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

FORM 10-Q

(X) QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE QUARTERLY PERIOD ENDED JUNE 30, 1999

OR

( ) TRANSITION REPORT PURSUANT TO SECTION 13 0R 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE TRANSITION PERIOD FROM TO .

Commission File Number 000-23186

BIOCRYST PHARMACEUTICALS, INC.
(Exact name of registrant as specified in its charter)

DELAWARE	62-1413174
(State or other jurisdiction of incorporation or organization)	(I.R.S. employer identification no.)

2190 Parkway Lake Drive; Birmingham, Alabama 35244
(Address and zip code of principal executive offices)

(205) 444-4600
(Registrant's telephone number, including area code)

NONE
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days:

Yes X No
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Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: 15,000,016 shares of the Company's Common Stock, $.01 par value, were outstanding as of July 30, 1999.

BIOCRYST PHARMACEUTICALS, INC.

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

BIOCRYST PHARMACEUTICALS, INC.
CONDENSED BALANCE SHEETS
JUNE 30, 1999 AND DECEMBER 31, 1998
(IN THOUSANDS, EXCEPT PER SHARE)

ASSETS	1999 (UNAUDITED)	1998 (NOTE 1)
Cash and cash equivalents	$ 5,336	$ 12,311
Securities held-to-maturity	12,231	9,961
Prepaid expenses and other current assets	601	598
Total current assets	18,168	22,870
Securities held-to-maturity	6,750	4,740
Furniture and equipment, net	1,513	1,408
Patents	115	82
Total assets	$ 26,546	$ 29,100
LIABILITIES AND STOCKHOLDERS' EQUITY		
Accounts payable	$ 299	$ 243
Accrued expenses	484	611
Accrued taxes, other than income	106	137
Accrued vacation	129	92
Current maturities of capital lease obligations	14	13
Total current liabilities	1,032	1,096
Capital lease obligations	15	22
Deferred license fee	300	300
Total liabilities	1,347	1,418
Stockholders' equity:		
Convertible preferred stock, $.01 par value, shares authorized - 5,000; shares issued and outstanding - none		
Common stock, $.01 par value, shares authorized - 45,000; shares issued and outstanding - 14,988 in 1999 and 14,960 in 1998	150	150
Additional paid-in capital	80,870	80,702
Accumulated deficit	(55,821)	(53,170)
Total stockholders' equity	25,199	27,682
Total liabilities and stockholders' equity	$ 26,546	$ 29,100

See accompanying notes to condensed financial statements.

BIOCRYST PHARMACEUTICALS, INC.
CONDENSED STATEMENTS OF OPERATIONS
PERIODS ENDED JUNE 30, 1999 AND 1998
(IN THOUSANDS, EXCEPT PER SHARE)

	THREE MONTHS		SIX MONTHS	
	1999	1998	1999	1998
Collaborative and other research and development	$ 2,192	$	$ 2,408	$
Interest and other	310	289	633	671
Revenues	2,502	289	3,041	671
Research and development	1,836	2,611	4,006	5,353
General and administrative	915	654	1,683	1,295
Interest	2	5	3	10
Expenses	2,753	3,270	5,692	6,658
Net loss	$ (251)	$ (2,981)	$ (2,651)	$ (5,987)
Net loss per share (Note 2)	$ (.02)	$ (.21)	$ (.18)	$ (.43)
Weighted average shares outstanding (Note 2)	14,987	13,942	14,981	13,926

See accompanying notes to condensed financial statements.

BIOCRYST PHARMACEUTICALS, INC.
CONDENSED STATEMENTS OF CASH FLOWS
SIX MONTHS ENDED JUNE 30, 1999 AND 1998
(IN THOUSANDS)

	1999	1998
OPERATING ACTIVITIES		
Net loss	$ (2,651)	$(5,987)
Depreciation and amortization	250	299
Non-monetary compensation	26	25
Changes in operating assets and liabilities, net	(100)	156
Net cash used by operating activities	(2,475)	(5,507)
INVESTING ACTIVITIES		
Purchases of furniture and equipment	(355)	(340)
Purchases of marketable securities	(11,652)	(2,352)
Maturities of marketable securities	7,372	7,626
Net cash (used)/provided by investing activities	(4,635)	4,934
FINANCING ACTIVITIES		
Principal payments on debt and capital lease obligations	(6)	(38)
Proceeds from sale of common stock	141	518
Net cash provided by financing activities	135	480
Decrease in cash and cash equivalents	(6,975)	(93)
Cash and cash equivalents at beginning of period	12,311	3,757
Cash and cash equivalents at end of period	$ 5,336	$ 3,664

See accompanying notes to condensed financial statements.

Note 1. Basis of Preparation

The condensed balance sheet as of June 30, 1999 and the condensed statements of operations and cash flows for the six months ended June 30, 1999 and 1998 have been prepared in accordance with generally accepted accounting principles by the Company and have not been audited. Such financial statements reflect all adjustments which are, in management's opinion, necessary to present fairly, in all material respects, the financial position at June 30, 1999 and the results of operations and cash flows for the six months ended June 30, 1999 and 1998. These condensed financial statements should be read in conjunction with the financial statements for the year ended December 31, 1998 and the notes thereto included in the Company's 1998 Annual Report. Interim operating results are not necessarily indicative of operating results for the full year. The balance sheet as of December 31, 1998 has been prepared from the audited financial statements included in the previously mentioned Annual Report.

Note 2. Net Loss Per Share

The Company computes net loss per share in accordance with Statement of Financial Accounting Standards No. 128, Earnings per Share. Net loss per share is based upon the weighted average number of common shares outstanding during the period. Common equivalent shares from unexercised stock options and warrants are excluded from the computation as their effect is anti-dilutive. For the three months ended June 30, 1999 and 1998, common stock equivalents of approximately 2,503,431 and 2,437,952 shares, respectively, were not used to calculate diluted income (loss) per share because of their anti-dilutive effect. For the six months ended June 30, 1999 and 1998, common stock equivalents of approximately 2,494,414 and 2,431,020 shares, respectively, were not used to calculate diluted income (loss) per share because of their anti-dilutive effect. There were no reconciling items in calculating the numerator for net loss per share for any of the periods presented.

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

THIS QUARTERLY REPORT ON FORM 10-Q CONTAINS CERTAIN STATEMENTS OF A FORWARD-LOOKING NATURE RELATING TO FUTURE EVENTS OR THE FUTURE FINANCIAL PERFORMANCE OF THE COMPANY. SUCH STATEMENTS ARE ONLY PREDICTIONS AND THE ACTUAL EVENTS OR RESULTS MAY DIFFER MATERIALLY FROM THE RESULTS DISCUSSED IN THE FORWARD-LOOKING STATEMENTS. FACTORS THAT COULD CAUSE OR CONTRIBUTE TO SUCH DIFFERENCES INCLUDE THOSE DISCUSSED BELOW AS WELL AS THOSE DISCUSSED IN OTHER FILINGS MADE BY THE COMPANY WITH THE SECURITIES AND EXCHANGE COMMISSION, INCLUDING THE COMPANY'S ANNUAL REPORT ON FORM 10-K.

Overview

Since its inception in 1986, the Company has been engaged in research and development activities (including drug discovery, manufacturing compounds, conducting preclinical studies and clinical trials) and organizational efforts (including recruiting its scientific and management personnel), establishing laboratory facilities, engaging its Scientific Advisory Board and raising capital. The Company has not received any revenue from the sale of pharmaceutical products and does not expect to receive such revenues to a significant extent for at least several years, if at all. The Company has incurred operating losses since its inception. The Company expects to incur significant additional operating losses over the next several years. Such losses may increase as the Company's research and development and clinical trial efforts continue.

