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

FORM 10-Q

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the quarterly period ended March 31, 2007

Commission File Number 000-23186

BIOCRYST PHARMACEUTICALS, INC.

(Exact name of registrant as specified in its charter)

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

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

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

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

Yes ☑ No o.

Indicate by a check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act). (Check One):

Large accelerated filer o Accelerated filer ☑ Non-accelerated filer o

Indicate by a check mark whether the registrant is a shell company (as defined in Exchange Act Rule 12b-2).

Yes o No ☑.

The number of shares of Common Stock, par value $.01, of the Registrant outstanding as of April 30, 2007 was 29,360,050.

BIOCRYST PHARMACEUTICALS, INC.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

BIOCRYST PHARMACEUTICALS, INC.
BALANCE SHEETS
March 31, 2007 and December 31, 2006
(In thousands, except per share data)

	2007 (Unaudited)	2006 (Note 1)
Assets		
Cash and cash equivalents	$ 9,207	$ 4,418
Marketable securities	27,849	33,040
Receivables from collaborations — billed	3,871	249
Receivables from collaborations — unbilled	4,496	4,307
Prepaid expenses and other current assets	1,865	3,776
Total current assets	47,288	45,790
Marketable securities	5,793	8,778
Furniture and equipment, net	3,062	3,029
Patents and licenses, net	303	290
Deferred collaboration expense	11,470	10,598
Total assets	$ 67,916	$ 68,485
Liabilities and Stockholders' Equity		
Accounts payable	$ 8,209	$ 5,887
Accrued expenses	1,537	1,507
Accrued vacation	672	641
Deferred revenue	3,161	2,699
Total current liabilities	13,579	10,734
Deferred revenue	40,344	36,596
Stockholders' equity:		
Preferred stock: shares authorized — 5,000		
Series B Junior Participating Preferred Stock, $.001 par value; shares authorized — 45; shares issued and outstanding — none		
Common stock, $.01 par value: shares authorized — 45,000; shares issued and outstanding — 29,350 in 2007 and 29,249 in 2006	294	292
Additional paid-in capital	217,979	216,311
Accumulated other comprehensive income	26	33
Accumulated deficit	(204,306)	(195,481)
Total stockholders' equity	13,993	21,155
Total liabilities and stockholders' equity	$ 67,916	$ 68,485

See accompanying notes to financial statements.

BIOCRYST PHARMACEUTICALS, INC.
STATEMENTS OF OPERATIONS
Three Months Ended March 31, 2007 and 2006
(In thousands, except per share data)
(Unaudited)

	2007	2006
Revenues:		
Collaborative and other research and development	$ 9,159	$ 771
Expenses:		
Research and development	16,195	8,043
General and administrative	2,372	1,495
Total expenses	18,567	9,538
Loss from operations	(9,408)	(8,767)
Interest and other income	583	885
Net loss	$ (8,825)	$ (7,882)
Basic and diluted net loss per common share	$ (.30)	$ (.27)
Weighted average shares outstanding	29,274	28,938

See accompanying notes to financial statements.

BIOCRYST PHARMACEUTICALS, INC.
STATEMENTS OF CASH FLOWS
Three Months Ended March 31, 2007 and 2006
(In thousands)
(Unaudited)

	2007	2006
Operating activities:		
Net loss	$ (8,825)	$ (7,882)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities:		
Depreciation and amortization	231	205
Stock-based compensation expense	1,376	420
Changes in operating assets and liabilities:		
Receivables from collaborations	(3,811)	29,370
Prepaid expenses and other current assets	1,911	(1,887)
Deferred collaboration expense	(872)	(2,075)
Accounts payable and accrued expenses	2,383	(1,663)
Deferred revenue	4,210	9,859
Net cash (used in) provided by operating activities	**(3,397)**	**26,347**
Investing activities:		
Acquisitions of furniture and equipment	(261)	(556)
Purchases of patents and licenses	(16)	(36)
Purchases of marketable securities	—	(17,639)
Maturities of marketable securities	8,169	3,500
Net cash provided by (used in) investing activities	**7,892**	**(14,731)**
Financing activities:		
Employee stock purchase plan sales	129	100
Exercise of stock options	165	2,142
Net cash provided by financing activities	**294**	**2,242**
Increase in cash and cash equivalents	4,789	13,858
Cash and cash equivalents at beginning of period	4,418	29,157
Cash and cash equivalents at end of period	**$ 9,207**	**$ 43,015**

See accompanying notes to financial statements.

