphthol blue black
naphthol green b.1% in 1% acetic acid
neomycin sulfate
n-1-naphthylethylenediamine di hcl culk
na-p-tosyl-l-lysine chloromethyl ketone hydrochloride
n-butanol
neuraminidase type x from clostridium perfringes
neuraminidase from clostridium perfringes aseptically filled
neutral red cell culture tested
n-heptane
nickel chloride hexahydrate
nitrate reductase (nad(p)h) from aspergillus species
nitric acid, fuming, 90%
nitro blue tetrazolium 10mg tablets
n-lauroylsarcosine free acid
n-lauroylsarcosine sodium
nbt(nitrotetrazolium blue chloride)
n,n dimethylformaamide
n-lauroylsarcosine sodium
n-octyl b-d-glucopyranoside
n-tosyl-l-phenylanalnine chlromethyl ketone
nonidet p-40
nitro blue tetrazollum grade III crystalline
nutridoma sp

O

o-dianisidine dihydrochloride 10 mg tablets
o-dianisidine dihydrochloride
oleic acid free acid approx. 99%
orange G sodium
owren's buffer
oxalic acid

P

potassium sulfate acs reagent granular
palmitic acid free acid sigma grade
pararosaniline chloride
pararosaniline base
penicillin-g sodium
penicillin-streptomycin solution
phenylmethylsulfonyl fluoride
polyvinylpyrrolidone molecular biology reagent
polyethyleneimine bonded silica gel
o-phenylenediamine tablets
o-phenylenediamine dihydrochloride
o-phenylenediamine free base
povidone solution, u.s.p.
paraformaldehyde
pentanesulfonate, sodium salt
pepstatin A
periodic acid (hydrate)
phenol/chloroform
phenol molecfular biology reagent
phenylhydrazine hydrochloride
p-phenylenediamine free base
phenylhydrazine hydrochloride
phorbol 12-myristate 13-acetate
phosphate-citrate buffer with sodium perborate capsules
phosphatase alkaline type XXIV from human placenta
phosphoric acid
phosphoric acid 85% certified
phosphorus-32
phosphotungstic acid free acid cyrstalline
pkh26 linker for red fluorescent cell labeling
pkh26 red fluorescent cell linker kit for general membrane labeling
poly(ethylene glycol), average m.w. 2000
poly-l-lysine hydrobromide mol wt greater than 300000
poly-l-lysine hydrobromide mol wt 70000-150000

P (cont')

polyethlenimine, high molecular weight, 50wt.% solution in water
ponceau s solution 0.1% ponceau s (m/v)
ponceau s solution, 2% ponceau s (w/v)
ponceau S sodium practical grade
potassium chloride
potassium ferricyanide acs reagent
potassium ferrocyanide trihydrate acs reagent
protein g-sepharose 4 fast flow
potassium phosphate, dibasic
potassium phosphate, monobasic
promega
pronectin f
propane
propidium iodine
prostaglandin e1
protein a sepharose 4 fast flow
proteinase k from tritrachium album molecular biolgy reagent

R

rat igg technical grade from serum
reagent kit for sequencing w/sequenase(R) and 7 deaza-dgtp
restriction endoclease dsa i
restriction endoclease swa i
ribonuclease t1 from aspergillus drze, lypholized
ribonuclease a type iii-a from bovine pancreas
ribonuclease A typei-as from bovine pancreas
rifampicin cyrstalline
roccal (r) ii-10%
rpmi-1640 medium with 1-glutamine w/o phenol red or sodium bicarbonate
rpn 2106
rpn226

S

s-(2-aminoethyl) isothiouronium bromide hydrobromide, 99%
sera. complement human
sera human frozen liquid
sigmacote
sigma enzyme control 2-e

S (cont')

silane coated microscopes
silicone rubber compound
silica
sliver stain plus kit
silver nitrate
silver nitrate, 99.998%
silver nitrate cyrstalline
silver stain "daiichi"
silver, wire, 0.1 mm diam., 99.9%
2d silver stain "daiichi" II
sodium acetate molecular biology reagent
sodium actate trihydrate acs reagent
sodium azide
sodium borate decahydrate acs reagent
sodium cyanoborohydride
sodium carbonate anydrous acs reagent
soidum chloride sigma grade
sodium chloride
soidum chloride sigma grade
sodium fluoride crystalline
sodium hydroxide pellets acs reagent
sodium iodate
sodium iodine anyhydrous
sodium m-periodate acs reagent
sodium nitrate
sodium nitrite crystalline
sodium nitroprusside dihydrate
sodium orthovanadate
sodium phosphate dibasic, anydrous acs
sodium phosphate dibasic heptahydrate acs reagent
sodium phosphate, dibasic, 12-hydrate
sodium pyrophosphate decahydrate acs reagent
sodium sulfute anhydrous
sodium tetrathionate, dihydrate
sodium thiosulfate pentahydrate
sodium thiocyanate
streptomycin sulfate
sulfanilmaide
sulfo-nhs-biotin
sulphur-35
s/p brand xylene
staphylococcal enterotoxin b from staphylococcus aureus

T

taurine synthetic
tetracycline hydrochloride cyrstalline
tetramethylammonium chloride, 97%
2,6,10,14-tetramwthylpentadaecane
3,3',5,5'-tetramethylbenzidine free base
theophyilline crystalline anhydrous
thiamine hydrochloride
thrombin from human plasma
thrombin from human plasma
thymide cell culture tested
thymidine, [methyl-3H]
thymol crystalline
toluene
(2S,3S)-trans-epoxysuccinyl-l-leucylamido-3-methylbutane
apo-transferrin human
tributyl phosphate, 99+%
trichloroacetic acid crystalline
triethlyamine
triethanolamine free base
trifluoracetic acid
trifluoracetic acid protein sequencing
2,3,5-triphenyltetrazolium chloride
trypsin
trypsin inhibitor type II-s
trypsin1:250 from porcine pancreas gamma-irradiated cell culture tested
tungstic acid sodium dihydrate
1,1,2-trichloro-1,2,2-trifluoroethane
triton X-114
triton X-114, reduced
tris hydrochloride
trizma base reagent grade
trizma hydrochloride reagent grade
trizma base reagent grade
trizma hydrochloride reagent grade
trizma hydrochloride sigmaultra
tunicamyucin from a streptomyces species
tween 80

U

urea
urea cell culture tested
urease type iii from jack beans

V

vesphene II se

W

wright giemsa fucillo

X

xanthine sodium cell culture tested
xiazine hydrochloride
xylene
xylene cyanole ff, dye content: approx 75%

z

zinc chloride
zinc chloride, 99.999%
zinc sulfate heptahydrate
zymosan a from saccharomyces cerevisiae

EXHIBIT D
WORK LETTER

This Exhibit is attached to and made a part of the Lease and is entered into as of the __ day of _____, 2000 by and between WE KNOTTER, L.L.C., a Delaware limited liability company ("Landlord") and ALEXION PHARMACEUTICALS, INC. ("Tenant") for space in the Building located at 350 Knotter Drive, Cheshire, Connecticut.

1. Alterations and Allowance.

A. Tenant, following the delivery of the Premises by Landlord and the full and final execution and delivery of this Lease and all prepaid rental and security deposits required hereunder, shall have the right to perform alterations and improvements in the Premises (the "Initial Alterations"). Notwithstanding the foregoing, Tenant and its contractors shall not have the right to perform Initial Alterations in the Premises unless and until Tenant has complied with all of the terms and conditions of Article 9 of this Lease, including, without limitation, approval by Landlord of the final plans for the Initial Alterations. Tenant shall be responsible for obtaining all necessary permits and approvals in connection with the performance and completion of the Initial Alterations and for all elements of the design of Tenant's plans (including, without limitation, compliance with law, functionality of design, the structural integrity of the design, the configuration of the Premises and the placement of Tenant's furniture, appliances and equipment), and Landlord's approval of Tenant's plans shall in no event relieve Tenant of the responsibility for such design. In the event Tenant does not use Landlord's electrical, mechanical and roofing consultants then, Landlord's engineer and/contractor, at Tenant's expense, shall review and approve the plans and specifications as well as the work performed by Tenant's consultants and contractors.

B. Provided Tenant is not in default, Landlord agrees to contribute an amount not to exceed the product of $30 times the rentable square footage of the Premises, or $2,456,700.00, (such amount, "Allowance") toward the cost of performing the Initial Alterations in preparation of Tenant's occupancy of the Premises. Tenant is not obligated to accept or utilize the Allowance. The Allowance shall be repaid with interest at the rate of 11% per annum at the times and in the manner set forth in the Lease. The Allowance may only be used for the cost of preparing design and construction documents and mechanical and electrical plans for the Initial Alterations and for hard costs in connection with the Initial Alterations. The Allowance, less a 7.5% retainage (which retainage shall be payable as part of the final draw), shall be paid to Tenant or, at Landlord's option, to the order of the general contractor that performs the Initial Alterations, in periodic disbursements within thirty (30) days after receipt of the following documentation: (i) an application for payment and sworn statement of contractor substantially in the form if AIA Document G-702 covering all work for which disbursement is to be made to a date specified therein; (ii) a certification from an AIA architect substantially in the form of the Architect's Certificate for Payment which is located on AIA Document G-702, Application and Certificate of Payment; (iii) Contractor's, subcontractor's and material supplier's waivers and/or subordinations of liens and certificates of payment which shall cover all Initial Alterations for which disbursement is being requested and all other statements and forms required for compliance with the mechanics' lien laws of the State of Connecticut, together with all such invoices, contracts, or other supporting data as Landlord or Landlord's Mortgagee may reasonably require; (iv) a cost breakdown for each trade or subcontractor performing the Initial Alterations; (v) plans and specifications for the Initial Alterations, together with a certificate from an AIA

architect that such plans and specifications comply in all material respects with all laws affecting the Building, Property and Premises; (vi) copies of all construction contracts for the Initial Alterations, together with copies of all change orders, if any; and (vii) a request to disburse from Tenant containing an approval by Tenant of the work done and a good faith estimate of the cost to complete the Initial Alterations. Upon completion of the Initial Alterations, and prior to final disbursement of the Allowance, Tenant shall furnish Landlord with: (1) general contractor and architect's completion affidavits, (2) full and final waivers and/or subordinations of lien and certificates of full payment, (3) receipted bills covering all labor and materials expended and used, (4) as-built plans of the Initial Alterations, (5) the certification of Tenant and its architect that the Initial Alterations have been installed in a good and workmanlike manner in accordance with the approved plans, and in accordance with applicable laws, codes and ordinances, and (6) a copy of the permanent or temporary certificate of occupancy for the Premises. In no event shall Landlord be required to disburse the Allowance more than one time per month. If the estimated cost of the Initial Alterations exceed the Allowance, Tenant shall be entitled to the Allowance in accordance with the terms hereof, but each individual disbursement of the Allowance shall be disbursed in the proportion that the Allowance bears to the total cost for the Initial Alterations, less the 7.5% retainage referenced above. Notwithstanding anything herein to the contrary, Landlord shall not be obligated to disburse any portion of the Allowance during the continuance of an uncured default under the Lease, and Landlord's obligation to disburse shall only resume when and if such default is cured.