RESULTS OF OPERATIONS (THREE MONTHS ENDED JUNE 30, 1999 COMPARED TO THE THREE MONTHS ENDED JUNE 30, 1998)

Revenues increased 765.7% to $2.5 million in the three months ended June 30, 1999 from $289,000 in the three months ended June 30, 1998. The increase was primarily attributable to a milestone payment of $2.0 million received from Ortho-McNeil Pharmaceutical, Inc. ("Ortho-McNeil") in June 1999.

Research and development expenses decreased 29.7% to $1.8 million in the three months ended June 30, 1999 from $2.6 million in the three months ended June 30, 1998. The decrease is primarily attributable to a decrease in costs associated with conducting clinical trials and a reduction in contracted research costs at The University of Alabama at Birmingham ("UAB"). These costs tend to fluctuate from period to period depending upon the status of the Company's research projects and collaborative efforts.

General and administrative expenses increased 39.9% to $915,000 in the three months ended June 30, 1999 from $654,000 in the three months ended June 30, 1998. The increase is primarily the result of a royalty payment to UAB in connection with the milestone payment received from Ortho-McNeil and increased legal expenses.

RESULTS OF OPERATIONS (SIX MONTHS ENDED JUNE 30, 1999 COMPARED TO THE SIX MONTHS ENDED JUNE 30, 1998)

Revenues increased 353.2% to $3.0 million in the first six months of 1999 from $.7 million in the first six months of 1998. The increase was primarily attributable to a milestone payment of $2.0 million received from Ortho-McNeil in June 1999.

Research and development expenses decreased 25.2% to $4.0 million in the first six months of 1999 from $5.4 million in the first six months of 1998. The decrease is primarily attributable to a decrease in costs associated with conducting clinical trials and a reduction in contracted research costs at UAB. These costs tend to fluctuate from period to period depending upon the status of the Company's research projects and collaborative efforts.

General and administrative expenses increased 30.0% to $1.7 million in the first six months of 1999 from $1.3 million in the first six months of 1998. The increase is primarily the result of a royalty payment to UAB in connection with the milestone payment received from Ortho-McNeil and increased legal expenses.

LIQUIDITY AND CAPITAL RESOURCES

Cash expenditures have exceeded revenues since the Company's inception. Operations have principally been funded through public offerings of common stock, private placements of equity and debt securities, equipment lease financing, facility leases, collaborative and other research and development agreements (including a license and options for licenses), research grants and interest income. In addition, the Company has attempted to contain costs and reduce cash flow requirements by renting scientific equipment or facilities, contracting with third parties to conduct certain research and development and using consultants. The Company expects to incur additional expenses, resulting in significant losses, as it continues its research and development activities and undertakes additional preclinical studies and clinical trials of compounds which have been or may be discovered. The Company also expects to incur substantial administrative, manufacturing and commercialization expenditures in the future as it seeks Food and Drug Administration (the "FDA") approval for its compounds and establishes its manufacturing capability under good manufacturing practices ("GMP"), and substantial expenses related to the filing, prosecution, maintenance, defense and enforcement of patent and other intellectual property claims.

At June 30, 1999, the Company's cash, cash equivalents and securities held-to-maturity were $24.3 million, a decrease of $2.7 million from December 31, 1998, principally due to the cash used by operations for the six months ended June 30, 1999.

The Company has financed its equipment purchases primarily with lease lines of credit. The Company currently has a $500,000 line of credit with its bank to finance capital equipment. In January 1992, the Company entered into an operating lease for its current facilities which, based on an extension signed in June 1998, expires on June 30, 2003, with an option to lease for an additional three years at the then current market rates. The operating lease requires the Company to pay monthly rent (ranging from $21,405 and escalating annually to a minimum of $26,011 per month in the final year), and a pro rata share of operating expenses and real estate taxes in excess of base year amounts.

At December 31, 1998, the Company had long-term capital lease and operating lease obligations which provide for aggregate minimum payments of $280,254 in 1999, $288,128 in 2000 and $285,816 in 2001.

Pursuant to the September 1998 license agreement for the Company's influenza neuraminidase inhibitors, Ortho-McNeil and the R. W. Johnson Pharmaceutical Research Institute ("PRI"), both Johnson & Johnson companies, paid the Company an initial $6.0 million for reimbursement of research and development expenses and license fees and Johnson & Johnson Development Corporation ("JJDC"), another Johnson & Johnson company, pursuant to the Stock Purchase Agreement, made a $6.0 million equity investment in the Company. The Company received its first milestone payment of $2.0 million in June 1999. While the License Agreement provides for potential milestone payments and royalties on future sales of licensed products, there can be no assurance that PRI will continue to develop the product or, that if it does so, it will result in meeting the milestones or achieving future sales of licensed products. The Company also entered into an exclusive license agreement with Torii Pharmaceutical Co., Ltd. ("Torii") under which Torii paid the Company $1.5 million in initial license fees and made a $1.5 million equity investment in the Company in 1996. A milestone payment of $1.0 million was received in 1997. The Company has been notified by Torii that as a consequence of Japan Tobacco's acquisition of Torii, the exclusive license agreement between the Company and Torii has been terminated.

The Company plans to finance its needs principally from its existing capital resources and interest thereon, from payments under collaborative and licensing agreements with corporate partners, and to the extent available, through lease or loan financing and future public or private financings. The Company believes that its available funds will be sufficient to fund the Company's operations at least through the end of 2001. However, this is a forward-looking statement, and no assurance can be given that there will be no change that would consume available resources significantly before such time. The Company's long-term capital requirements and the adequacy of its available funds will depend upon many factors, including results of research and development, results of preclinical studies and clinical trials, relationships with strategic partners, changes in the focus and direction of the Company's research and development programs, competitive and technological advances, changes in existing collaborative, licensing, research or development relationships, the ability of the Company to establish additional collaborative relationships and the FDA regulatory process. Additional funding, whether through additional sales of securities or collaborative or other arrangements with corporate partners or from other sources, may not be available when needed or on terms acceptable to the Company. The issuance of Preferred or Common Stock or convertible securities, on terms and prices significantly more favorable than those of the currently outstanding Common Stock, could have the effect of diluting or adversely affecting the holdings or rights of existing stockholders of the Company. In addition, collaborative arrangements may require the Company to transfer certain material rights to such corporate partners. Insufficient funds may require the Company to delay, scale-back or eliminate certain of its research and development programs or to license third parties to commercialize products or technologies that the Company would otherwise undertake itself.

RISKS ASSOCIATED WITH THE YEAR 2000

The year 2000 issue ("Year 2000 Issue") is the result of computer programs being written using two digits rather than four digits to represent the year and affects both information technology (IT) and non-IT systems. Thus, computer software may recognize a date using "00" as the year 1900 rather than the year 2000. This could result in system failures or miscalculations causing disruptions of operations, including among others, a temporary inability to process certain data or engage in similar normal business activities.