BIOCRYST PHARMACEUTICALS, INC.
NOTES TO FINANCIAL STATEMENTS (Unaudited)

Note 1 — Significant Accounting Policies

Basis of Presentation

The balance sheet as of March 31, 2007, the statements of operations for the three months ended March 31, 2007 and 2006, and the statements of cash flows for the three months ended March 31, 2007 and 2006 have been prepared by the Company in accordance with accounting principles generally accepted in the United States and have not been audited. Such financial statements reflect all adjustments that are, in management's opinion, necessary to present fairly, in all material respects, the financial position at March 31, 2007, the results of operations for the three months ended March 31, 2007 and 2006, and cash flows for the three months ended March 31, 2007 and 2006. There were no adjustments other than normal recurring adjustments.

These financial statements should be read in conjunction with the financial statements for the year ended December 31, 2006 and the notes thereto included in the Company's 2006 Annual Report on Form 10-K. Interim operating results are not necessarily indicative of operating results for the full year. The balance sheet as of December 31, 2006 has been derived from the audited financial statements included in the Company's most recent Annual Report on Form 10-K.

Cash and Cash Equivalents

The Company generally considers cash equivalents to be all cash held in money market accounts or investments in debt instruments with maturities of three months or less at the time of purchase in accordance with Statement of Financial Accounting Standards No. 95, *Statement of Cash Flows*.

Marketable Securities

In accordance with Statement of Financial Accounting Standards No. 115, *Accounting for Certain Investments in Debt and Equity Securities*, the Company is required to classify securities as trading, available-for-sale, or held-to-maturity. The appropriateness of each classification is assessed at the time of purchase and at each reporting date. At March 31, 2007, the Company had approximately $33.6 million of marketable securities of which $12.8 million is classified as available-for-sale and $20.8 million is classified as held-to-maturity. Securities available-for-sale consisted of U.S. Agency securities carried at fair value based on independent quoted market prices. At March 31, 2007, the amortized cost of securities available-for-sale was $12.8 million. Unrealized gains and losses on securities available-for-sale are recognized in other comprehensive income. Securities held-to-maturity consisted of U.S. Treasury and Agency securities and commercial paper carried at amortized cost. The estimated fair value of these securities, which was also based on independent quoted market prices, approximated amortized cost at March 31, 2007.

Receivables from Collaborations

Receivables are recorded for amounts due to the Company related to reimbursable research and development costs and event payments. These receivables are evaluated to determine if any reserve or allowance should be established at each reporting date. To date, the Company has not established a reserve and has never had any default of amounts due from third parties.

Furniture and Equipment

Furniture and equipment are recorded at cost. Depreciation is computed using the straight-line method with estimated useful lives of five and seven years. Laboratory equipment, office equipment, leased equipment, and software are depreciated over a life of five years. Furniture and fixtures are depreciated over a life of seven years. Leasehold improvements are amortized over their estimated useful lives or the remaining lease term, whichever is less. In accordance with Statement of Financial Accounting Standards No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets* ("Statement No. 144"), the Company periodically reviews its furniture and equipment for impairment when events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. Determination of recoverability is based on an estimate of undiscounted future cash flows resulting from the use of the asset and its eventual disposition. In the event that such cash flows are not expected to be sufficient to recover the carrying amount of the assets, the assets are written down to their estimated fair values. Furniture and equipment to be disposed of are reported at the lower of carrying amount or fair value less cost to sell.

Patents and Licenses

Patents and licenses are recorded at cost and amortized on a straight-line basis over their estimated useful lives or 20 years, whichever is less. The Company periodically reviews its patents and licenses for impairment in accordance with Statement No. 144 to determine any impairment that needs to be recognized.

Accrued Expenses

The Company records all expenses in the period incurred. In addition to recording expenses for invoices received, the Company estimates the cost of services provided by third parties or materials purchased for which no invoices have been received as of each balance sheet date. Accrued expenses as of March 31, 2007 and 2006 consisted primarily of development and clinical trial expenses payable to contract research organizations in connection with the Company's research and development programs.

Accumulated Other Comprehensive Income

Accumulated other comprehensive income is comprised of unrealized gains and losses on securities available-for-sale and is disclosed as a separate component of stockholders' equity. The Company had $26,313 of unrealized gains on its securities that are included in accumulated other comprehensive income at March 31, 2007. Other comprehensive income for the three months ended March 31, 2007 and 2006 appears in the following table. Note that amounts are in thousands.