C. In no event shall the Allowance be used for the purchase of moveable equipment, furniture or other items of personal property of Tenant. In the event Tenant does not properly submit a request for payment of the entire Allowance to Landlord in accordance with the provisions of this Exhibit D on or before the expiration of the 6 month of the Lease Term, any unused amount shall accrue to the sole benefit of Landlord, it being understood that Tenant shall not be entitled to any credit, abatement or other concession in connection therewith. Tenant shall be responsible for all applicable state sales or use taxes, if any, payable in connection with the Initial Alterations and/or Allowance.

D. Except with respect to the Substantial Completion of Landlord's Work, to be performed pursuant to Exhibit G, Tenant agrees to accept the Premises in its "as-is" condition and configuration, it being agreed that Landlord shall not be required to perform any work other than Landlord's Work or, except as provided above with respect to the Allowance, incur any costs in connection with the construction or demolition of any improvements in the Premises.

E. This Exhibit shall not be deemed applicable to any additional space added to the original Premises at any time or from time to time, whether by any options under the Lease or otherwise, or to any portion of the original Premises or any additions to the Premises in the event of a renewal or extension of the original Term of this Lease, whether by any options under the Lease or otherwise, unless expressly so provided in the Lease or any amendment or supplement to the Lease.

WITNESS/ATTEST:

LANDLORD:

WE KNOTTER, L.L.C.
Delaware limited liability company

By: Winstanley Enterprises, LLC
its general partner

_____

By: _____

Name (print):_____

Name: _____

_____

Title: _____

Name (print):_____

WITNESS/ATTEST:

TENANT:

ALEXION PHARMACEUTICALS, INC.

_____

By: _____

Name (print):_____

Name: _____

_____

Title: _____

Name (print):_____]

EXHIBIT E

LANDLORD'S WORK

In order to induce Tenant to enter into the Lease to which this Exhibit is attached and in consideration of the mutual covenants hereinafter contained, Landlord and Tenant hereby agree as follows:

1. LANDLORD'S WORK.

Reference herein to "Landlord's Work" shall mean the following work to be done by Landlord at the Building: (i) installation of a new roof; (ii) repaying and restriping of the existing parking lot, (iii) repair, or if Landlord determines it to be necessary, replacement of the existing heating, ventilation and air conditioning units servicing the Premises and installation of energy management systems; (iv) construction of a common entrance to the Building in the area shown on the Plan; (v) installation of demising walls between the area of the Premises and the remaining area of the Building in locations shown on the Plan; (vi) separation of utilities to permit, to the extent feasible, separate metering or submetering; (vii) installation or upgrade of fire alarm system improvements to meet current NFPA 101 - Code for Safety to Life Standards (the "Life Safety Code"); (viii) tenant signage (as approved by Landlord and all applicable Governmental Authorities); (ix) clean all supply ductwork; (x) provide for separate lab waste systems between tenants; (xi) develop a separate potable/non-potable water system including all related tie-ins to deliver sufficient potable water for tenant's use at its eyewash and safety shower systems and to the lavoratories and kitchens located in the Premises; (xii) emergency lighting upgrades to meet current Life Safety Code; and (xiii) in the chemical lab areas where Arch is removing Halon Sprinkler Systems, the hook-up or installation of a wet sprinkler system.

2. PERFORMANCE OF LANDLORD'S WORK.

Landlord shall use commercially reasonable efforts to complete items (iii) through (xiii) of Landlord's Work during the Arch Move-Out Period and items (i) and (ii) within 6 months thereafter. Landlord shall also use commercially reasonable efforts to promptly repair existing roof leaks where they exist in non-warehouse areas of the Premises.

3. COMPLETION OF LANDLORD'S WORK.

Landlord's Work shall be deemed substantially complete when Landlord's construction manager certifies the same has been substantially completed, notwithstanding the fact that minor details of construction, mechanical adjustments or decorations which do not materially interfere with Tenant's use and enjoyment of the Premises remain to be performed (items normally referred to as "punch list" items). All punch list items shall be agreed upon by Landlord and Tenant and shall be promptly completed by Landlord.

EXHIBIT F

NOTICE OF COMMENCEMENT OF LEASE

To: _____ Date: _____
_____
_____

Re: Lease dated _____, 20__, between_____,
Landlord, and _____, Tenant located at
_____.

Gentlemen:

In accordance with the subject Lease, we wish to advise and/or confirm as follows:

1. That the Tenant has possession of the Premises and acknowledges that under the provisions of the Lease the Term of said Lease shall commence (or has commenced) as of _____ for a Term of _____ ending on_____.

2. That in accordance with the Lease, Tenant's obligation to pay Fixed Rent commenced or shall commence to accrue on _____.

3. Rent is due and payable in advance on the first day of each and every month during the term of said Lease. Tenant's rent check should be made payable to _____ at _____.

4. The Landlord has substantially completed the Landlord's Work, in accordance with the Lease, except for punch1ist items and _____.

ACCEPTED AND AGREED

LANDLORD: TENANT:

_____ _____

By:_____ By:_____

EXHIBIT G

CHESHIRE ZONING BY-LAWS - ARTICLE III DISTRICT REGULATIONS
NEW HAVEN COUNTY
TOWN OF CHESHIRE

ARTICLE III

DISTRICT REGULATIONS

SECTION 30 Permitted Uses. "Schedule A, Permitted Uses", is hereby declared to be part of these Regulations. Land and structures in a district shall be used only for one or more of the uses which are specified in Schedule A as being permitted in the district. Uses listed in Schedule A are permitted or prohibited in accordance with the following procedures:

"Y" means a use permitted as a matter of right.

"P" means a use permitted subject to obtaining a Special Permit from the Planning and Zoning Commission as provided in Section 40.

"S" means a use permitted subject to the administrative Site Plan approval by the Planning and Zoning Commission as provided in Section 41.

"N" means a use not permitted.

Where two or more permitted uses occupy one lot, the minimum area requirement for that lot shall be calculated by separating the requirements for a residential unit or units from other permitted uses on that lot, as detailed in Schedule A. (1) When located on the same lot as a dwelling unit or units and when conducted by a resident of the property, certain uses are considered accessory to the residential use, and the minimum lot size shall be determined only by the residential use(s), as specified by Section 32, Schedule B, or the lot

(1) Amendment effective December 23, 1975.
(1) Amendment effective October 30, 1981.

	PERMITTED USES	ZONING DISTRICTS R-80	R-40	R-20	R-20A	C-1	C-2	C-3	I-1	I-2
..	Dwellings containing one dwelling unit and not more than two such dwellings per lot provided all requirements of these Regulations shall be met for each dwelling unit as though each were on an individual lot.(1)	Y	Y	Y	Y	N	N	N	N	N
lA.	Dwellings containing one (1) dwelling unit and not more than two (2) such dwellings per rear lot (as regulated by Section 5.5 of the Subdivision Regulations) providing all requirements of the regulations shall be met for each dwelling unit as though each were on an individual rear lot.(6)	P	P	P	P	N	N	N	N	N
	Dwellings containing one dwelling unit, and not more than one such dwelling per lot, occupied by a person, together with his family, who is the owner, corporate officer, manager, caretaker, or janitor of a permitted commercial use on the same lot.(2)	Y	Y	Y	Y	Y	Y	Y	N	N
A.	Dwellings containing one or two dwelling units and not more than two dwellings per lot may be permitted in commercial zones subject to the following conditions: 1. That the areas to be used for residential purposes shall meet all the requirements of a residence in an R-20 zone and each dwelling unit shall require 20,000 square feet exclusive from any other use or dwelling unit on the lot.(3)	N	N	N	N	P	P	P	N	N
	Dwellings containing two dwelling units and not more than two such dwellings per lot provided all requirements of these Regulations shall be met for each dwelling as though it were on an individual lot and each dwelling unit meets the applicable minimum lot area requirements.(5)	P	P	P	P	N	N	N	N	N
3,4	Amendment effective December 23, 1975 Amendment effective October 30, 1981 Amendment effective August 27, 1984 Amendment effective December 4, 1992 Amendment effective March 27, 1998.									