PLAN AND STATUS. The Company's plan to resolve the Year 2000 Issue involves four phases: assessment, remediation, testing and implementation. The Company has completed its assessment of its IT systems. In 1997, the Company installed a computer network, upgraded its MacIntosh computers to IBM compatible personal computers and upgraded its IT software to a common standard. As a consequence, most of its IT systems are identified by the manufacturer as Year 2000 compliant. The Company has completed its assessment of non-IT systems, most of which is equipment used in the laboratories. Major vendors and suppliers have been contacted with regard to their Year 2000 compliance and the Company will continue to monitor their compliance. The Company has completed its assessment. Systems identified as not being Year 2000 compliant will be brought into compliance by upgrading either the software or hardware. The Company has begun remediation and testing and expects to be fully implemented by the end of 1999.

While the Company has queried its significant suppliers, vendors and other outside parties and will continue to

monitor their Year 2000 compliance status, the Company has no means of ensuring that suppliers, vendors and other outside parties will be Year 2000 ready. The inability of suppliers, vendors and other outside parties (including the government) to complete their Year 2000 resolution process in a timely fashion could materially impact the Company. The effect of non-compliance by suppliers, vendors and outside parties is not determinable.

COSTS. The costs incurred to date for Year 2000 compliance have not been material (less than $50,000) and are not expected to be material when completed (less than $100,000). The Company anticipates that it will be able to fund its costs from current funds available for operations. If, however, the costs are higher than anticipated, this could have a material adverse effect on the Company's business, results of operations and financial condition.

RISKS. While management of the Company believes it has an effective program in place to resolve the Year 2000 Issue in a timely manner, as noted above, the Company has not completed all necessary phases of the Year 2000 program for compliance. In the event that the Company or third parties do not complete any additional phases, the Company may not be able to complete the testing of its compounds and advancing its projects into human clinical trials in support of an NDA filing. In addition, disruptions in the economy generally resulting from Year 2000 Issues could also materially adversely effect the Company. The Company is unable to estimate if it has any potential liability or potential lost revenue at this time. There can be no assurance that the Company will not discover Year 2000 compliance issues that will have a material adverse effect on the Company's business, results of operations and financial condition.

CONTINGENCY. The Company has contingency plans for certain critical applications and is working on such plans for others. These contingency plans involve, among other actions, manual workarounds, increasing inventories and adjusting staffing strategies. There can be no assurance that these contingency plans will be adequate.

CERTAIN FACTORS THAT MAY AFFECT FUTURE RESULTS, FINANCIAL CONDITION AND THE MARKET PRICE OF SECURITIES

EARLY STAGE OF DEVELOPMENT; UNCERTAINTY OF PRODUCT DEVELOPMENT; TECHNOLOGICAL UNCERTAINTY

BioCryst is at an early stage of development. All of the Company's compounds are in research and development, and no revenues have been generated from sales of its compounds. It will be a number of years, if ever, before the Company will recognize significant revenues from product sales or royalties. To date, most of the Company's resources have been dedicated to the research and development of pharmaceutical compounds based upon its purine nucleoside phosphorylase ("PNP") program for the treatment of T-cell proliferative diseases and disorders and for the development of inhibitors of influenza neuraminidase and enzymes and proteins involved in the complement cascade. The Company and PRI have conducted preclinical studies with its influenza neuraminidase inhibitor and the Company is conducting clinical studies with its lead drugs, BCX-34 and BCX-1470, and results from these studies may not support future human clinical testing or further development of the compounds. Phase III trials completed in 1997 with a cream formulation of BCX-34 for treatment of cutaneous T-cell lymphoma ("CTCL") and psoriasis and a Phase I/II trial completed in 1998 for a topical ointment treatment for psoriasis did not show statistical efficacy. Accordingly, the Company has discontinued further development of these topical formulations of BCX-34, but is continuing its oral trials for BCX-34. T-cell proliferative diseases, as well as the other disease indications the Company is studying, are highly complex and their causes are not fully known. The Company's compounds under development will require significant additional, time-consuming and costly research and development, preclinical testing and extensive clinical testing prior to submission of any regulatory application for commercial use. Product development of new pharmaceuticals is highly uncertain, and unanticipated developments, clinical or regulatory delays, unexpected adverse side effects or inadequate therapeutic efficacy could slow or prevent product development efforts and have a material adverse effect on the Company. One of BioCryst's lead drugs, BCX-34, reversibly inhibits T-cell activity, an essential component of the human immune system. In addition to any direct toxicities or side effects the drug may cause, BCX-34, while inhibiting T-cells, may compromise the immune system's ability to fight infection. Although the Company will monitor immunosuppression during drug dosing, there can be no assurance that the drug will not cause irreversible immunosuppression. There can be no assurance that the Company's research or product development efforts as to any particular compound will be successfully completed, that the compounds currently under development will be safe or efficacious, that required regulatory approvals can be obtained, that products can be manufactured at acceptable cost and with appropriate

quality or that any approved products can be successfully marketed or will be accepted by patients, health care providers and third-party payors. Few drugs discovered by use of structure-based drug design have been successfully developed, approved by the FDA or marketed. Within the pharmaceutical industry, treatment of the disease indications being pursued by the Company, especially T-cell proliferative diseases such as CTCL and psoriasis, have proven difficult. There can be no assurance that drugs resulting from the approach of structure-based drug design employed by the Company will overcome the difficulties of drug discovery and development or result in commercially successful products.

UNCERTAINTY ASSOCIATED WITH PRECLINICAL AND CLINICAL TESTING

Before obtaining regulatory approvals for the commercial sale of any of its products, BioCryst must undertake extensive preclinical and clinical testing to demonstrate their safety and efficacy in humans. The Company has limited experience in conducting clinical trials. To date, the Company has conducted initial preclinical testing of certain of its compounds and is testing an oral formulation of BCX-34 and an intravenous formulation of BCX-1470 in various clinical trials. The results of initial preclinical and clinical testing of compounds under development by the Company are neither necessarily predictive of results that will be obtained from subsequent or more extensive preclinical and clinical testing nor necessarily acceptable to the FDA to support applications for marketing permits. However, the Company completed in 1997 two Phase III trials of a topical cream formulation and in 1998 a Phase I/II trial of a topical ointment formulation of BCX-34 which did not show statistical efficacy. Even if the results of subsequent clinical tests are positive, products, if any, resulting from the Company's research and development programs are not likely to be commercially available for several years. Additionally, the Company has made and may in the future make changes to the formulation of its drugs and/or to the processes for manufacturing its drugs. Any such future changes in formulation or manufacturing processes could result in delays in conducting further preclinical and clinical testing, in unexpected adverse events in further preclinical and clinical testing, and/or in additional development expenses. Furthermore, there can be no assurance that clinical studies of products under development will be acceptable to the FDA or demonstrate the safety and efficacy of such products at all or to the extent necessary to obtain regulatory approvals of such products. Companies in the industry have suffered significant setbacks in advanced clinical trials, even after promising results in earlier trials. The failure to comply with good clinical practices requirements for data integrity or to adequately demonstrate the safety and efficacy of a therapeutic product under development could delay or prevent regulatory approval of the product, and would have a material adverse effect on the Company.

The rate of completion of clinical trials is dependent upon, among other factors, the rate of enrollment of patients. Patient accrual is a function of many factors, including the size of the patient population, the proximity of patients to clinical sites, the eligibility criteria for the study and the existence of competitive clinical trials. Delays in planned patient enrollment in the Company's current trials or future clinical trials may result in increased costs and/or program delays which could have a material adverse effect on the Company.