	Three Months Ended March 31, 2007	Three Months Ended March 31, 2006
Net loss	$ (8,825)	$ (7,882)
Unrealized loss on securities available-for-sale	(7)	—
Other comprehensive income (loss)	$ (8,832)	$ (7,882)

Revenue Recognition

The Company's revenues have generally been limited to license fees, event payments, research and development fees, government contracts, and interest income. Revenue is recognized in accordance with Staff Accounting Bulletin No. 104, *Revenue Recognition* ("SAB No. 104"), and Emerging Issues Task Force Issue 00-21, *Revenue Arrangements with Multiple Deliverables* ("EITF Issue 00-21"). License fees, future event payments, and research and development fees are recognized as revenue when the earnings process is complete and the Company has no further continuing performance obligations or the Company has completed the performance obligations under the terms of the agreement. Fees received under licensing agreements that are related to future performance are deferred and recognized over an estimated period determined by management based on the terms of the agreement and the products licensed. In the event a license agreement contains multiple deliverables, the Company evaluates whether the deliverables are separate or combined units of accounting in accordance with EITF Issue 00-21. Revisions to revenue or profit estimates as a result of changes in the estimated revenue period are recognized prospectively.

Future event payments are recognized as revenue upon the achievement of specified events if (1) the event is substantive in nature and the achievement of the event was not reasonably assured at the inception of the agreement and (2) the fees are non-refundable and non-creditable. Any event payments received prior to satisfying these criteria are recorded as deferred revenue.

Significant direct costs incurred upon entering into a licensing arrangement are deferred and charged to expense in proportion to the revenue recognized. Under the guidance of Emerging Issues Task Force Issue 99-19, *Reporting Revenue Gross as a Principal Versus Net as an Agent* ("EITF Issue 99-19"), and Emerging Issues Task Force Issue 01-14, *Income Statement Characterization of Reimbursements Received for "Out-of-Pocket" Expenses* ("EITF Issue 01-14"), reimbursements received for direct out-of-pocket expenses related to research and development costs are recorded as revenue in the income statement rather than as a reduction in expenses.

Royalty revenue is recognized based on estimates of royalties earned during the applicable period and adjusted for differences between the estimated and actual royalties in the following period. If royalties can not be reasonably estimated, revenue is recognized upon receipt of royalty statements from the licensee. The Company has not received any royalties from the sale of licensed pharmaceutical products.

Research and Development Expenses

In accordance with Statement of Financial Accounting Standards No. 2, *Accounting for Research and Development Costs* ("Statement No. 2"), the Company expenses research and development costs as incurred. Research and development expenses include, among other items, personnel costs, including salaries and benefits, manufacturing costs, clinical, regulatory, and toxicology services performed by contract research organizations ("CRO's"), materials and supplies, and overhead allocations consisting of various administrative and facilities related costs. Most of the Company's manufacturing and clinical and preclinical studies are performed by third-party CRO's. Costs for studies performed by CRO's are accrued by the Company over the service periods specified in the contracts and estimates are adjusted, if required, based upon the Company's on-going review of the level of services actually performed.

Additionally, the Company has license agreements with third parties, such as Albert Einstein College of Medicine of Yeshiva University ("AECOM"), Industrial Research, Ltd. ("IRL"), and the University of Alabama at Birmingham ("UAB"), which require maintenance fees or fees related to sublicense agreements. These fees are generally expensed as incurred unless they are related to revenues that have been deferred, in which case the expenses are deferred and recognized over the related revenue recognition period.

Stock-Based Compensation

In accordance with Statement of Financial Accounting Standards No. 123 (revised 2004), *Share-Based Payment* ("Statement No. 123R"), all share-based payments, including grants of stock option awards and restricted stock awards, are recognized in the Company's income statement based on their fair values. Statement No. 123R was adopted by the Company on January 1, 2006 using the "modified prospective" transition method. Under the fair value recognition provisions of Statement No. 123R, stock-based compensation cost is estimated at the grant date based on the fair value of the award and is recognized as expense on a straight-line basis over the requisite service period of the award.

As of March 31, 2007, the Company had two stock-based employee compensation plans, the Stock Incentive Plan ("Plan") and the Employee Stock Purchase Plan ("ESPP"). Prior to January 1, 2006, the Company accounted for those plans under the recognition and measurement provisions of Accounting Principles Board Opinion No. 25, *Accounting for Stock Issued to Employees,* and other related interpretations, as permitted by Statement of Financial Accounting Standards No. 123, *Accounting for Stock-Based Compensation*. No stock-based compensation cost related to the Company's employees was recognized in the Statements of Operations for any period ending prior to January 1, 2006. Stock-based compensation expense of $1,375,622 ($1,343,247 of expense related to the Plan and $32,375 of expense related to the ESPP) was recognized during the first three months of 2007, while $419,809 ($412,473 of expense related to the Plan and $7,336 of expense related to the ESPP) was recognized during the first three months of 2006.