PERMITTED USES	ZONING DISTRICTS R-80	R-40	R-20	R-20A	C-1	C-2	C-3	I-1	I-2
5.(1) One additional dwelling to be used as an in-law, apartment, including kitchen facilities, may be located in the dwelling even if the size of the lot is not large enough to fulfill the minimum lot area requirements for an additional dwelling unit, and shall be subject to the following conditions: a. That the entire dwelling is only to be occupied by family members (related by blood, marriage, or adoption), and is not to be rented or used for income purposes. b. That tile in-law apartment shall be directly attached to the existing dwelling or attached to the dwelling via an enclosed structure. In addition, the in-law apartment shall not exceed a maximum floor area of 750 square feet. c. That the in-law apartment shall be accessible to the main dwelling unit. d. That the in-law apartment shall utilize the dwelling's existing driveway and utility meters. e. That wherever possible the entrance to the in-law apartment shall be located to the side or rear of the existing dwelling and/or the proposed addition. f. That the Special Permit is temporary in that it shall expire five (5) years after publication of the legal notice of the approval, or at the time of sale or transfer of the property, whichever comes first. The Planning and Zoning Commission may, at the request of the property owner, extend the permit for any number of periods, each not longer than five (5) years. This may be done by providing the Commission with a notarized statement verifying that the use of the in-law apartment complies with the above requirements.(5) g. If the Special Permit expires, the property owner shall at his or her own expense, remove the kitchen facilities within sixty (60) days of the expiration of the Special Permit.(2)	P	P	P	P	P	P	P	P	P
5A. Plannned Residential Developments provided such development is served by a public sanitary sewerage system and a public water supply system or a state-approved community water supply system, and subject to the provisions of Section 43.	P	P	P	P	N	N	N	N	N
5B. Planned Residential Developments designed exclusively for occupancy by elderly persons provided such development is served by a public sanitary sewerage system and a public water supply system and subject to the provisions of Section 43.	N	N	N	P	N	N	N	N	N
7. Planned Residential Developments provided such development is served by a public water supply system or a state-approved community water supply system and subject to the provisions of Section 43.	P	P	N	N	N	N	N	N	N

(1) Original Para. 5 Deleted 4/29/76.
(2) Amendment 9/26/80
(3,4) Amendments 7/1/83
(5) Amendments 12/22/89 & 10/27/95

SECTION 30, SCHEDULE A, PERMITTED USES

PERMITTED USES	ZONING DISTRICTS								
	R-80	R-40	R-20	R-20A	C-1	C-2	C-3	I-1	I-2
Trailers, motor homes, or mobile homes on the same lot with a dwelling containing one dwelling unit and subject to the following conditions: a. There shall be no more than one trailer, motor home, or mobile home per lot. b. If the trailer, motor home or mobile home is to be occupied, its sanitary facilities shall have the approval of the Town Health Officer, and it shall be occupied by only one family, at least one of whom shall be either the owner of the lot or related by blood, marriage, or 1egal adoption to a member of the family occupying the dwelling unit. Such dwelling unit may be one for which a building permit has been issued. c. The trailer, motor home, or mobile home shall be located so as not to be generally visible from the street and the surrounding property. d. Any approval shall be limited to a period of one year and not renewable.	P	P	P	P	P	P	P	P	P
Camp trailers, motor homes, boats(1) and pickup coaches, unoccupied, not more that 23 feet in length and subject to the following conditions: a. There shall be no permanent connections to utility service including electrical, heat, water, sanitary service and the like. b. Storage shall be to the rear of the dwelling or other major building, in a neat and orderly manner generally not visible from the street and where collapsible, in a collapsed state or shall be stored in a garage. c. Storage shall be limited to camp trailers, motor homes, boats and pickup coaches in a residential zone, but no more than two of the above listed items shall be stored per dwelling unit. In addition, such vehicles shall be registered in the name of and be the legal property of an occupant of the dwelling unit. (1) Amendment effective January 26, 1979.	Y	Y	Y	Y	Y	Y	Y	Y	Y

PERMITTED USES	ZONING DISTRICTS								
	R-80	R-40	R-20	R-20A	C-1	C-2	C-3	I-1	I-2
10A. A business or professional office when conducted on the premises entirely by mail and/or telephone and when there is no pedestrian, automobile or other vehicular traffic necessary for its conduct with the exception of normal residential traffic activity by the residents, provided the use meets all the requirements as follows: a. No persons other than family members residing on the premises, shall be engaged in the conduct of the office or enterprise b. The office or enterprise shall not impair the residential character of the premises and neighborhood, and shall have no outside storage or display windows, nor shall there be any evidence of the operation outside the dwelling unit. c. The floor area used for the conduct of the office or enterprise shall not exceed 25 per cent of the floor area of the dwelling unit. d. The use shall not create interference with radio and television reception in the vicinity. e. No industrial manufacturing or processing equipment of any type shall be allowed.(l)	Y	Y	Y	Y	Y	Y	Y	Y	Y

(1) Amendment effective May 27, 1976

PERMITTED USES	ZONING DISTRICTS								
	R-80	R-40	R-20	R-20A	C-1	C-2	C-3	I-1	I-2
lOB. A professional or business office or customary home enterprise excluding data processing and the like, in a dwelling unit and not in an accessory building and subject to the following conditions: a. The person or persons conducting the office or enterprise shall reside in the dwelling unit, and there shall be no more than two non-resident persons engaged in the conduct of the office or enterprise. b. The office or enterprise shall not impair the residential character of the premises and there shall be no evidence of the operation outside the dwelling unit except permitted signs. The use shall be completely enclosed in the building and shall have no outside storage or display windows. c. The floor area used for the conduct of the office or enterprise shall not exceed 25 per cent of the finished space area of the dwelling unit. d. The use shall not create interference with radio and television reception in the vicinity.(1)	S	S	S	S	Y	Y	Y	Y	Y
11. The letting of rooms and/or furnishing of board in a dwelling unit to a total of not more than six persons, subject to the following conditions: a. The person or persons letting the rooms shall reside in the dwelling unit. b. The letting of rooms shall not include the provision of cooking facilities for such rooms but may include sharing of the cooking facilities of the dwelling unit. c. No accessory building shall be used for letting of rooms or furnishing of board. d. Such use shall not be combined with a commercial or industrial use on a lot except as provided in paragraph 2 of this section.	P	P	P	P	P	P	P	P	P

(1) Amendment effective May 27, 1976
(2) Amended effective January 29, 1988

PERMITTED USES	ZONING DISTRICTS R-80	R-40	R-20	R-20A	C-1	C-2	C-3	I-1	I-2
12. Housing subject to state and local provisions for migrant (temporary) farm labor, on the farm where they are primarily employed.	Y	Y	Y	Y	Y	Y	Y	Y	Y
13. Farms, truck gardens, nurseries, forestry and the keeping of livestock and poultry except commercial raising of fur-bearing animals and garbage-fed swine, provided that no livestock or poultry, except household pets, shall be kept on any lot of less than 3 acres in area, and any building used for housing livestock and poultry or the storage of fertilizer or manure shall be located not less than 100 feet from any property or street line.	Y	Y	Y	Y	Y	Y	Y	Y	Y
14A. Child day care centers and nursery schools which offer or provide a program of supplementary care to more than twelve related or unrelated children outside their own homes on a regular basis for a part of the twenty-four hours in one or more days in the week, provided the facility meets all statutes and regulations of the State of Connecticut for licensing of child day care centers.	N	N	N	P	P	P	P	P	P
14B.(3) Group day care homes which offer or provide a program of supplementary care to not less than seven nor more than twelve related or unrelated children on a regular basis for a part of the twenty-four hours in one or more days of the week, provided the facility meets all statutes and regulations of the State of Connecticut for licensing of group day care homes.(4)	P	P	P	P	P	P	P	P	P
15. Temporary stands for the display and sale of farm and truck garden and forestry produce grown exclusively on the premises provided there is only one such stand on the premises and that such stand does not exceed 100 square feet in area.	Y	Y	Y	Y	Y	Y	Y	Y	Y
16. Stands for the display and sale of farm and truck garden and forestry produce, of which a major portion thereof was raised or produced on that bona fide farm, provided it is on an active farm and there is only one such stand on that farm.(1) Related agricultural products may be sold provided the sale of such products is secondary to the operation of the business.(2)	S	S	S	S	S	S	S	S	S

(1) Amendment effective 5/1/75.
(2) Amendment effective 5/27/76.
(3) Amendment effective 5/26/89.
(4) Amendment effective 2/7/97.

	PERMITTED USES	ZONING DISTRICTS R-80	R-40	R-20	R-20A	C-1	C-2	C-3	I-1	I-2
17.	Buildings and facilities used primarily for the following uses: Churches and places of worship; parish halls, schools, colleges, universities, museums; general hospitals (excluding correctional institutions and hospitals for the insane); cemeteries, educational, religious, philanthropic, scientific, literary, historical, and charitable institutions, agricultural and horticultural societies, is such uses are conducted by a non-profit organization and not as a business or for profit, provided that accessory use of such buildings and facilities for profit or not for profit shall be allowed if such use is in connection with a federally, State or municipally funded program for the elderly intended to promote the public health, welfare, safety or education.(1)	P	P	P	P	P	P	P	P	P
18A.	Public Service Corporation buildings and facilities, all with no outside service yard or outside storage or supplies.(2)	P	P	P	P	P	P	P	Y	Y
18B.	Public Service Corporation buildings and facilities with outside service yard or outside storage supplies.(3)	N	N	N	N	N	N	N	Y	Y
18C.	Public Service Corporation buildings and facilities not exceeding 100 square feet above ground level in area or 10 feet in height: a. The facility shall be located on a lot or casement of not less than 400 sq. ft. b. Minimum setback from street line shall be 10 feet. c. Minimum setback from side line and rear line shall be 5 feet. d. Sufficient landscaping and screening shall be provided to insure that the facility is in harmony with the zone and the surrounding neighborhood. e. All utility wires from adjacent poles to the facility shall be underground.(4)	P	P	P	P	S	S	S	S	S
19.	Municipal Buildings and Uses of the Town of Cheshire and other governmental uses.(5)	P	P	P	P	P	P	P	P	P

(1) Amendment effective October 30, 1975.
(2) Amendment effective September 17, 1979.
(3) Amendment effective September 17, 1979.
(4) Amendment effective August 30, 1985.
(5) Amendment effective September 17, 1979.