DEPENDENCE ON COLLABORATIVE PARTNERS

The Company's strategy for research, development and commercialization of certain of its products is to rely in part upon various arrangements with corporate partners, licensees and others. As a result, the Company's products are dependent in large part upon the subsequent success of such third parties in performing preclinical studies and clinical trials, obtaining regulatory approvals, manufacturing and marketing. The Company entered into an exclusive license agreement with Ortho-McNeil and PRI in September 1998 to develop, manufacture and commercialize its influenza neuraminidase inhibitor compounds for the treatment and prevention of flu. The Company also entered into an exclusive license agreement with Torii in May 1996 to develop, manufacture and commercialize in Japan BCX-34 and certain other PNP inhibitor compounds for three indications. The Company has been notified by Torii that as a consequence of Japan Tobacco's acquisition of Torii, the exclusive license agreement between the Company and Torii has been terminated. The Company has also entered into collaborative arrangements with 3-Dimensional Pharmaceuticals, Inc. to share resources and technology to expedite the identification of inhibitors of key serine protease enzymes, and with Novartis Corporation, formerly Ciba-Geigy Corporation, ("Novartis") to pursue development of certain types of PNP inhibitors. The Company intends to pursue additional collaborations in the future. There can be no assurance that the Company will be able to negotiate

additional acceptable collaborative arrangements or that such arrangements will be successful. No assurance can be given that the Company's collaborative partners, particularly Ortho-McNeil and PRI, will be able to obtain FDA approval for any licensed compounds, that any such licensed compounds, if so approved, will be able to be commercialized successfully, or that the Company will realize any revenues pursuant to such arrangements, including any milestone or royalty payments under the License Agreement. Although the Company believes that parties to collaborative arrangements generally have an economic motivation to succeed in performing their contractual responsibilities, the amount and timing of resources which they devote to these activities are not within the control of the Company, such as was the case with the license agreement with Torii. There can be no assurance that such parties will perform their obligations as expected or that current or potential collaborators will not pursue treatments for other diseases or seek alternative means of developing treatments for the diseases targeted by collaborative programs with the Company or that any additional revenues will be derived from such arrangements. If any of the Company's collaborators breaches or terminates its agreement with the Company or otherwise fails to conduct its collaborative activities in a timely manner, the development or commercialization of the product candidate or research program under such collaboration agreement may be delayed, the Company may be required to undertake unforeseen additional responsibilities or to devote unforeseen additional resources to such development or commercialization, or such development or commercialization could be terminated. The termination or cancellation of collaborative arrangements, particularly by Ortho-McNeil and PRI, could also adversely affect the Company's financial condition, intellectual property position and operations. In addition, disagreements between collaborators and the Company have in the past and could in the future lead to delays in the collaborative research, development or commercialization of certain product candidates, or could require or result in legal process or arbitration for resolution. These consequences could be time-consuming, expensive and could have material adverse effects on the Company.

The successful commercialization of the Company's compounds and product candidates is also dependent upon the Company's ability to develop collaborative arrangements with academic institutions and consultants to support research and development efforts and to conduct clinical trials. The Company's primary academic collaboration has been with The University of Alabama at Birmingham ("UAB") to support its ongoing research and development programs. In 1998, the Company completed its funding obligations with UAB for the development of inhibitors for influenza neuraminidase and Factor D. UAB, however, will continue to share in any revenues derived from those two projects and the Company intends to continue using certain UAB faculty members as consultants to the Company. There can be no assurance that the Company's current arrangements with UAB will continue or that the Company will be able to develop successful collaborative arrangements with academic institutions and consultants in the future.

GOVERNMENT REGULATION; NO ASSURANCE OF PRODUCT APPROVAL

The research, testing, manufacture, labeling, distribution, advertising, marketing and sale of drug products are subject to extensive regulation by governmental authorities in the United States and other countries. Prior to marketing, compounds developed by the Company must undergo an extensive regulatory approval process required by the FDA and by comparable agencies in other countries. This process, which includes preclinical studies and clinical trials of each compound to establish its safety and effectiveness and confirmation by the FDA that good laboratory, clinical and manufacturing practices were maintained during testing and manufacturing, can take many years, requires the expenditure of substantial resources and gives larger companies with greater financial resources a competitive advantage over the Company. To date, no compound or drug candidate being evaluated by the Company has been submitted for approval to the FDA or any other regulatory authority for marketing, and there can be no assurance that any such compound or drug candidate will ever be approved for marketing or that the Company will be able to obtain the labeling claims desired for its compounds or drug candidates. The Company is and will continue to be dependent upon the laboratories and medical institutions conducting its preclinical studies and clinical trials to maintain both good laboratory and good clinical practices and, except for the formulating and packaging of small quantities of its drug formulations which the Company is currently undertaking, upon the manufacturers of its compounds to maintain compliance with current GMP requirements. Data obtained from preclinical studies and clinical trials are subject to varying interpretations which could delay, limit or prevent FDA regulatory approval. Delays or rejections may be encountered based upon changes in FDA policy for drug approval during the period of development and FDA regulatory review. Similar delays also may be encountered in foreign

countries. Moreover, even if approval is granted, such approval may entail commercially unacceptable limitations on the labeling claims for which a compound may be marketed. Even if such regulatory approval is obtained, a marketed drug or compound and its manufacturer are subject to continual review and inspection, and later discovery of previously unknown problems with the product or manufacturer may result in restrictions or sanctions on such product or manufacturer, including withdrawal of the product from the market, and other enforcement actions.

In June 1995 the Company notified the FDA that it had submitted incorrect efficacy data to the FDA pertaining to its Phase II dose-ranging studies of BCX-34 for CTCL and psoriasis. The FDA inspected the Company in November 1995 in relation to a study involving the topical application of BCX-34 concluded in early 1995, and in June 1996 the FDA inspected the Company and one of its clinical sites in relation to a Phase II dose-ranging study of BCX-34 for CTCL and a Phase II dose ranging study for psoriasis, both of which were concluded in early 1995. After each inspection, the FDA issued to the Company a List of Inspectional Observations ("Form FDA 483") setting forth certain deficient Good Clinical Practices procedures followed by the Company, some of which resulted in submission to the FDA of efficacy data which reported false statistical significance. The FDA also issued a Form FDA 483 to the principal investigator at one of the Company's clinical sites citing numerous significant deficiencies in the conduct of the Phase II dose-ranging studies of BCX-34 for CTCL and psoriasis. These deficiencies included improper delegations of authority by the principal investigator, failures to follow the protocols, institutional review board deviations, and discrepancies or deficiencies in documentation and reporting. The Company received notice from the FDA in November 1997 that work in support of products under FDA jurisdiction performed by this investigator would not be accepted by the FDA without validating information. Currently, the Company does not intend to pursue a topical treatment for BCX-34, which is the clinical study this investigator pursued for the Company. As a consequence of the FDA inspections and such resulting Form FDA 483s, the Company's ongoing and future clinical studies may receive increased scrutiny; this may delay the regulatory review process or require the Company to increase the number of patients at other sites to obtain approval (which cannot be assured on a timely basis or at all). The Company has adjusted certain of its procedures, but there can be no assurance that the FDA will find such adjustments to be in compliance with FDA requirements or that, even if it does find such adjustments to be in compliance, it will not seek to impose administrative, civil or other sanctions in connection with the earlier studies.