As of March 31, 2007, there was approximately $12,078,183 of total unrecognized compensation cost related to non-vested employee stock option awards and stock awards granted under the Plan and the ESPP. That cost is expected to be recognized as follows: $3,257,868 in the remainder of 2007, $3,714,522 in 2008, $3,192,937 in 2009, $1,910,215 in 2010, and $2,641 in 2011.

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. Diluted loss per share is equivalent to basic net loss per share for all periods presented herein because common equivalent shares from unexercised stock options and common shares expected to be issued under the Company's employee stock purchase plan were anti-dilutive.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements. Examples include accrued clinical and preclinical expenses. Actual results could differ from those estimates.

Note 2 — Stock-Based Compensation

Stock Incentive Plan

The Company grants stock option awards and restricted stock awards to employees, directors, and consultants of the Company under the Stock Incentive Plan ("Plan"), as amended and restated on March 7, 2006. The Plan was approved by the Company's stockholders on May 17, 2006 and permits the Company to issue awards for approximately 5.0 million shares of common stock over the term of the Plan as amended and restated. Under the Plan, stock option awards are granted with an exercise price equal to the market price of the Company's stock at the date of grant. Stock option awards granted to employees and consultants generally vest 25% after one year and monthly thereafter on a pro rata basis over the next three years until fully vested after four years. Stock option awards granted to non-employee directors of the Company generally vest over one year. All stock option awards have contractual terms of 10 years. The vesting exercise provisions of all awards granted under the Plan are subject to acceleration in the event of certain stockholder-approved transactions, or upon the occurrence of a change in control as defined in the Plan.

For each stock option award granted under the Plan during the first three months of 2007 and 2006, the fair value was estimated on the date of grant using a Black-Scholes option pricing model and the assumptions noted in the table below. The weighted average grant date fair value of the stock option awards granted under the Plan during the first three months of 2007 and 2006 was $7.71 and $13.75, respectively. The fair value of those stock option awards is amortized to expense over the vesting periods using a straight-line expense attribution method. The expected life is based on the average of the assumption that all outstanding stock option awards will be exercised at full vesting and the assumption that all outstanding stock option awards will be exercised at the midpoint of the valuation date and the full contractual term. The expected volatility represents an average of the implied volatility on the Company's publicly traded stock options, the volatility over the most recent period corresponding with the expected life, and the Company's long-term reversion volatility. The Company has assumed no expected dividend yield, as dividends have never been paid to stock or option holders and will not be for the foreseeable future. The weighted average risk-free interest rate is the implied yield currently available on zero-coupon government issues with a remaining term equal to the expected term.

Weighted Average Assumptions for Stock Option Awards Granted under the Plan

	2007	2006
Expected Life	5.7	5.9
Expected Volatility	77.6%	85.7%
Expected Dividend Yield	0.0%	0.0%
Risk-Free Interest Rate	4.7%	4.4%

Related activity under the Plan is as follows:

	Awards Available	Awards Outstanding	Weighted Average Exercise Price
Balance December 31, 2006	820,754	3,952,568	$ 8.94
Stock option awards granted	(492,833)	492,833	11.69
Restricted stock awards granted	(50,000)	50,000	—
Stock option awards exercised	—	(36,244)	4.55
Stock option awards canceled	1,488	(1,488)	22.72
Balance March 31, 2007	279,409	4,457,669	9.17

The grant date fair value of the restricted stock awards granted under the Plan during the first three months of 2007 was $11.81.

Employee Stock Purchase Plan

The ESPP was originally approved by the Company's stockholders on May 29, 1995 and most recently amended on May 12, 2002. The Company has reserved a total of 400,000 shares of common stock to be purchased under the ESPP, of which 84,656 shares remain available for purchase at March 31, 2007. Eligible employees may authorize up to 15% of their salary to purchase common stock at the lower of 85% of the beginning or 85% of the ending price during six-month purchase intervals. No more than 3,000 shares may be purchased by any one employee at the six-month purchase dates and no employee may purchase stock having a fair market value at the commencement date of $25,000 or more in any one calendar year. The Company issued 14,957 shares during the first three months of 2007 under the ESPP. The fair value expense of options granted under the ESPP was determined using a Black-Scholes option pricing model.

Note 3 — Collaborative Agreements

In November 2005, the Company announced a collaborative relationship with F.Hoffmann-La Roche Ltd and Hoffmann-La Roche Inc. ("Roche") for the development and commercialization of BCX-4208. In February 2006, the Company announced a collaborative relationship with Mundipharma International Holdings Limited ("Mundipharma") for the development and commercialization of Fodosine™. For these license agreements, the Company decided to defer the upfront payments received in these collaborations over the remaining life of the patents of the compounds licensed, which is through August 2023 for the Roche agreement and through October 2017 for the Mundipharma agreement. These upfront payments have been classified as deferred revenue on the balance sheet and the significant direct costs incurred upon entering into these licensing agreements related to sublicense fees paid to AECOM and IRL have been recorded as deferred assets on the balance sheet. As the Company recognizes the revenue related to these agreements, which began in February 2006 for the Mundipharma agreement and October 2006 for the Roche agreement, the Company will also recognize the proportionate amount of expense related to the deferred assets.