PERMITTED USES	ZONING DISTRICTS R-80	R-40	R-20	R-20A	C-1	C-2	C-3	I-1	I-2
20. Clubs for golf, tennis, swimming and similar facilities whether conducted as a business for profit or not, with or without a liquor permit, subject to the following conditions: a. Golf facilities shall be located on a lot of not less than 50 acres or, if in combination with tennis, swimming, or similar facilities, not less than 60 acres. Tennis, swimming and similar facilities alone shall be located on a lot of not less than 10 acres. b. Unless located in an I-1, or I-2 zone, all club facilities, including club house, pro shop, restaurant, bar, locker rooms, or recreation hall shall be located not less than 200 feet from any property line and parking area and accessory buildings shall be located not less than 150 feet from any property line. If any of the above are located in an I-1 or I-2 zone, the normal dimensional requirements set forth in Section 32, Schedule B, shall apply, as well as the normal parking setback requirements for Industrial zones as set forth in Section 33.1 and parking requirements as set forth in Section 33.1.7.(1) c. A single indirectly lighted sign of not more than six square feet single side area, nor more than six feet in height as measured from the ground may be maintained not less than 20 feet from any property line. d. The furnishing of meals, refreshments, beverages and entertainment shall be incidental to the conduct of the facility, and provided that three-quarters of the customers' seats are located within an enclosed building of the facility. There shall be no living accommodations except for employees of the club. e. Golf facilities shall be so designated and located that there is no hazard to persons or property off the premises. A11 tees shall be located no less than 30 feet from any property line. There shall be no artificial lighting on the course itself and no play permitted alter darkness.	P	P	P	N	N	N	N	P	P

(1) Amendment effective April 17, 1972.

PERMITTED USES	ZONING DISTRICTS R-80	R-40	R-20	R-20A	C-1	C-2	C-3	I-1	I-2
21. Assisted living, convalescent homes, and the like licensed by the State of Connecticut subject to the following conditions:(3) a. The facility shall be the only building on a lot of no less than 10 acres in area. b. The facility shall meet the following dimensional requirements: Minimum setback from street line 150 ft. Minimum setback from sideline 50 ft. Minimum setback from rear line 100 ft. Maximum height of structure 40 ft. Maximum lot coverage 10 % c. In addition to the above requirements, a minimum of 50% of the total area shall be landscaped or designated as open space. d. Parking in assisted living residential facilities shall be a minimum of one (1) per every three (3) dwelling units and on (1) for every employee on the largest shift. e. As part of the filing requirements for the special permit, the applicant shall submit a profile drawing to scale showing the proposed facility and its relationship to buildings on both sides for a distance of 500'. The commission may require additional information necessary to assist them it determining the scale of the proposed structure(s) in relation to the surrounding area. This additional information may include visual representations of the project such as, but not limited to, architectural models made to scale, additional renderings, etc.	P	P	P	P	N	N	N	N	N
21A. Facilities for the retarded and/or autistic, licensed by the State of Connecticut and subject to the following conditions: a. The facility shall be located on a lot not less than ten (10) acres in area. b. There shall not be more than thirty-six (36) individua1 residents on the premises at any one time. Residential dwellings shall be separate buildings containing six (6) or less residents plus the appropriate staff personnel. c. If the facility provides educational services, no more than twenty (20) additional students shall be allowed Classrooms, recreation, administration and other similar activities may be housed in a separate building. d. All structures shall be located at least 100 feet from all property lines.(l)	P	P	P	P	N	N	N	N	N
22. Parks and play grounds, historic landmarks, and the like, operated by a private or governmental unit or a community association.	P	P	P	P	P	P	P	P	P

PERMITTED USES	ZONING DISTRICTS R-80	R-40	R-20	R-20A	C-1	C-2	C-3	I-1	I-2
23. Campgrounds (cont.)	P	P	N	N	N	N	N	N	P
c. Access roads at the entrance shall be paved to Town standards for quality and shall be a minimum of 22 feet wide.									
d. The check-in station or office shall be at least 500 feet from the entrance intersection and shall have adequate paved parking to avoid congestion. (1 space for each employee and a minimum of 5 visitor's spaces.)									
e. Interior circulation shall be by one-way system where feasible. Such one-way roads shall be 12 feet wide and shall be oiled.									
f. No campsite shall be closer to the state highway than 500 feet nor closer than 300 feet from any other property line.									
g. There shall be no more than four campsites per acre. For each such developed acre, 2 undeveloped acres shall be required.									
h. No campground shall have less than a minimum of 5O acres.									
i. All campsites devoted to tenting shall be on well-drained gravel sites.									
j. Tenting areas shall be protected from vehicular traffic.									
k. Rubbish shall be collected daily from all campsites.									
1. Potable crater supply and sanitary facilities shall meet State Health requirements. In addition, all toilets shall be flush-type.									
m. Water retention ponds and other precautions for fire protection shall be developed as per request of Town of Cheshire Fire Marshal.									
n. There shall be a 14-day maximum occupancy limit during any 90-day period.(1)									
24. Hotels, motels, tourist courts and the like, designed primarily for transient guests and subject to the following conditions:	N	N	N	N	N	N	N	N	P
a. The facility shall be located on a lot of not less than 120,000 square feet in area and there shall be not less than 4,000 square feet of land area for each guest unit on the premises and not less than 20,000 square feet of land area for each guest unit equipped with kitchen facilities.									

(1) Amendment effective February 27, 1975.

PERMITTED USES	ZONING DISTRICTS R-80	R-40	R-20	R-20A	C-1	C-2	C-3	I-1	I-2
24. Hotels (cont.)									
b. The facility shall be served by a public water supply system or a state-approved community water supply system.	N	N	N	N	N	N	P	N	P
c. The front and rear setbacks shall not be less than 100 feet and side line setbacks not less than 50 feet.									
d. No more than 20 percent of the units shall have kitchen facilities.									
e. This section shall not be held to permit trailer parks or camps.									
25. Privately owned and managed ambulance services certified as required by the Connecticut General Statutes as amended.(1) (0riginal Para. 25 Restaurants, deleted by Commission action on 2/26/79)	N	N	N	P	P	P	P	P	P
26. a. Restaurants and other food service establishments, with or without a liquor permit, provided at least three quarters of the customer seats are located within an enclosed building. Restaurants and other food service establishments when in industrial zones shall not be constructed or located within 2,000 feet of any existing or proposed restaurants. Distances shall be measured between the nearest point of the nearest adjacent sides of the existing and proposed restaurants.(2),(4)	N	N	N	N	S	S	S	P	P
b. Such uses may include a food take-out service incidental to the primary permitted use where customers are served in motor vehicles.(4)									
27. Ice cream parlors, where ice cream, soda and ice cream associated products are the only items sold provided customers are served only when inside the building, and further provided there is a minimum of ten seats located inside the building for use by customers. Parking shall conform to Paragraph 31.1.7 of these Regulations.(3)	N	N	N	N	S	S	S	N	N

(1) Amendment effective May 2, 1988
(2) Amendment effective March 2, 1979.
(3) Amendment effective July 22, 1976.
(4) Amendment effective September 30, 1994.

PERMITTED USES	ZONING DISTRICTS R-80	R-40	R-20	R-20A	C-1	C-2	C-3	I-1	I-2
23. Gasoline stations (wholesale and retail) with or without repairer's license and Repairers subject to the following conditions and certifications as required by the Connecticut General Statutes as amended - gasoline stations (wholesale and retail) with or without a repairer's license and Repairers. a. Any petroleum or other inflammable products stored above ground shall be contained in drums or containers of not more than 55 gallons, except that fuel oils to be consumed on the premises may be stored in a 275 gallon tank. b. The facility shall be located on a lot having a frontage of at least 150 feet on a street and having a land area of at least 30,000 square feet. c. All gasoline pump islands shall be located at least 25 feet from all lot lines. d. No curb-cut shall be greater than 30 feet in width and no part of any curb-cut shall be within 25 feet of any side or rear line or street intersection. All curb-cuts shall be clearly defined by curbing. e. Gas stations with full repairer's license shall be permitted provided such use be located on a lot having a frontage of at least 150 feet on a street and having a land area of at least 40,000 square feet. f. All accessory equipment or merchandise displayed outside shall be no more than 10 feet from the building with the exception that such merchandise and accessory equipment shall be permitted to be displayed on the pump island. g. After the effective date of this amendment to this section and these regulations, no retail or wholesale gasoline station shall be constructed or located within fifteen hundred feet (1,500) of an existing gasoline filling station (retail or wholesale).	N	N	N	N	N	P **	P **	P *	N

(1) Amendment effective March 12, 1971.
* Effective December 30, 1983 ** Effective 6/8/90

PERMITTED USES	ZONING DISTRICTS								
	R-80	R-40	R-20	R-20A	C-1	C-2	C-3	I-1	I-2
29. Motor vehicle dealers (which can have repairer's licenses by State Statutes) subject to the following conditions and certification as required by the Connecticut General Statutes as amended. a. Any petroleum or other inflammable products stored above ground shall be contained in drums or containers of not more than 55 gallons, except truck fuel oils to be consumed on the premises may be stored in a 275 gallon tank b. The facility shall be located on a lot having a frontage of at least 150 feet on a street and having a land area of 40,000 square feet. c. Outside accessory equipment or structures shall be located at least 25 feet from all lot lines. d. No curb-cut shall be within 25 feet of any side or rear line or street intersection. All curb-cuts shall be clearly defined by curbing.	N	N	N	N	N	N	# P	* P	# P
30. Automatic Car Washing and Cleaning Establishments. An establishment equipped to wash automobiles, pick-up trucks, and small vans. The car wash shall be fully automatic enabling the driver to remain in the vehicle as it is washed. It shall be in a completely enclosed building./2/									

/1/ Amendment effective March 12, 1971.
/2/ Amendment effective February 27, 1987
* Effective December 30, 1983
** Effective December 19, 1986
\# Effective June 8, 1990

PERMITTED USES	ZONING DISTRICTS R-80	R-40	R-20	R-20A	C-1	C-2	C-3	I-1	I-2
31. Commercial and Boarding Kennels and Veterinary hospitals subject to the following conditions: a. No dogs shall be housed or exercised in outside kennels or runs. b. A11 buildings in which dogs are housed or exercised shall be of solid construction of either masonary or framed with insulation and shall have finished interior walls. c. Exercise runs shall have finished masonary floor with covered drains, and shall be separated by solid partitions of at least 4 feet in height. d. All external doors shall be of solid core construction. e. Kennel rooms and exercise runs shall be provided with forced air ventilation and shall have no open windows. f. A11 ceilings shall be insulated and finished with sound absorbent materials. g. In residential zones, the facility shall be on a lot with a minimum area of 5 acres and any building housing animals shall be at least 150 feet from any property line. h. In industrial zones, the facility shall be on a lot with a minimum area of 100,000 square feet, a minimum lot width of 250 feet and subject to the frontage setback, height and lot coverage requirements of the I-3 zone.	P	P	P	N	N	N	N	P	S
32. Horses or ponies for hire, riding academies or boarding stables for five or more animals located on a lot of not less than 15 acres provided that any building (other than a dwelling) and riding ring shall be located at least 300 feet from any lot line.	P	P	P	N	N	N	N	P	P