Such sanctions or other government regulation may delay or prevent the marketing of products being developed by the Company, impose costly procedures upon the Company's activities and confer a competitive advantage to larger companies or companies that are more experienced in regulatory affairs and that compete with the Company. There can be no assurance that FDA or other regulatory approval for any products developed by the Company will be granted on a timely basis, or at all. Delay in obtaining or failure to obtain such regulatory approvals will materially adversely affect the marketing of any products which may be developed by the Company, as well as the Company's results of operations.

HISTORY OF OPERATING LOSSES; ACCUMULATED DEFICIT; UNCERTAINTY OF FUTURE PROFITABILITY

BioCryst, to date, has generated no revenue from product sales and has incurred losses since its inception. As of June 30, 1999, the Company's accumulated deficit was approximately $55.8 million. Losses have resulted principally from costs incurred in research activities aimed at discovering, designing and developing the Company's pharmaceutical product candidates and from general and administrative costs. These costs have exceeded the Company's revenues, which to date have been generated primarily from collaborative arrangements, licenses, research grants and from interest income. The Company expects to incur significant additional operating losses over the next several years and expects such losses to increase as the Company's research and development and clinical trial efforts continue. The Company's ability to achieve profitability depends in part upon its ability to develop drugs and to obtain regulatory approval for its products that may be developed, to enter into agreements with collaborative partners for product development, manufacturing and commercialization, and to develop the capacity to manufacture, market and sell its products. There can be no assurance that the Company will ever achieve significant revenues or profitable operations.

ADDITIONAL FINANCING REQUIREMENTS; UNCERTAINTY OF ADDITIONAL FUNDING

The Company has incurred negative cash flows from operations in each year since its inception. The Company expects that the funding requirements for its operating activities will increase substantially in the future due to continued research and development activities (including preclinical studies and clinical trials), the development of manufacturing capabilities and the development of marketing and distribution capabilities. The Company anticipates that its capital resources are adequate to satisfy its capital requirements for approximately the next 18 months at the current level of operations. However, this is a forward-looking statement, and no assurance can be given that there will be no change that would consume available resources significantly before such time. The Company's future capital requirements will depend on many factors, including continued scientific progress in its research, drug discovery and development programs, the magnitude of these programs, progress with preclinical studies and clinical trials, prosecuting and enforcing patent claims, competing technological and market developments, changes in existing collaborative research or development relationships, the ability of the Company to establish additional collaborative relationships, and the cost of manufacturing scale-up and effective marketing activities and arrangements. The Company anticipates, based on its current business plan, that it will be necessary to raise additional funds in 2000 or earlier. Additional funds, if any, may possibly be raised through financing arrangements or collaborative relationships and/or the issuance of preferred or common stock or convertible securities, on terms and prices significantly more favorable than those of the currently outstanding Common Stock, which could have the effect of diluting or adversely affecting the holdings or rights of existing stockholders of the Company. In addition, collaborative arrangements may require the Company to transfer certain material rights to such corporate partners. If adequate funds are not available, the Company will be required to delay, scale back or eliminate one or more of its research, drug discovery or development programs or attempt to obtain funds through arrangements with collaborative partners or others that may require the Company to relinquish some or all of its rights to certain of its intellectual property, product candidates or products. No assurance can be given that additional financing will be available to the Company on acceptable terms, if at all.

COMPETITION

The Company is engaged in the pharmaceutical industry, which is characterized by extensive research efforts, rapid technological progress and intense competition. There are many public and private companies, including well-known pharmaceutical companies, chemical companies, specialized biotechnology companies and academic institutions, engaged in developing synthetic pharmaceuticals and biotechnological products for human therapeutic applications that represent significant competition to the Company. Existing products and therapies and improvements thereto will compete directly with products the Company is seeking to develop and market, and the Company is aware that other companies or institutions are pursuing development of new drugs and technologies directly targeted at applications for which the Company is developing its drug compounds. Many of the Company's competitors have substantially greater financial and technical resources and production and marketing capabilities and experience than does the Company. The Company has granted Novartis a worldwide exclusive license to several compounds in the Company's sixth group of PNP inhibitors. Such arrangement with Novartis does not include BCX-34 or most of the Company's other compounds. No assurance can be given that Novartis will or will not develop compounds under such arrangements, will be able to obtain FDA approval for any licensed compounds, that any such licensed compounds if so approved will be able to be commercialized successfully, or that the Company will realize any revenues pursuant to such arrangements. If commercialized, these compounds could compete directly against other compounds, including BCX-34, being developed by the Company.

Many of the Company's competitors have significantly greater experience in conducting preclinical studies and clinical trials of new pharmaceutical compounds and in obtaining FDA and other regulatory approvals for health care products. Accordingly, BioCryst's competitors may succeed in obtaining approvals for their drug candidates more rapidly than the Company and in developing products that are safer or more effective or less costly than any that may be developed by the Company and may also be more successful than the Company in the production and marketing of such products. Many of the Company's competitors also have current GMP facilities and significantly greater experience in implementing GMP or in obtaining and maintaining the requisite regulatory standards for manufacturing. Moreover, other technologies are, or may in the future become, the basis for competitive products. Competition may increase further as a result of the potential advances from structure-based drug design and greater

availability of capital for investment in this field. There can be no assurance that the Company's competitors will not succeed in developing technologies and products that are more effective than any being developed by the Company or that would render the Company's technology and product candidates obsolete or noncompetitive.

UNCERTAINTY OF PROTECTION OF PATENTS AND PROPRIETARY RIGHTS

The Company's success will depend in part on its ability to obtain and enforce patent protection for its products, preserve its trade secrets, and operate without infringing on the proprietary rights of third parties, both in the United States and in other countries. In the absence of patent protection, the Company's business may be adversely affected by competitors who develop substantially equivalent technology. Because of the substantial length of time and expense associated with bringing new products through development and regulatory approval to the marketplace, the pharmaceutical and biotechnology industries place considerable importance on obtaining and maintaining patent and trade secret protection for new technologies, products and processes. To date, the Company has been issued seven United States patents related to its PNP inhibitor compounds. One of these compounds is under a patent issued to the Warner-Lambert Company ("Warner-Lambert") and the Company may require a license from Warner-Lambert to market a product containing this compound. The Company has the right of first refusal to negotiate a license from Warner-Lambert for that compound, however, there can be no assurance that such a license would be available or obtainable on terms acceptable to the Company. A patent has also been issued to BioCryst by the U.S. Patent and Trademark Office ("PTO") on a new process to prepare BCX-34 and other PNP inhibitors and an additional patent application has been filed for another new process to prepare BCX-34 and other PNP inhibitors. In addition, two patent applications and two provisional patents have been filed with the PTO relating to inhibitors of influenza neuraminidase. Also, two provisional United States patent applications have been filed with the PTO on complement inhibitors. The Company has filed certain corresponding foreign patent applications and intends to file additional foreign patent applications and additional United States patent applications, as appropriate. There can be no assurance that patents will be issued from such applications, that the Company will develop additional products that are patentable or that present or future patents will provide sufficient protection to the Company's present or future technologies, products and processes. In addition, there can be no assurance that others will not independently develop substantially equivalent proprietary information, design around the Company's patents or obtain access to the Company's know-how or that others will not successfully challenge the validity of the Company's patents or be issued patents which may prevent the sale of one or more of the Company's product candidates, or require licensing and the payment of significant fees or royalties by the Company to third parties in order to enable the Company to conduct its business. Legal standards relating to the scope of claims and the validity of patents in the fields in which the Company is pursuing research and development are still evolving, are highly uncertain and involve complex legal and factual issues. No assurance can be given as to the degree of protection or competitive advantage any patents issued to the Company will afford, the validity of any such patents or the Company's ability to avoid violating or infringing any patents issued to others. Further, there can be no guarantee that any patents issued to or licensed by the Company will not be infringed by the products of others. Litigation and other proceedings involving the defense and prosecution of patent claims can be expensive and time consuming, even in those instances in which the outcome is favorable to the Company, and can result in the diversion of resources from the Company's other activities. An adverse outcome could subject the Company to significant liabilities to third parties, require the Company to obtain licenses from third parties or require the Company to cease any related research and development activities or sales.