In June 2006 and in February 2007, the Company entered into collaborative relationships with Green Cross Corporation ("Green Cross") and Shionogi & Co., Ltd. ("Shionogi"), respectively, for the development and commercialization of peramivir. Consistent with the accounting treatment in the Roche and Mundipharma license arrangements, the Company has deferred the upfront payment made by Green Cross and the sublicense fee payable by the Company to UAB. The recognition of the revenue and the expense from the Green Cross agreement began in August 2006 and will continue through November 2009. The upfront payment from Shionogi, which was received by the Company in April 2007, has not been recorded as a receivable as of March 31, 2007 since neither party had completed their performance obligations prior to quarter end. The recognition of the revenue and the expense from the Shionogi agreement will begin in April 2007 and will continue through December 2017.

In January 2007, the Company announced that it had been awarded a four-year contract from the U.S. Department of Health and Human Services ("HHS") for the development of peramivir. The contract commits $102.6 million to support the development of both intravenous and intramuscular formulations of peramivir. In addition, the contract also funds the validation of U.S. based manufacturing facilities. The contract with HHS is defined as a cost-plus-fixed-fee contract. That is, the Company is entitled to receive reimbursement for all costs incurred in accordance with the contract provisions that are related to the development of peramivir plus a fixed fee, or profit.

Note 4 — Income Taxes

Effective January 1, 2007, the Company adopted the provisions of Financial Accounting Standards Board ("FASB") Interpretation No. 48, "*Accounting for Uncertainty in Income Taxes, an interpretation of FASB Statement No. 109*" ("FIN No. 48"). FIN No. 48 clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with FASB Statement 109, "*Accounting for Income Taxes,*" and prescribes a recognition threshhold and measurement process for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return.

Upon adoption, the Company has concluded that there were no significant uncertain tax positions requiring recognition in its financial statements. As of March 31, 2007, all of the Company's deferred tax assets were fully reserved by a valuation allowance equal to 100% of the net deferred tax assets. The company has never been profitable and has not paid any income taxes. Tax years 2003-2006 remain open to examination by the major taxing jurisdictions to which the Company is subject. Additionally, years prior to 2003 are also open to examination to the extent of loss and credit carryforwards from those years.

The company has significant net operating loss and business credit carryovers which are subject to a valuation allowance due to the uncertain nature of the realization of the losses. The Internal Revenue Code imposes certain limitations on the utilization of net operating loss carryovers and other tax attributes after a change in control. The Company has encountered ownership changes which could significantly limit the possible utilization of such carryovers. The Company has not performed a detailed analysis to determine the effect of such ownership changes on its ability to use these net operating loss and credit carryforwards. However, it is not anticipated that limitations, if any, would have a material impact on the balance sheet as a result of offsetting changes in the deferred tax valuation allowance.

The Company will recognize interest and penalties accrued related to unrecognized tax benefits as components of its income tax provision. The Company did not have any interest and penalties accrued upon the adoption of FIN No. 48 and as of March 31, 2007, the Company does not have any interest and penalties accrued related to unrecognized tax benefits.

Note 5 — Recent Accounting Pronouncements

In September 2006, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 157, *Fair Value Measurements* ("Statement No. 157"). The standard provides enhanced guidance for using fair value to measure assets and liabilities and also responds to investors' requests for expanded information about the extent to which companies measure assets and liabilities at fair value, the information used to measure fair value, and the effect of fair value measurements on earnings. While the standard applies whenever other standards require (or permit) assets or liabilities to be measured at fair value, it does not expand the use of fair value in any new circumstances. Statement No. 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. Management of the Company is evaluating the impact of this standard, but does not anticipate that it will have a significant impact on its financial statements.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

This Quarterly Report on Form 10-Q contains forward-looking statements, including statements regarding future results, performance, or achievements 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, Quarterly Reports on Form 10-Q and current reports on Form 8-K.

Overview

Since our inception in 1986, we have been engaged in research and development activities and organizational efforts, including:

- identifying and licensing enzyme targets;
- drug discovery;
- structure-based design of drug candidates;
- small-scale synthesis of compounds;
- conducting preclinical studies and clinical trials;
- establishing collaborative relationships with third parties for contract research related to the development of our drug candidates to support manufacturing, clinical development and regulatory compliance;

- establishing collaborative relationships with biotechnology or pharmaceutical companies and governmental agencies or other third parties for the further development and potential commercialization of our compounds;
- recruiting our scientific and management personnel;
- establishing laboratory facilities; and
- raising capital.