	PERMITTED USES	ZONING DISTRICTS R-80	R-40	R-20	R-20A	C-1	C-2	C-3	I-1	I-2
33.	Professional and Business offices.	N	N	N	P	S	S	S	P	S
34.	Banks and Other Financial Institutions.	N	N	N	P	S	S	S	P	S
35.	Stores and other buildings and structures where goods are sold or service is rendered primarily at retail including self-service clothes cleaning establishments and including cleaning equipment incidental to the retail business of the store.	N	N	N	N	N	S	S	N	N
36.	Stores and other buildings and structures not more than a total of 2,000 sq. ft. of gross floor area per whole structure, the use of which in whole or in part is for the sale of goods or rendering of services primarily at retail and including self-service clothes cleaning establishments and cleaning equipment incidental to the retail business of the store.(1)	N	N	N	N	S	S	S	N	N
37.	Undertaker's establishments on a lot of at least 40,000 sq. ft. in area subject to the following conditions: a. The lot shall have at least 150 feet of frontage on the street. b. The principal building shall not extend to within less than 60 feet of the front line. c. Parking shall be in the rear of the principal building d. Vehicular access shall be at least 20 feet from any side or rear line.	N	N	N	P	S	S	S	N	N
38.	Radio and television-broadcasting studios excluding transmitting and receiving towers in excess of 35 feet above the ground.	N	N	N	N	N	S	S	* P	S

(1) Amendment effective September 26, 1974.
* Effective December 30, 1983

	PERMITTED USES	ZONING DISTRICTS R-80	R-40	R-20	R-20A	C-1	C-2	C-3	I-1	I-2
39A.	Commercial recreation facilities provided the use is the only use on a lot not less than 30,000 square feet in area and that the use is located primarily within an enclosed building.	N	N	N	N	N	N	P	P	N
39B.	Indoor ice skating facilities provided the use is located entirely within an enclosed building or buildings when requirements of the facility and the provisions of these regulations require a lot of not less than 120,000 square feet in area.(2)	N	N	N	N	N	N	S	P	S
39C.	Sports Training Facilities with related commercial recreational facilities provided the use is the only use on a lot not less than 40,000 square feet in area. Sports training facilities located in an enclosed building with related outdoor facilities shall not be located on any lot with frontage on Route 10 or with direct access to Route 10. Any outdoor facilities, although open to the public, shall be secondary to the primary sports training use, and shall be limited to use for baseball, soccer, lacrosse, tennis, field hockey, basketball and footba11.(7)	N	N	N	N	N	N	P	P	P
40.	Printing and publishing establishments occupying not more than 2,500 square feet of floor area.	N	N	N	N	N	S	S	* P	S
41.	Printing and publishing establishments	N	N	N	N	N	N	N	* P	S
42.	Medical clinics and laboratories and dental clinics and laboratories.	N	N	N	P	S	S	S	N	N
43.	Research Laboratories.	N	N	N	N	N	N	N	* P	S
44.	The manufacture, processing, assembling of goods and storage incidental to the primary use.(3)	N	N	N	N	N	N	N	* P	S
45.	Warehousing, wholesale business and wholesale business warehousing.	N	N	N	N	N	N	P	* P	S
46A.	Contractor's warehousing and storage yards.(4)	N	N	N	N	N	N	N	* P	S
46B.	Excavation, contractors and paving contractors, business and equipment storage yards.	N	N	N	N	N	N	N	* P	S
47.	Lumber and building materials business and storage yards.	N	N	N	N	N	N	N	* P	S

1 & 2 Amendment effective April 29, 1976.
3 Amendment effective September 1, 1975.
4 46 renumbered to 46A, effective September 1,1975.
5 Amendment effective September 1, 1975.
6 Amendment effective May 8, 1978.
* Effective December 30, 1983.
7 Amendment effective July 29, 1994.

	PERMITTED USES	ZONING DISTRICTS R-80	R-40	R-20	R-20A	C-1	C-2	C-3	I-1	I-2
48.	Freight and materials trucking businesses, freight terminals and freight transshipment facilities.(1)	N	N	N	N	N	N	N	P	S
49.	Laundry, cleaning and dyeing plants.	N	N	N	N	N	N	N	P	P
50.	Plants, other than bona fide farms, for the processing and distribution of milk and edible dairy products. Plants for the packaging and distribution of beverages.	N	N	N	N	N	N	N	P	S
51.	Commercial storage and sale of fuel and bottled gas. Total above ground tank capacity shall not be more than 30,000 gallons and no above ground tank shall be closer than 40 feet to any building.	N	N	N	N	N	N	P	P	S
51A.	Commercial storage and sale of bulk liquid oxygen for home health care and similiar uses shall require administrative approval by the Cheshire Fire Marshall, and the Town Planning office.(6)	N	N	N	N	N	N	N	Y	Y
52	Painting, woodworking, sheet metal, blacksmiths, welding, tire recapping, machine shops and the like.	N	N	N	N	N	N	N	P	S
53A.	Bulk storage of cement and concrete mixing plants.(2)	N	N	N	N	N	N	N	N	S
53B.	Bulk storage of petroleum and petroleum products and bituminous paving mixing plants.(3)	N	N	N	N	N	N	N	N	P
54.	Commercial transmitting and receiving antenna, with enclosure for associated equipment, in excess of 35 feet but less than 100 feet above the ground in height provided the distance from any lot line shall be at least two times the height of the antenna.	N	N	N	N	N	N	N	P	S
55.	Earth removal and filling in accordance with Section 25.(4)	N	N	N	N	P	P	P	P	P
56.	Screening, sifting, washing, crushing bulk storage of, and other forms of processing of sand, stone, gravel, and the like.(5)	N	N	N	N	N	N	N	P	P

1,2,3,5 Amendments effective September 1, 1975
4 Amendment effective February 27, 1975
* Effective December 30, 1983
6 Amendment effective May 28, 1993.

PERMITTED USES	ZONING DISTRICTS R-80	R-40	R-20	R-20A	C-1	C-2	C-3	I-1	I-2
57. Golf driving ranges.	N	N	N	N	N	N	N	N	P
58. Carnivals or fairs sponsored by a local non-profit organization, subject to the following conditions: a. The facility shall be on a lot having a minimum area of 3 acres. b. There shall be provision for adequate parking within 500 feet of the facility. c. All structures shall be a minimum of 150 feet from any lot line. d. Direct access shall be on lands adjacent to State Highway Routes 10 or 70. e. Two signs may be allowed for a period not to exceed the duration of the event and two weeks immediately preceding the event. f. There shall be no more than one special permit issued to an organization during any one calendar year. The duration shall be for no more than 10 consecutive calendar days. g. Subsequent yearly events sponsored by the same organization and located on the same site may be approved administratively by the Planning Staff.	N	P	P	P	P	P	P	P	P
59. Temporary fairs, bazaars and sales of local non-profit organizations held on premises, the majority of which are owned by the sponsoring organization, subject to the following conditions: a. Duration shall not be more than 10 consecutive calendar days during any one calendar year. b. There shall be provision for adequate parking within 500 feet of the facility. c. Two signs may be allowed for a period not exceed the duration of the event and the two weeks immediately preceding the event.	Y	Y	Y	Y	Y	Y	Y	Y	Y

(1) Amendment effective 7/02/93.

	PERMITTED USES	ZONING DISTRICTS R-80	R-40	R-20	R-20A	C-1	C-2	C-3	I-1	I-2
60.	Accessory uses customarily associated with or incidental to any permitted use in any residential zone subject to the following conditions: a. Accessory uses may include private garages for the use of the occupants of the lot. One garage space may be rented to a non-resident of the lot provided the garage space is not one of the spaces required in Section 33.1.1 and the use of the rented space meets all other requirements of the Zoning Regulations. b. Buildings and structures for recreational and homeowner association use in approved Planned Residential Developments and Cluster Subdivisions shall be considered accessory uses. c. All accessory buildings shall meet the requirements of Section 32.2.5. d. Except as provided elsewhere in these Regulations, such uses shall not include the sale of articles not made on the premises, nor a restaurant, or other food service establishment, beauty parlor or other hairdressing establishment, and the like. e. No accessory use shall change the residential character of the area.(1)	Y	Y	Y	Y	N	N	N	N	N
61.	Clubhouses for non-profit, fraternal, community service and/or veteran's organizations with or without a liquor permit. Parking requirements shall be in accordance with Section 33.1.2.(2)	N	N	N	N	N	P	P	N	N

(1) Amendment effective September 25, 1975.
(2) Amendment effective November 29, 1972.