The Company's success is also dependent upon the skills, knowledge and experience (none of which is patentable) of its scientific and technical personnel. To help protect its rights, the Company requires all employees, consultants, advisors and collaborators to enter into confidentiality agreements which prohibit the disclosure of confidential information to anyone outside the Company and requires disclosure and assignment to the Company of their ideas, developments, discoveries and inventions. There can be no assurance, however, that these agreements will provide adequate protection for the Company's trade secrets, know-how or other proprietary information in the event of any unauthorized use or disclosure or the lawful development by others of such information.

The Company's management and scientific personnel have been recruited primarily from other pharmaceutical companies and academic institutions. In many cases, these individuals are continuing research in the same areas with which they were involved prior to joining BioCryst and may be restricted by agreement from disclosing to the

Company trade secrets they learned elsewhere. As a result, the Company could be subject to allegations of violation of such agreements and similar claims and litigation regarding such claims could ensue.

DEPENDENCE ON KEY MANAGEMENT AND QUALIFIED PERSONNEL

The Company is highly dependent upon the efforts of its senior management and scientific team. The loss of the services of one or more members of the senior management and scientific team could significantly impede the achievement of development objectives. Although the Company maintains, and is the beneficiary of, a $2 million key-man insurance policy on the life of Charles E. Bugg, Ph.D., Chairman of the Board of Directors and Chief Executive Officer, the Company does not believe the proceeds would be adequate to compensate for his loss. Due to the specialized scientific nature of the Company's business, the Company is also highly dependent upon its ability to attract and retain qualified scientific, technical and key management personnel. There is intense competition for qualified personnel in the areas of the Company's activities, and there can be no assurance that the Company will be able to continue to attract and retain qualified personnel necessary for the development of its existing business and its expansion into areas and activities requiring additional expertise, such as production and marketing. The loss of, or failure to recruit, scientific, technical and managerial personnel could have a material adverse effect on the Company. In addition, the Company relies on members of its Scientific Advisory Board and consultants to assist the Company in formulating its research and development strategy. All of the members of the Scientific Advisory Board and all of the Company's consultants are employed by other employers, and each such member or consultant may have commitments to, or consulting or advisory contracts with, other entities that may limit their availability to the Company.

LACK OF MANUFACTURING, MARKETING OR SALES CAPABILITY

The Company has not yet manufactured or marketed any products and currently does not have the facilities to manufacture its product candidates in commercial quantities under GMP as prescribed and required by the FDA. To be successful, the Company's products must be manufactured in commercial quantities under GMP and at acceptable costs. Although the Company is formulating and packaging under GMP conditions small amounts of certain drug formulations which are the subject of preclinical studies and clinical trials, the current facilities of the Company are not adequate for commercial scale production. Therefore, the Company will need to develop its own GMP manufacturing facility and/or depend on its collaborators, licensees or contract manufacturers for the commercial manufacture of its products. The Company has no experience in such commercial manufacturing and no assurance can be given that the Company will be able to make the transition to commercial production successfully or at an acceptable cost. In addition, no assurance can be given that the Company will be able to make arrangements with third parties to manufacture its products on acceptable terms, if at all. The inability of the Company to manufacture or provide for the manufacture of any products it may develop on a cost-effective basis would have a material adverse effect on the Company.

The Company has no experience in marketing, distributing or selling pharmaceutical products and will have to develop a pharmaceutical sales force and/or rely on its collaborators, licensees or arrangements with others to provide for the marketing, distribution and sales of any products it may develop. There can be no assurance that the Company will be able to establish marketing, distribution and sales capabilities or make arrangements with collaborators, licensees or others to perform such activities.

UNCERTAINTY OF THIRD-PARTY REIMBURSEMENT AND PRODUCT PRICING

Successful commercialization of any pharmaceutical products the Company may develop will depend in part upon the availability of reimbursement or funding from third-party health care payors such as government and private insurance plans. There can be no assurance that third-party reimbursement or funding will be available for newly approved pharmaceutical products or will permit price levels sufficient to realize an appropriate return on the Company's investment in its pharmaceutical product development. The U.S. Congress is considering a number of legislative and regulatory reforms that may affect companies engaged in the health care industry in the United States. Although the Company cannot predict whether these proposals will be adopted or the effects such proposals may have on its business, the existence and pendency of such proposals could have a material adverse effect on the

Company in general. In addition, the Company's ability to commercialize potential pharmaceutical products may be adversely affected to the extent that such proposals have a material adverse effect on other companies that are prospective collaborators with respect to any of the Company's pharmaceutical product candidates.

Third-party payors are continuing their efforts to contain or reduce the cost of health care through various means. For example, third-party payors are increasingly challenging the prices charged for medical products and services. Also, the trend toward managed health care in the United States and the concurrent growth of organizations, such as health maintenance organizations, which can control or significantly influence the purchase of health care services and products, as well as legislative proposals to reform health care or reduce government insurance programs, may result in lower prices for pharmaceutical products. The cost containment measures that health care providers are instituting and the effect of any health care reform could materially adversely affect the Company's ability to sell its products if successfully developed and approved.

RISK OF PRODUCT LIABILITY; AVAILABILITY OF INSURANCE

The Company's business may be affected by potential product liability risks which are inherent in the testing, manufacturing and marketing of pharmaceutical and other products under development by the Company. There can be no assurance that product liability claims will not be asserted against the Company, its collaborators or licensees. The use of compounds or drug candidates developed by the Company in clinical trials and the subsequent sale of such products is likely to cause BioCryst to bear all or a portion of those risks. The Company does not have product liability insurance but does maintain coverage for clinical trials in the amount of $6.0 million per occurrence and in the aggregate. No assurance can be given that such insurance will be adequate to cover claims made with respect to the clinical trials. There can be no assurance that the Company will be able to obtain or maintain adequate product liability insurance on acceptable terms or that such insurance will provide adequate coverage against potential liabilities. Furthermore, there can be no assurance that any collaborators or licensees of BioCryst will agree to indemnify the Company, be sufficiently insured or have a net worth sufficient to satisfy any such product liability claims.

HAZARDOUS MATERIALS; COMPLIANCE WITH ENVIRONMENTAL REGULATIONS

The Company's research and development involves the controlled use of hazardous materials, chemicals and various radioactive compounds. Although the Company believes that its safety procedures for handling and disposing of such materials comply with the standards prescribed by state and federal regulations, the risk of accidental contamination or injury from these materials cannot be completely eliminated. In the event of such an accident, the Company could be held liable for any damages that result and any such liability could exceed the resources of the Company. The Company may incur substantial costs to comply with environmental regulations if the Company develops manufacturing capacity.