Our revenues have generally been limited to license fees, event payments, research and development fees, government contracts, and interest income. Revenue is recognized in accordance with SAB No. 104 and EITF Issue 00-21. License fees, future event payments, and research and development fees are recognized as revenue when the earnings process is complete and we have no further continuing performance obligations or we have completed the performance obligations under the terms of the agreement. Fees received under licensing agreements that are related to future performance are deferred and recognized as earned over an estimated period determined by management based on the terms of the agreement and the products licensed. For example, in the Roche and Mundipharma licenses agreements, we deferred the upfront payments over the remaining life of the patents which are through 2023 and 2017, respectively. In the event a license agreement contains multiple deliverables, we evaluate whether the deliverables are separate or combined units of accounting in accordance with EITF Issue 00-21. Revisions to revenue or profit estimates as a result of changes in the estimated revenue period are recognized prospectively.

Future event payments are recognized as revenue upon the achievement of specified events if (1) the event is substantive in nature and the achievement of the event was not reasonably assured at the inception of the agreement and (2) the fees are non-refundable and non-creditable. Any event payments received prior to satisfying these criteria are recorded as deferred revenue.

Significant direct costs incurred upon entering into a licensing arrangement, such as our sublicense fees to AECOM and IRL for the Roche and Mundipharma agreements and to UAB for the Shionogi and Green Cross agreements, are deferred and charged to expense in proportion to the revenue recognized. Under the guidance of EITF Issue 99-19 and EITF Issue 01-14, reimbursements received for direct out-of-pocket expenses related to research and development costs are recorded as revenue in the income statement rather than as a reduction in expenses. For example, the amounts received from Mundipharma and HHS for the reimbursement of development costs will be recorded as revenue in the period the related costs are incurred.

Royalty revenue is recognized based on estimates of royalties earned during the applicable period and adjusted for differences between the estimated and actual royalties in the following period. If royalties can not be reasonably estimated, revenue is recognized upon receipt of royalty statements from the licensee. We have not received any royalties from the sale of licensed pharmaceutical products.

It could be several years, if ever, before we will recognize significant revenue from royalties received pursuant to our license agreements or revenue directly from product sales. Future revenues, if any, are likely to fluctuate substantially from quarter to quarter.

We have incurred operating losses since our inception. Our accumulated deficit at March 31, 2007 was $204.3 million. We expect to incur substantial expenditures relating to the development of our current and future drug candidates. During the three years ended December 31, 2006, we spent 66.0% of our research and development expenses on contract research and development, including:

- payments to consultants;
- funding of research at academic institutions;
- toxicology studies on existing and potential drugs;
- manufacturing of our raw materials, drug substance and drug products;
- large scale synthesis and formulation of compounds;

- preclinical studies;
- payments of amounts to academic institutions and others as a result of our recent collaborations;
- engaging investigators to conduct clinical trials;
- hiring CRO's for regulatory and clinical functions; and
- using statisticians to evaluate the results of clinical trials.

The above expenditures for contract research and development for our current and future drug candidates will vary from quarter-to-quarter depending on the status of our research and development projects. For example, during the first quarter of 2007, we incurred significant costs related to the Phase II trials with peramivir and the ongoing manufacturing of drug substance for both peramivir and Fodosine™. As these trials progress and additional trials are started in other indications, our costs for clinical studies will increase significantly. In addition, the costs associated with the manufacturing of Fodosine™ and peramivir will increase as we continue scaling up to the larger production runs required for clinical development, manufacturing validation and additional toxicology studies for these programs.

Changes in our existing and future research and development and collaborative relationships also will impact the status of our research and development projects. For example, in January 2007, we announced a $102.6 million contract with HHS for the funding of the development, manufacturing and clinical trials required for licensure of peramivir with both the intravenous ("i.v.") and intramuscular ("i.m.") formulations. In March 2007, we announced a license agreement with Shionogi for the development and commercialization of peramivir in Japan for an upfront payment of $14 million. In November 2005 we entered into a license agreement with Roche for the worldwide development and commercialization for our second PNP inhibitor, BCX-4208. In addition to an upfront payment plus an advance payment for manufacturing we performed, Roche has taken over the development and is paying all costs associated with this program. In February 2006, we licensed Fodosine™ to Mundipharma for the development and commercialization of this drug in Europe, Asia and Australasia. In addition to the upfront payment of $10 million, Mundipharma is paying 50% of the clinical development costs we incur for Fodosine™ on existing and planned clinical trials, but their portion shall not exceed $10 million.