PERMITTED USES	ZONING DISTRICTS								
	R-80	R-40	R-20	R-20A	C-1	C-2	C-3	I-1	I-2
62. Temporary political signs pertaining to candidates, political parties or political issues in a National, State or Municipal election for a period of 60 days prior to and 7 days subsequent to said election, subject to the following:	Y	Y	Y	Y	Y	Y	Y	Y	Y
a. No more than one sign per lot, not to exceed: 6 square feet in the R-80, R-40, R-20 and R-20A zones; 32 square feet in the C-1, C-2, C-3, I-1 and I-2 zones. (1)									
b. Regardless of zone, one 32 square foot free-standing sign and wall signs covering the front or entrance wall shall be allowed for one Townwide headquarters per political party. (1)									
c. The responsibility for removal of signs shall lie with the individual or individuals posting said sign or signs. (2)									

(1) Amendment effective July 1, 1983
(2) Amendment effective September 1, 1975

PERMITTED USES	ZONING DISTRICTS R-80	R-40	R-20	R-20A	C-1	C-2	C-3	I-1	I-2
64. A temporary real estate office located on the site of a Planned Residential Development, Cluster Subdivision, Resubdivision or Rental Apartment development approved by the Planning and Zoning Commission provided: a. That the temporary real estate office is exclusively for the sale or rental of units or homes on the site on which said office is located. b. That the temporary real estate office shall be located in one of the hones or units in the development. c. That the temporary real estate office shall be permanently removed when 90 percent of the units or homes are initially sold or rented. (1)	Y	Y	Y	Y	Y	Y	Y	Y	Y
65. A temporary construction office provided: a. That the temporary construction office shall be used exclusively for construction on the site on which it is located. b. That the temporary construction office be located either in a model home or unit or in a movable trailer or trailers. c. That the temporary construction office be permanently removed upon completion of all structures on the approved section of the site of the Planned Residential Development, Cluster Subdivision, Subdivision, Resubdivision, Site Plan, Special Permit, Planned Commercial Development, approved lot or lots of record. (2)	Y	Y	Y	Y	Y	Y	Y	Y	Y

(1) Amendment effective September 1, 1975.
(2) Amendment effective September 1, 1975.

	PERMITTED USES	ZONING DISTRICTS R-80	R-40	R-20	R-20A	C-1	C-2	C-3	I-1	I-2
66.	Refuse Transfer and Recycling Centers -- Refuse contractors within enclosed buildings which shall include facilities for the transfer and sorting of refuse for the recycling of same providing that adequate buffer areas are provided between the structure and adjoining properties, and adequate on site measures shall be taken to prevent the activity from in any way affecting the adjoining properties. Nothing herein shall be construed to prevent on site storage in no more than two covered roll off containers which shall be located immediately adjacent to the facility subject, however, to the provisions relating to outside storage as set forth in Sections 32.7 and 32.7.1 of these regulations. (1)	N	N	N	N	N	N	N	N	P
67A.	Sheltered Care Facility Designed Exclusively for Occupancy by Elderly Persons -- in accordance with the provisions of Section 43.6	N	P	P	P	N	N	N	N	N
67B.	Planned Community Designed Exclusively for Occupancy by Elderly Persons Providing Interrelated Residential Units and Varying Levels of Nutritional and Health Care Units and Related Services -- in accordance with the provisions of Section 43.7	N	P	P	P	N	N	N	N	N
68.	Helioports and storage facilities for helicopters, excluding emergency helicopters, subject to the following: Helioports must be located on lots of at least 10 acres and no portion of the landing area may be closer than 300 feet from the nearest property line. All helioports shall meet the standards and conditions set by the State of Connecticut, Department of Aeronautics.(2)	N	N	N	N	N	N	N	P	P

(2) Amendment effective December 24, 1987.

(1) Amendment effective August 31, 1979.

	PERMITTED USES	ZONING DISTRICTS R-80	R-40	R-20	R-20A	C-1	C-2	C-3	I-1	I-2
69.	Health and Exercise Facilities. (1)	N	N	N	P	S	S	S	P	S
70.	Boat dealers, to include sales and service of boats, motors, boat trailers and related accessories, subject to the following conditions: a. Any petroleum or other inflammable products stored above ground shall be contained in drums or containers of not more than 55 gallons, except that fuel oils to be consumed on the premises may be stored in a 275 gallon tank. b. The facility shall be located on a lot having a frontage of at least 150 feet on a street and having a land area of 40,000 square feet. c. No curb-cut shall be within 25 feet of any side or rear line or street intersection. All curb-cuts shall be clearly defined by curbing. (2)	N	N	N	N	N	N	P	P	P
71.	The sale of registered motor vehicles on a residential lot and subject to the following conditions: a. The motor vehicle for sale shall not exceed a rated capacity of two and one-half (2 1/2) tons. In addition, such vehicles shall be registered in the name of and/or be the legal property of a resident of the dwelling unit. b. No more than two (2) motor vehicles shall be offered for sale or sold from any one lot in the period of one calendar year. (3)	Y	Y	Y	Y	Y	Y	Y	Y	Y

(1) Amendment effective April 29, 1988.
(2) Amendment effective May 27, 1988.
(3) Amendment effective September 30, 1988.

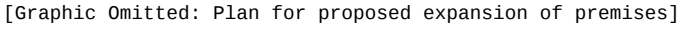
PERMITTED USES	ZONING DISTRICTS R-80	R-40	R-20	R-20A	C-1	C-2	C-3	I-1	I-2
72. The Sale and Display of Antiques (1) "Antiques" for the purpose of these regulations are defined as any work of art, piece of furniture, decorative object, and the like, created and produced at least 25 years prior to the date of sale. The sale and display of antiques subject to the following conditions: 1. Additional storage is permitted in an ancillary building provided it is entirely enclosed within another building. 2. There shall be no external evidence of such use other than permitted signage as provided in Section 34.1.1 for Residential Zone and 34.1.4 in Commercial Zones. 3. There shall be a minimum of five (5) parking spaces provided on the site. 4. In Residential Zones: a. property must have frontage onto a State Highway b. such use must be secondary to the residential use of the entire premises and shall not occupy more then 50% of the floor area in the residence wherein located.	P	P	P	P	S	S	S	N	N
73. Hair and Beauty Salons (2) (including barber shops) * When in industrial zones shall not be constructed or located within 1,000 feet of any existing or proposed hair or beauty salon. a. Distances shall be measured between the nearest adjacent sides of the existing and proposed beauty salons. b. Parking requirements shall be according to Section 33.1.7 standards.	N	N	N	P	P	P	P	P*	P*

(1) Amendment effective March 31, 1995.
(2) Amendment effective April 26, 1996 at 12:01 A.M.

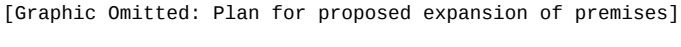
SECTION 30, SCHEDULE A, PERMITTED USES

PERMITTED USES	ZONING DISTRICTS								
	R-80	R-40	R-20	R-20A	C-1	C-2	C-3	I-1	I-2
74. ADULT ENTERTAINMENT (1) Businesses providing adult entertainment shall not be located within 500 feet of any other such business nor within 2,000 feet of any public or private school or day care center, church, synagogue, or other similar place of worship; public park, playground, or other recreational facility where large numbers of minors regularly congregate: library: funeral home: or residentially zoned or residentially used property. The distance shall be measured in a straight line from the nearest edge of the building or zoning district boundary line, as applicable. Adult entertainment shall include, but not be limited to, the following: Topless dancing or any dancing or performance which involves nudity, which involves the removal of clothing such that partial or complete nudity results, which involves the fondling of the genitals of the dancer or performer or the genitals of another person, or which involves sexual intercourse or deviate sexual conduct. Nudity is defined as the showing of the male or female genitals, pubic area or buttocks with a less than fully opaque covering; the showing of the female breast with less than a fully opaque covering of any part of the nipple; or the showing of the male genitals in a discernibly turgid state.	N	N	N	N	N	N	N	P	P
75. Pet Grooming (2) *When in industrial zones shall not be constructed or located within 1,000 of an existing or proposed pet groomer. a. Distance shall be measured between the nearest adjacent sides of the existing and proposed pet groomers. b. No dogs shall be housed outside. c. Parking requirements shall be according to Section 33.1.7 Standards.	N	N	N	P	P	P	P	P*	P*

(1) Amendment effective June 7, 1996. (30-26)


[Graphic Omitted: Plan for proposed expansion of premises]

PLAN A


[Graphic Omitted: Plan for proposed expansion of premises]

PLAN B

EXHIBIT I

All that certain parcel of land, with the buildings and improvements located thereon, situated on the southerly side of Knotter Drive In the Town of Cheshire, County of New Haven and State of Connecticut, and being shown on a map entitled "Plan Prepared for WE Knotter, LLC. 350 Knotter Drive Cheshire, Conn. ALTA/ACSM Land Title Survey Scale: 1" = 100' Date: 10-25-1999 Design: RED Draft: SLH Project: 99267" made by Meehan & Goodin, Engineers - Surveyors, P.C., which map is on file in the Town Clerk's Office in the Town of Cheshire to which reference may be had. Said premises are more particularly bounded and described as follows:

Beginning at a point with State Coordinates N 259654.677. E 552480.562, which point marks the southwesterly corner of the herein described parcel;

Thence N 21(degrees) 48' 52" E along land now or formerly of Bloomingdale's By Mail, Ltd., a distance of 1,419.365 feet to a point;

Thence by a curve to the left having a delta angle of 55(degrees) 30' 00" and a radius of 780.00 feet along the southerly line of Knotter Drive. an arc distance of 755.553 feet to a point;

Thence N 30(degrees) 00' 00" E along the southerly line of Knotter Drive, a distance of 2.362 feet to a point;

Thence S 62(degrees) 56' 39" E along land now or formerly of Louis Deberadinis, a distance of 1,516.538 feet to a point;

Thence S 32(degrees) 57' 00" W along land now or formerly of JMJ Associates, LLC, a distance of 154.399 feet to a point;

Thence S 30(degrees) 36' 32" W partly along land now or formerly of JMJ Associates, LLC, and partly along land now or formerly of Bloomingdale's by Mail, Ltd., in all, a distance of 316.871 feet to a point;

Thence S 9(degrees) 05' 30" W along land now or formerly of Bloomingdale's by Mail, Ltd., a distance of 40.430 feet to a point;

Thence S 18(degrees) 19' 16" W along land now or formerly of Bloomingdale's by Mail, Ltd., a distance of 436.678 feet to a point;

Thence N 72(degrees) 24' 33" W along land now or formerly of Bloomingdale's by Mail, Ltd., a distance of 308.701 feet to a point;

Thence S 21(degrees) 48' 52" W along land now or formerly of Bloomingdale's by Mail, Ltd., a distance of 1.020.833 feet to a point;

Thence N 49(degrees) 53' 17" W along land now or formerly of Bloomingdale's by Mail, Ltd., a distance of 357.475 feet to a point;

Thence N 68(degrees) 11' 08" W along land now or formerly of Bloomingdale's by Mail, Ltd., a distance of 1.246.798 feet to the point or place of beginning.