CONTROL BY EXISTING MANAGEMENT AND STOCKHOLDERS; EFFECT OF CERTAIN ANTI-TAKEOVER CONSIDERATIONS

The Company's directors, executive officers and certain principal stockholders and their affiliates own beneficially approximately 37.6% of the Common Stock. Accordingly, such holders, if acting together, may have the ability to exert significant influence over the election of the Company's Board of Directors and other matters submitted to the Company's stockholders for approval. The voting power of these holders may discourage or prevent any proposed takeover of the Company unless the terms thereof are approved by such holders. Pursuant to the Company's Composite Certificate of Incorporation (the "Certificate of Incorporation"), shares of Preferred Stock may be issued by the Company in the future without stockholder approval and upon such terms as the Board of Directors may determine. The rights of the holders of Common Stock will be subject to, and may be adversely affected by, the rights of the holders of any Preferred Stock that may be issued in the future. The issuance of Preferred Stock could have the effect of discouraging a third party from acquiring a majority of the outstanding Common Stock of the Company and preventing stockholders from realizing a premium on their shares. The Company's Certificate of Incorporation also provides for staggered terms for the members of the Board of Directors. A staggered Board of Directors and certain provisions of the Company's by-laws and of Delaware law applicable to the Company could delay or make more difficult a merger, tender offer or proxy contest involving the Company.

PRICE VOLATILITY

The securities markets have from time to time experienced significant price and volume fluctuations that have often been unrelated to the operating performance of particular companies. In addition, the market prices of the common stock of many publicly traded emerging pharmaceutical and biopharmaceutical companies have in the past been, and can in the future be expected to be, especially volatile. Announcements of technological innovations or new products by the Company or its competitors, developments or disputes concerning patents or proprietary rights or collaboration partners, achieving or failing to achieve development milestones, publicity regarding actual or potential medical results relating to products under development by the Company or its competitors, regulatory developments in both U.S. and foreign countries, public concern as to the safety of pharmaceutical products and economic and other external factors, as well as period-to-period fluctuations in the Company's financial results, may have a significant impact on the market price of the Common Stock.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company invests its available cash in money market accounts and investment grade instruments, generally U.S. Treasury and Agency securities and high-grade domestic corporate debt. These instruments were purchased with the intent to hold until maturity and are due to mature within the Company's cash needs cycle, currently 18 months. Interest income from investments is sensitive to changes in the level of U.S. interest rates. Such changes also impact the market risk exposure of the investment portfolio, however, such changes have not been material and the Company intends to hold its investments to maturity. Accordingly, the Company has concluded that there is no material market risk exposure.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS:

None.

ITEM 2. CHANGES IN SECURITIES:

None

ITEM 3. DEFAULTS UPON SENIOR SECURITIES:

None

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

(a) The Company's annual meeting of stockholders was held on May 12, 1999.

(b) Messrs. Featheringill and Sherrill were reelected as directors for three-year terms expiring in 2002. Messrs. Bugg, Bennett, Gee, Horovitz, Montgomery, Spencer and Steer continue as directors.

(c) Motions before stockholders:

1. Election of two directors as follows -

NAME	VOTES FOR	VOTES AGAINST	ABSTENTIONS/ WITHHELD	BROKER NON-VOTES
William W. Featheringill	11,929,975	0	371,884	0
Joseph H. Sherrill, Jr.	11,929,975	0	371,884	0

2. Amendment to increase the number of shares available for issuance under the 1991 Stock Option Plan by 400,000 shares to 3,400,000 shares.

VOTES FOR	VOTES AGAINST	ABSTENTIONS/ WITHHELD	BROKER NON-VOTES
11,061,399	1,215,043	25,417	0

(d) Not applicable.

ITEM 5. OTHER INFORMATION:

None.

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

a. Exhibits:

NUMBER	DESCRIPTION
3.1	Composite Certificate of Incorporation of Registrant. Incorporated by reference to Exhibit 3.1 to the Company's Form 10-Q for the second quarter ending June 30, 1995 dated August 11, 1995.
3.2	Bylaws of Registrant. Incorporated by reference to Exhibit 3.1 to the Company's Form 10-Q for the second quarter ending June 30, 1995 dated August 11, 1995.
4.1	See Exhibits 3.1 and 3.2 for provisions of the Composite Certificate of Incorporation and Bylaws of the Registrant defining rights of holders of Common Stock of the Registrant.
10.1	1991 Stock Option Plan, as amended and restated. Incorporated by reference to Exhibit 99.1 to the Company's Form S-8 Registration Statement (Registration No. 333-30751).
10.2*	Amendment No. 1 to the 1991 Stock Option Plan, as amended and restated.
10.3	Form of Notice of Stock Option Grant and Stock Option Agreement. Incorporated by reference to Exhibit 99.2 and 99.3 to the Company's Form S-8 Registration Statement (Registration No. 33-95062).
10.4	Warehouse Lease dated January 17, 1992 between Principal Mutual Life Insurance Company and the Registrant. Incorporated by reference to Exhibit 10.21 to the Company's Form S-1 Registration Statement (Registration No. 33-73868).
10.5	First Amendment to Lease Agreement between Registrant and Principal Mutual Life Insurance Company, Inc. for office/warehouse space. Incorporated by reference to Exhibit 10.21 to the Company's Form 10-K for the year ending December 31, 1994 dated March 28, 1995.
10.6	Second Amendment to Lease Agreement between Registrant and Principal Mutual Life Insurance Company, Inc. for office/warehouse space. Incorporated by reference to Exhibit 10.24 to the Company's Form 10-Q for the first quarter ending March 31, 1997 dated May 12, 1997.
10.7	Third Amendment to Lease Agreement between Registrant and Principal Mutual Life Insurance Company, Inc. for office/warehouse space. Incorporated by reference to Exhibit 10.24 to the Company's Form 10-Q for the first quarter ending March 31, 1998 dated April 29, 1998.
10.8	Fourth Amendment to Lease Agreement between Registrant and Principal Mutual Life Insurance Company, Inc. for office/warehouse space. Incorporated by reference to Exhibit 10.22 to the Company's Form 10-Q for the second quarter ending June 30, 1998 dated April 29, 1998.
10.9*	Fifth Amendment to Lease Agreement between Registrant and

Principal Mutual Life Insurance Company, Inc. for office/warehouse space.