For the Roche and Mundipharma collaborations, we will owe sublicense payments to AECOM and IRL on all upfront, future event payments and royalties. For the Shionogi and Green Cross collaborations, we will owe sublicense payments to UAB. The revenue from these agreements has been recorded as deferred revenue on our balance sheet and will be recognized over the remaining patent life of the related drug candidate. The payments to AECOM, IRL and UAB have been recorded as deferred assets on our balance sheet and will be recognized over the period of the related revenue recognition. Due to the nature of the potential milestones in our collaborations, it is difficult to predict if and when particular milestones will be achieved by us or our partners. The revenues expected from the Mundipharma agreement in 2007 will consist of continuing reimbursement of R&D expenses in accordance with the contract and the amortization of the upfront and event payments. The primary revenue expected from the Roche agreement for 2007 is the continuing amortization of the upfront payment received.

During January 2007, we initiated a pivotal clinical trial with Fodosine™ in T-ALL, which triggered a $5 million event payment from Mundipharma. Subsequently, in March 2007, the Company made a decision to put this trial on voluntary hold to investigate particulates that were found in some batches of i.v. formulation. We are working closely with Mundipharma to determine a mutually agreeable course of future action with regard to the clinical evaluation of Fodosine™ in T-ALL. In March 2007 we submitted a proposed pivotal trial of oral Fodosine™ in CTCL to the FDA and requested a SPA. At present we are in active discussions with the FDA to finalize the requirements to obtain the SPA so that this pivotal clinical trial with Fodosine™ in CTCL patients can begin later in 2007.

The contract with HHS is a standard cost-plus-fixed-fee contract which provides for the reimbursement of allowable costs plus an element of overhead and profit. This is expected to have a significant positive revenue impact on our financial statements. As the costs of our peramivir program increase for the clinical trials, manufacturing and other expenses we will submit invoices to HHS for reimbursement of expenses allowable under the contract. The expenses are recorded as R&D expenses and reimbursements are recorded as revenue. In the same way, as we incur R&D costs for our Fodosine™ program that are reimbursable under the Mundipharma contract or R&D expenses for peramivir that are related to the Shionogi contract, we will invoice the respective company for those costs. The amounts reimbursable will be recorded as revenue in the same period the costs are incurred.

Although we may, in some cases, be able to control the timing of development expenses, in part by accelerating or decelerating certain costs, many of these costs will be incurred irrespective of whether we are able to discover drug candidates or obtain collaborative partners for commercialization. In addition, the achievement of milestones in our collaboration agreements is uncertain and unpredictable and would most likely have a significant impact on our operating results in the periods they are achieved. As a result, we believe that quarter-to-quarter comparisons of our financial results are not necessarily meaningful and should not be relied upon as an indication of future performance. If we fail to meet the research, clinical and financial expectations of securities analysts and investors, it could have a material adverse effect on the price of our common stock.

Results of Operations (three months ended March 31, 2007 compared to the three months ended March 31, 2006)

Collaborative and other research and development revenues increased to $9,159,000 for the three months ended March 31, 2007 as compared to $771,000 for the three months ended March 31, 2006, primarily due to reimbursement expected from HHS related to our contract for the development of peramivir, which included approximately $2 million of pre-contract costs from 2006 that had been deferred on the Company's balance sheet as of December 31, 2006.

Research and development ("R&D") expenses increased 101.4% to $16,195,000 for the first quarter of 2007 from $8,043,000 for the first quarter of 2006, while general and administrative ("G&A") expenses increased 58.7% to $2,372,000 for the first quarter of 2007 from $1,495,000 for the first quarter of 2006. The variance in R&D expenses is mainly attributable to an increase in expenses related to clinical trials, manufacturing, and animal studies related to the advanced development of our drug candidates, Fodosine™ and peramivir. Recognized in R&D expenses during the first quarter of 2007 was approximately $2 million of costs that were actually incurred during 2006. These costs were directly related to the Phase 2 trials for peramivir and were deferred at December 31, 2006 in anticipation of a contract award from HHS. In addition, there has been an increase in personnel related costs due to an increase in personnel to support the advanced development of our drug candidates, plus an increase of $395,000 in the share-based compensation expense over the first quarter of 2006.

The increase in G&A expenses if primarily due to an increase in personnel related costs, including an increase of $561,000 in share-based compensation expense, and an increase in professional fees.

Interest income for the three months ended March 31, 2007 was $583,000 as compared to $885,000 for the three months ended March 31, 2006. This decrease was due to a lower average balance of interest-bearing assets for the first quarter of 2007 versus the first quarter of 2006.