Exhibit J

Tenant's Property

Air-cooled condensing units (Alexion supplied)
Air dryers -- compressed air (Alexion supplied)
Autoclaves (Alexion supplied)
Automated transfer switches (Alexion supplied)
Back-up generators (Alexion supplied)
Process boilers (Alexion supplied)
HVAC boilers (Alexion supplied)
Ceiling mounted HEPA filter modules (Alexion supplied) (Alexion supplied)
Process chillers and associated pumps and tanks (Alexion supplied)
HVAC chillers and associated pumps and tanks (Alexion supplied)
Clean cold rooms with associated condensing units and controls (Alexion supplied)
Computer networks (Alexion supplied)
Control systems (Alexion supplied)
Controlled environment enclosures and rooms (Alexion supplied)
Electrical panels (Alexion supplied)
Electrical power conditions (Alexion supplied)
Electrical step-down transformers (Alexion supplied)
Fermentors (Alexion supplied)
Fume hoods (Alexion supplied)
Glassware washer (Alexion supplied)
Heat exchangers (Alexion supplied)
Hoists (Alexion supplied)
Intercom systems (Alexion supplied)
Lab casework/furniture including, but not limited to, lab benches, hoods and shelving units (Alexion supplied)
Motor disconnects / Motor starters (Alexion supplied)
Phone systems (Alexion supplied)
Pressure reducing valves (Alexion supplied)
Reheat packages with associated pumps and tanks (Alexion supplied)
Security systems (Alexion supplied)
Single phasing protection units (Alexion supplied)
Stainless steel piping/valves/pumps (Alexion supplied)
Stainless steel sinks (Alexion supplied)
Stainless steel tanks (Alexion supplied)
Steam pressure reducing stations (Alexion supplied)
Stills (Alexion supplied)
Vacuum pumps (Alexion supplied)
Variable frequency drivers (Alexion supplied)
Waste neutralization systems (Alexion supplied)
Water filters (Alexion supplied)
Water softeners (Alexion supplied)
Water systems (Alexion supplied)

April 27, 2000

EXHIBIT K

PERMITTED REMOVABLES

Arch Chemicals condition of vacated space at 350 Knotter Drive, Cheshire, CT.

1. Removal of Halon Sprinkler System from several of the Chemical labs. This system is no longer an DEP approved sprinkler system.

2. Arch Chemicals plans on removing all personal equipment from the space. All cabinets, hoods, benches or other equipment that is permanently affixed to the floor would stay.

3 The plastic snorkels from the ceiling to lab counters will be removed

4. Light Panel in Room 284 will be removed

5. Gas Cylinders and Specialized DI Water Equipment will be removed

6. In the Library all bookshelves will be removed. The tracking bookshelves will stay.

7. Unattached center benches in Room E-10 & D10 will be removed. The attached bench with drawers and the four attached floor-standing cabinets in Room E-10 will removed.

8. Shelving in the stock room will be removed

9. All attached cafeteria equipment will stay, but tables and chairs will be removed.

EXHIBIT L

[GRAPHIC OMITTED]

AREA 2 FLOOR PLAN

EXHIBIT M

VO. 242 PAGE 219

Reservations

WARRANTY DEED

TO ALL PEOPLE TO WHOM THESE PRESENTS SHALL COME, GREETING:

KNOW YE, THAT F.I.P. CORPORATION, a Connecticut corporation with its principal office in Farmington, Connecticut (hereinafter referred to as the Grantor) for the consideration of Ten Dollars ($10.00) and other valuable considerations received to its full satisfaction of CONNECTICUT DEVELOPMENT AUTHORITY, a body politic and corporate and public instrumentality of the State of Connecticut, at 210 Washington Street, Hartford, Connecticut (hereinafter referred to as the Grantee) does give, grant, bargain, sell and confirm unto the said Grantee, its successors and assigns, forever, a certain piece or parcel of land, with the improvements thereon and appurtenances thereto, situated on the southeasterly side of FIP Road in the Cheshire Industrial Park in the Town of Cheshire, County of New Haven and State of Connecticut, as shown on a map entitled, "Siemens Corporation Cheshire Industrial Park The F.I.P. Corporation, Developer Aug. 15, 1974 Scale: l" - 100' Cardinal Engineering Associates Inc." which map is on file in the Town Clerk's Office in said Town of Cheshire, and being more particularly bounded and described as follows:

Beginning at a point with State Coordinates N 259 654.677, E 552 480.562. which point is the southwest corner of the herein-described parcel; thence N 21(degrees) 48' 52" E, a distance of one thousand four hundred nineteen and three hundred sixty-five one-thousandths (1419.365) feet along lands now or formerly of P.F. Properties and Fisher Family Properties, in part by each, to a point with State Coordinates N 260 972.404, E 553 008.001; thence in a northeasterly direction in a curve to the left having a radius of seven hundred eighty and no one-hundredths (780.00) feet, a distance of seven hundred fifty-five and five hundred fifty-three one-thousandths (755.553) feet to a point; thence N 30(degrees) 00' 00" E a distance of two and three hundred sixty-two one-thousandths (2.362) feet to a point, the last two courses being along FIP Road thence S 62(degrees) 51' 39" E, a distance of one thousand five hundred sixteen and five hundred thirty-eight one-thousandths (1516.538) feet along land now or formerly of T.R.W. Inc. to a point with State coordinates N 260 672.235, E 554 974.058; thence S 32(degrees)

"No Conveyance Tax collected

/s/ Warren E. Hall

Town Clerk of Cheshire

57' 00" W a distance of one hundred fifty-four and three hundred ninety-nine one-thousandths (154.399) feet to a point; thence S 30(degrees) 36' 32" W a distance of three hundred sixteen and eight hundred seventy-one one-thousandths (316.871) feet to a point, the last two courses being along land now or formerly of Krampitz; thence S 9(degrees) 05' 30" W a distance of forty and four hundred thirty one-thousandths (40.430) feet to a point: thence S 18(degrees) 19' 16" W a distance of four hundred thirty-six and six hundred seventy-eight one-thousandths (436.678) feet to a point; thence N 72(degrees) 24' 33" W a distance of three hundred eight and seven hundred one one thousandths (308.701) feet to a point; thence S 21(degrees) 48' 52" W a distance of one thousand twenty and eight hundred thirty-three one-thousandths (1020.833) feet to a point with State Coordinates N 258 961.049, E 553 911.472; thence N 49(degrees) 53' 17" W a distance of three hundred fifty-seven and four hundred seventy-five one-thousandths (357.475) feet to an iron pin, the last five courses being along land now or formerly of Highland Park: thence N 63(degrees) 11' 08" N along land now or formerly of F. F. Properties a distance of one thousand two hundred forty-six and seven hundred ninety-eight one-thousandths (1246.793) feet to the point or place of beginning.

Said parcel contains seventy-five (75) acres.

No portion of FIP Road, as shown on said map, is conveyed hereby, such road having been conveyed to the Town of Cheshire by deed of F. F. Properties dated December 12, 1974 and recorded in Volume at Page of the Cheshire Land Records.

Together with the right to pass and repass over FIP Road for all customary highway purposes.

Said premises are conveyed subject to the following encumbrances:

A. Any and all provisions of any ordinance, municipal regulation or public law.

B. Taxes to the Town of Cheshire on the applicable grand list at time of closing which are liens against the premises not yet due and payable and any tax or assessment for sanitary sewers which might be levied by municipal authority.

C. Pipeline easements to the Algonquin Gas Transmission company as set forth in the Cheshire Land Records at Volume 83, Page 154; Volume 108, Page 557; Volume 83, Page 436: Volume 118, Page 107, Volume 138, Page 293, Volume 138, Page 429.

D. Drainage easement to the Town of Cheshire 20' in width abutting FIP Road.

Said premises are subject also to the following reserved rights and covenants which shall run with the land and bind and inure to the benefit of the Grantor, its successors and assigns, and the Grantee, its successors and assigns:

A. The unrestricted right in Grantor to discharge storm waters into the existing natural water courses and such other water courses as may be agreed upon by the parties on the premises to be conveyed subject to the rights of downstream owners; provided, however, that such discharge shall not unreasonably interfere with Grantee's right to discharge its own storm waters into

said water courses or otherwise unreasonably interfere with Grantee's use of the premises and Grantor will repair any damage to the premises caused by such discharge and will indemnify and hold harmless Grantee from and against any claim, damage or expense arising solely out of Grantor's exercise of such discharge right.

B. A right in Grantor to construct, use, maintain and replace such underground utility and water and such drainage facilities on the premises as Grantor may deem necessary for the proper development and operation of Cheshire Industrial Park wherein the premises are located, provided, however, that such facilities or the construction thereof shall not unreasonably interfere with the use of the premises by Grantee and that such utility, water and drainage facilities shall be located only within fifty (50) feet of the exterior boundary lines of the premises and provided further that all expenses incurred in the construction, use, maintenance and replacement of such facilities shall be borne by Grantor and that upon completion of such construction the premises shall be restored to their state prior to such construction, including relandscaping.

C. A regulation that the ground floor area of the buildings shall not exceed twenty (20) percent of the total area of the premises without the prior written consent of the Grantor or its designees.

D. A regulation that no building or buildings, site improvements or alterations, signs or other structures shall be constructed on the premises nor shall any addition thereto be constructed without the prior written approval of Grantor or its designees of the plot plans, building plans and specifications for such building or addition. Such approval shall not be withheld provided said building and any additions thereto including signs shall harmonize in appearance and be of substantially the same quality and workmanship as the other buildings and structures in the Cheshire Industrial Park.