10.10	Employment Agreement dated December 17, 1996 between the Registrant and Charles E. Bugg, Ph.D. Incorporated by reference to Exhibit 10.11 to the Company's Form 10-K for the year ended December 31, 1996 dated March 28, 1997.
10.11	Employment Agreement dated December 18, 1996 between the Registrant and J. Claude Bennett. Incorporated by reference to Exhibit 10.12 to the Company's Form 10-K for the year ended December 31, 1996 dated March 28, 1997.
10.12#	License Agreement dated April 15, 1993 between Ciba-Geigy Corporation (now merged into Novartis) and the Registrant. Incorporated by reference to Exhibit 10.40 to the Company's Form S-1 Registration Statement (Registration No. 33-73868).
10.13	Employee Stock Purchase Plan. Incorporated by reference to Exhibit 99.4 to the Company's Form S-8 Registration Statement (Registration No. 33-95062).
10.14	Form of Stock Purchase Agreement dated May 1995 between Registrant and various parties to purchase 1,570,000 shares of common stock. Incorporated by reference to Exhibit 10.22 to the Company's Form 10-Q for the second quarter ending June 30, 1995 dated August 11, 1995.
10.15	Form of Registration Rights Agreement dated May 1995 between Registrant and various parties. Incorporated by reference to Exhibit 10.23 to the Company's Form 10-Q for the second quarter ending June 30, 1995 dated August 11, 1995.
10.16	Form of Stock Purchase Agreement dated March 22, 1996 among Registrant and certain investors to purchase 1,000,000 shares of common stock. Incorporated by reference to Exhibit 10.1 to the Company's Form 8-K dated March 22, 1996.
10.17	Form of Registration Rights Agreement dated March 22, 1996 among Registrant and certain investors. Incorporated by reference to Exhibit 10.2 to the Company's Form 8-K dated March 22, 1996.
10.18#	License Agreement, dated May 31, 1996, between Registrant and Torii Pharmaceutical Co., Ltd. ("Torii"). Incorporated by reference to Exhibit 10.1 to the Company's Form 8-K/A dated May 3, 1996 and filed August 2, 1996.
10.19#	Stock Purchase Agreement, dated May 31, 1996, between Registrant and Torii. Incorporated by reference to Exhibit 10.2 to the Company's Form 8-K/A dated May 3, 1996 and filed August 2, 1996.
10.20#	License Agreement dated as of September 14, 1998 between Registrant and The R.W. Johnson Pharmaceutical Research Institute and Ortho-McNeil Pharmaceutical, Inc. Incorporated by reference to Exhibit 10.23 to the Company's Form 10-Q for the third quarter ending September 30, 1998 dated November 10, 1998.
10.21	Stock Purchase Agreement dated as of September 14, 1998 between Registrant and Johnson & Johnson Development Corporation. Incorporated by reference to Exhibit 10.24 to the Company's Form 10-Q for the third quarter ending September 30, 1998 dated November 10, 1998.
10.22	Stockholder's Agreement dated as of September 14, 1998 between Registrant and Johnson & Johnson Development Corporation. Incorporated by reference to Exhibit 10.25 to the Company's Form 10-Q for the third quarter ending September 30, 1998 dated November 10, 1998.
27.1*	Financial Data Schedule.

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Confidential treatment granted.

* Filed herewith.

b. Reports on Form 8-K:

None.

SIGNATURES

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

BIOCRYST PHARMACEUTICALS, INC.

Date: August 12, 1999

/s/ Charles E. Bugg

Charles E. Bugg
Chairman and Chief Executive Officer

Date: August 12, 1999

/s/ Ronald E. Gray

Ronald E. Gray
Chief Financial Officer and Chief Accounting Officer

EXHIBIT 10.2

BIOCRYST PHARMACEUTICALS, INC.

1991 STOCK OPTION PLAN

AMENDED AND RESTATED EFFECTIVE MARCH 3, 1997

AMENDMENT NO. 1

The BioCryst Pharmaceuticals, Inc. 1991 Stock Option Plan (the "Plan"), as amended and restated effective March 3, 1997, is hereby amended, effective March 1, 1999, by changing Section 1.V.A. of Article One in its entirety to read as follows:

> A. Shares of the Company's Common Stock shall be available for issuance under the Plan and shall be drawn from either the Company's authorized but unissued shares of Common Stock or from reacquired shares of Common Stock, including shares repurchased by the Company on the open market. The maximum number of shares of Common Stock which may be issued over the term of the Plan shall not exceed 3,400,000 shares, subject to adjustment from time to time in accordance with the provisions of this Section V. Such authorized share reserve includes (i) the increase of 500,000 shares of Common Stock authorized by the Board on February 8, 1994, (ii) the increase of 500,000 shares of Common Stock authorized by the Board on March 16, 1995, (iii) the increase of 1,000,000 shares of Common Stock authorized by the Board on March 4, 1997 and (iv) the increase of 400,000 shares of Common Stock authorized by the Board on March 1, 1999 subject to stockholder approval at the 1999 Annual Stockholders Meeting.

IN WITNESS WHEREOF, BioCryst Pharmaceuticals, Inc. has caused this Plan Amendment No. 1 to be executed on its behalf by its duly authorized officer effective as of March 1, 1999.

BIOCRYST PHARMACEUTICALS, INC.

By: /s/ Charles E. Bugg

Title: Chairman and Chief Executive Officer

EXHIBIT 10.9

STATE OF ALABAMA
SHELBY COUNTY

FIFTH AMENDMENT TO LEASE AGREEMENT

THIS FIFTH AMENDMENT TO LEASE AGREEMEPT, hereinafter referred to as the "Agreement" is made and entered into on this 1st day of June 1999 by and between PRINCIPAL MUTUAL LIFE INSURANCE COMPANY, f/k/a Principal Mutual Life Insurance Company hereinafter referred to as "Lessor" and BIOCRYST PHARMACEUTICALS, INC., hereinafter referred to as "Lessee";

WHEREAS, Lessor and Lessee, entered into a Lease Agreement, dated January 17, 1992 and amended by the First Amendment to Lease Agreement dated January 10, 1995, amended by the Second Amendment to Lease Agreement dated March 31, 1997, amended by the Third Amendment to Lease Agreement dated February 27, 1998 and amended by the Fourth Amendment to Lease Agreement dated June 29, 1998, collectively referred to as the "Lease" for approximately 41,250 gross leasable square feet of office/warehouse space consisting of Suites A and B and Suite C, collectively referred to as the "Premises", at the building known as Riverchase Business Park, the "Building", located at 2190 and 2192 Parkway Lake Drive, Birmingham, Alabama 35244.

WHEREAS, the parties hereto have reached additional agreements to amend the Lease in the manner hereafter set forth.

NOW, THEREFORE, for and in consideration of the mutual covenants and agreements herein contained and other good and valuable considerations, the receipt and sufficiency of which is hereby acknowledged, Lessor and Lessee understand and agree as follows:

1. Lessee shall expand into 2190 Parkway Lake Drive, Suite H, the "Expansion Area" consisting of approximately 1,700 gross leasable square feet, which except for the rent specified in Paragraph Three (3), will constitute part of the "Premises" under the Lease.

2. This agreement shall commence on June 1, 1999. The Lease expiration shall remain June 30, 2003.

3. Monthly rent for the Expansion Area shall commence June 1, 1999. The monthly rent shall be $1,062.50, adjusting in the month of April of each year as described in Paragraph Two (2) of the First Amendment to Lease Agreement dated January 10, 1995.

4. Lessee agrees to take possession of the Expansion Area in its "as is" condition. Lessor shall inspect and if necessary, service the HVAC systems to insure that it is in good working condition.

5. All other terms, covenants and conditions of the Lease shall remain unchanged except as herein expressly changed and amended. In the event the terms, covenants and condition of this Agreement differ from, or at variance with, the terms of the Lease, the terms of this Agreement shall prevail and take precedent.

IN WITNESS WHEREOF, the parties hereto have entered into this Agreement as of the day and year first above written.

WITNESS: LESSOR: Principal Mutual Life Insurance Company
f/k/a Principal Mutual Life Insurance Company

By: Principal Capital Management, LLC a
Delaware limited liability company, its
authorized signatory

/s/Susan K. Hayes By: /s/ Bruce Bruene, Vice President Equity
Asset Management

WITNESS: LESSEE: BioCryst Pharmaceuticals, Inc.

/s/Ronald E. Gray By: /s/ Charles E. Bugg, Chairman/CEO

This schedule contains summary financial information extracted from the BioCryst Pharmaceuticals, Inc. Financial Statements, and is qualified in its entirety by reference to such financial statements.

6-MOS
DEC-31-1999
JUN-30-1999
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