E. Grantor shall establish or cause to be established an Association within the Cheshire Industrial Park for the benefit of the owners and occupants of the Park to be named "Cheshire Industrial Park Association". The purposes of the Association shall be to protect and maintain the aesthetic beauty of the Park and its grounds and improvements by regulations, restrictions and other desirable means. Said Association when established shall be designated by the Grantor to grant such approvals as are required from the Grantor whether by deed or otherwise. The Association shall be established on or before January 1, 1990, or sooner if at least seventy-five (75) percent of the land area constituting Cheshire Industrial Park has been sold or otherwise conveyed to those who intend to occupy the same. The Association shall be composed of owners of land and occupants of facilities within said Park. All eligible entities who are members shall be entitled to one vote as an occupant within the Park and one vote for ownership for each ten acres or fraction thereof within the Park which vote may be cast by the recorded owner or its designee. The rules when established by the Association cannot be changed or amended except by the affirmative vote of seventy-five (75) percent of those entitled to vote thereunder.

F. Grantor covenants that all of the land within Cheshire Industrial Park shall be subject to reserved rights and covenants substantially similar to or stricter (as respects the subserviant estate) as the foregoing reserved rights and covenants; subject to such modifications thereto as Grantee shall approve.

TO HAVE AND TO HOLD the above granted and bargained premises, with the appurtenances thereof, unto it, the said Grantee, its successors and assigns forever, to its and their own proper use and behoof. And also, it, the said Grantor, does for itself. its successors and assigns, covenant with the said Grantee, its successors and assigns, that at and until the ensealing of these presents, it is well seized of the premises, as a good indefeasible estate in FEE SIMPLE; and has good right to bargain and sell the same in manner and form as is above written and that the same is free from all encumbrances whatsoever, except as hereinbefore mentioned.

AND FURTHERMORE, it the said Grantor, does by these presents bind itself and its successors and assigns forever to WARRANT AND DEFEND the above granted and bargained premises to it the said Grantee, its successors and assigns, against all claims and demands whatsoever, except as hereinbefore mentioned.

IN WETNESS WHEREOF, the Grantor has hereunto caused to be set its hand and seal this 18th day of December

[SEAL]

Signed, sealed and delivered
in the presence of:

F. I. P. CORPORATION

By /s/ Stanley D Fisher

Its President
Stanley D Fisher

/s/ David M. Levin
- ---
David M. Levin

/s/ [ILLEGIBLE]
- ---
[ILLEGIBLE]

STATE OF CONNECTICUT)
) ss.: Hartford, December 18, 1974
COUNTY OF HARTFORD)

On this 18th day of December, 1974, before me, David M. Levin, the undersigned officer, personally appeared Stanley D. Fisher, who acknowledged himself to be the President of F. I. P. CORPORATION, a corporation, and that he, as such President being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself as

In Witness Whereof, I hereunto set my hand.

/s/ David M. Levin

David M. Levin
Commissioner of the Superior Court

[ILLEGIBLE]

EXHIBIT 23.2

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation by reference in this registration statement of our report dated August 27, 1999 included in Alexion Pharmaceuticals, Inc.'s Form 10-K/A for the year ended July 31, 1999 and to all references to our Firm included in this registration statement.

/s/ ARTHUR ANDERSEN LLP

Hartford, Connecticut
May 8, 2000

SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

FORM T-1

STATEMENT OF ELIGIBILITY
UNDER THE TRUST INDENTURE ACT OF 1939 OF
A CORPORATION DESIGNATED TO ACT AS TRUSTEE

CHECK IF AN APPLICATION TO DETERMINE ELIGIBILITY OF
A TRUSTEE PURSUANT TO SECTION 305(b)(2) _____

THE CHASE MANHATTAN BANK
(Exact name of trustee as specified in its charter)

NEW YORK (State of incorporation if not a national bank)	13-4994650 (I.R.S. employer identification No.)
270 PARK AVENUE NEW YORK, NEW YORK (Address of principal executive offices)	10017 (Zip Code)

William H. McDavid
General Counsel
270 Park Avenue
New York, New York 10017
Tel: (212) 270-2611
(Name, address and telephone number of agent for service)

ALEXION PHARMACEUTICALS, INC.
(Exact name of obligor as specified in its charter)

DELAWARE (State or other jurisdiction of incorporation or organization)	13-3648318 (I.R.S. employer identification No.)
23 SCIENCE PARK NEW HAVEN, CONNECTICUT (Address of principal executive offices)	06511 (Zip Code)

5 3/4% CONVERTIBLE SUBORDINATED NOTES DUE 2007
(Title of the indenture securities)

GENERAL

Item 1. General Information.

Furnish the following information as to the trustee:

(a) Name and address of each examining or supervising authority to which it is subject.

New York State Banking Department, State House, Albany, New York 12110.

Board of Governors of the Federal Reserve System, Washington, D.C., 20551

Federal Reserve Bank of New York, District No. 2, 33 Liberty Street, New York, N.Y.

Federal Deposit Insurance Corporation, Washington, D.C., 20429.

(b) Whether it is authorized to exercise corporate trust powers.

Yes.

Item 2. Affiliations with the Obligor.

If the obligor is an affiliate of the trustee, describe each such affiliation.

None.

Item 16. List of Exhibits

List below all exhibits filed as a part of this Statement of Eligibility.

1. A copy of the Articles of Association of the Trustee as now in effect, including the Organization Certificate and the Certificates of Amendment dated February 17, 1969, August 31, 1977, December 31, 1980, September 9, 1982, February 28, 1985, December 2, 1991 and July 10, 1996 (see Exhibit 1 to Form T-1 filed in connection with Registration Statement No. 333-06249, which is incorporated by reference).

2. A copy of the Certificate of Authority of the Trustee to Commence Business (see Exhibit 2 to Form T-1 filed in connection with Registration Statement No. 33-50010, which is incorporated by reference. On July 14, 1996, in connection with the merger of Chemical Bank and The Chase Manhattan Bank (National Association), Chemical Bank, the surviving corporation, was renamed The Chase Manhattan Bank).

3. None, authorization to exercise corporate trust powers being contained in the documents identified above as Exhibits 1 and 2.

4. A copy of the existing By-Laws of the Trustee (see Exhibit 4 to Form T-1 filed in connection with Registration Statement No. 333-06249, which is incorporated by reference).

5. Not applicable.

6. The consent of the Trustee required by Section 321(b) of the Act (see Exhibit 6 to Form T-1 filed in connection with Registration Statement No. 33-50010, which is incorporated by reference. On July 14, 1996, in connection with the merger of Chemical Bank and The Chase Manhattan Bank (National Association), Chemical Bank, the surviving corporation, was renamed The Chase Manhattan Bank).

7. A copy of the latest report of condition of the Trustee, published pursuant to law or the requirements of its supervising or examining authority.

8. Not applicable.

9. Not applicable.

SIGNATURE

Pursuant to the requirements of the Trust Indenture Act of 1939 the Trustee, The Chase Manhattan Bank, a corporation organized and existing under the laws of the State of New York, has duly caused this statement of eligibility to be signed on its behalf by the undersigned, thereunto duly authorized, all in the City of New York and State of New York, on the 4th. day of May 2000.

THE CHASE MANHATTAN BANK

By /s/ Kathleen Perry

Kathleen Perry
Vice President

Exhibit 7 to Form T-1

Bank Call Notice

RESERVE DISTRICT NO. 2
CONSOLIDATED REPORT OF CONDITION OF

The Chase Manhattan Bank
of 270 Park Avenue, New York, New York 10017
and Foreign and Domestic Subsidiaries,
a member of the Federal Reserve System,

at the close of business December 31, 1999, in
in accordance with a call made by the Federal Reserve Bank of this
District pursuant to the provisions of the Federal Reserve Act.

ASSETS	DOLLAR AMOUNTS IN MILLIONS
Cash and balances due from depository institutions:	
Noninterest-bearing balances and currency and coin	$ 13,271
Interest-bearing balances	30,165
Securities:	
Held to maturity securities	724
Available for sale securities	54,770
Federal funds sold and securities purchased under agreements to resell	26,694
Loans and lease financing receivables:	
Loans and leases, net of unearned income	$132,814
Less: Allowance for loan and lease losses	2,254
Less: Allocated transfer risk reserve	0
Loans and leases, net of unearned income, allowance, and reserve	130,560
Trading Assets	53,619
Premises and fixed assets (including capitalized leases)	3,359
Other real estate owned	29
Investments in unconsolidated subsidiaries and associated companies	186
Customers' liability to this bank on acceptances outstanding	608
Intangible assets	3,659
Other assets	14,554
TOTAL ASSETS	$332,198

LIABILITIES

Deposits	
In domestic offices	$102,421
Noninterest-bearing	$41,580
Interest-bearing	60,841
In foreign offices, Edge and Agreement subsidiaries and IBF's	108,233
Noninterest-bearing	$ 6,061
Interest-bearing	102,172
Federal funds purchased and securities sold under agreements to repurchase	47,425
Demand notes issued to the U.S. Treasury	100
Trading liabilities	33,626
Other borrowed money (includes mortgage indebtedness and obligations under capitalized leases):	
With a remaining maturity of one year or less	3,964
With a remaining maturity of more than one year through three years	14
With a remaining maturity of more than three years	99
Bank's liability on acceptances executed and outstanding	608
Subordinated notes and debentures	5,430
Other liabilities	11,886
TOTAL LIABILITIES	313,806

EQUITY CAPITAL

Perpetual preferred stock and related surplus	0
Common stock	1,211
Surplus (exclude all surplus related to preferred stock)	11,066
Undivided profits and capital reserves	7,376
Net unrealized holding gains (losses) on available-for-sale securities	(1,277)
Accumulated net gains (losses) on cash flow hedges	0
Cumulative foreign currency translation adjustments	16
TOTAL EQUITY CAPITAL	18,392
TOTAL LIABILITIES AND EQUITY CAPITAL	$332,198

I, Joseph L. Sclafani, E.V.P. & Controller of the above-named bank, do hereby declare that this Report of Condition has been prepared in conformance with the instructions issued by the appropriate Federal regulatory authority and is true to the best of my knowledge and belief.

JOSEPH L. SCLAFANI

We, the undersigned directors, attest to the correctness of this Report of Condition and declare that it has been examined by us, and to the best of our knowledge and belief has been prepared in conformance with the instructions issued by the appropriate Federal regulatory authority and is true and correct.

WILLIAM B. HARRISON, JR.)
HELENE L. KAPLAN) DIRECTORS
HENRY B. SCHACHT)