Liquidity and Capital Resources

Cash expenditures have exceeded revenues since our inception. Our operations have principally been funded through public offerings and private placements of equity and debt securities and cash from collaborative and other research and development agreements and to a lesser extent interest. For example, during December 2005, we raised $30.0 million (approximately $29.9 million net of expenses) through a sale of 2,228,829 shares of our common stock. During 2006, we received cash from collaborative and other research and development agreements (primarily Roche and Mundipharma) of approximately $31.8 million net of sublicense fees. Based on anticipated cash receipts from the HHS contract and the collaborations with Shionogi, Mundipharma and Roche we expect such cash receipts to increase significantly. Other sources of funding have included the following:

- other collaborative and other research and development agreements;
- government grants and contracts;
- equipment lease financing;
- facility leases;
- research grants; and
- interest income.

In addition, we have attempted to contain costs and reduce cash flow requirements by renting scientific equipment and facilities, contracting with other parties to conduct certain research and development and using consultants. We expect to incur additional expenses, potentially resulting in significant losses, as we continue to pursue our research and development activities, undertake additional preclinical studies and clinical trials of compounds which have been or may be discovered and as we increase the manufacturing of our compounds for clinical trials and for the continuation of the validation process. We also expect to incur substantial expenses related to the filing, prosecution, maintenance, defense and enforcement of patent and other intellectual property claims and additional regulatory costs as our clinical products advance through later stages of development.

We invest our excess cash principally in U.S. marketable securities from a diversified portfolio of institutions with strong credit ratings and in U.S. government and agency bills and notes, and by policy, limit the amount of credit exposure at any one institution. These investments are generally not collateralized and mature within two years. We have not realized any losses from such investments.

We have financed some of our equipment purchases with lease lines of credit. Our lease for our current Birmingham facilities expires on June 30, 2010. We have an option to renew the lease for an additional five years at the current market rate in effect on June 30, 2010 and a one-time option to terminate the lease on June 30, 2008 for a termination fee of approximately $124,000. The lease requires us to pay monthly rent currently at $37,963 per month in December 2006 and escalating annually to a minimum of $41,481 per month in the final year, plus our pro rata share of operating expenses and real estate taxes in excess of base year amounts.

In August 2006, we opened an office in Cary, North Carolina for the establishment of our clinical and regulatory operation. We currently have 5,375 square feet under lease through February 2010. This lease requires us to pay $7,391 per month and escalates annually to $7,841 per month in the final year.

We have not incurred any significant charges related to building renovations since 2001. Our capital costs during 2006 were approximately $1.4 million and we anticipate capital costs of approximately $2.0 million in 2007.

At December 31, 2006, we had long-term operating lease obligations, which provide for aggregate minimum payments of $549,758 in 2007, $565,257 in 2008 and $538,351 in 2009. These obligations include the future rental of our operating facilities.

We plan to finance our needs principally from the following:

- payments under our contract with HHS;
- our existing capital resources and interest earned on that capital;
- payments under collaborative and licensing agreements with corporate partners; and
- lease or loan financing and future public or private financing.

For the year, our cash, cash equivalents and marketable securities balance has decreased from $46.2 million as of December 31, 2006 to $42.8 million as of March 31, 2007, primarily due to the monthly cash burn from operations less the cash received from collaborations.

The collaboration with Roche for the worldwide development and commercialization of BCX-4208 provided an upfront payment of $30 million, which was received in 2006. Roche has taken over the development and is paying all costs associated with this program. The agreement also provides for future event payments and royalties to be made by Roche upon the achievement of certain clinical, regulatory and sales events.

In February 2006, we licensed Fodosine™ to Mundipharma for the development and commercialization of this drug in Europe, Asia and Australasia. In addition to the upfront payment of $10 million, which was received in February 2006, Mundipharma is paying 50% of the clinical development costs we are incurring for Fodosine™ on existing and planned clinical trials, but their portion shall not exceed $10 million. In addition, Mundipharma will conduct additional clinical trials at their own cost up to a maximum of $15 million. The agreement also provides for future event payments and royalties to be made by Mundipharma upon the achievement of certain clinical,

regulatory and sales events. In January 2007, we initiated our pivotal study with Fodosine™ in T-cell leukemia patients under an SPA negotiated with the FDA, which triggered a $5 million event payment from Mundipharma. Subsequently, in March 2007, the Company made a decision to put this trial on voluntary hold to investigate particulates that were found in some batches of i.v. formulation. We are working closely with Mundipharma to determine a mutually agreeable course of future action with regard to the clinical evaluation of Fodosine™ in T-ALL. In March 2007 we submitted a proposed pivotal trial of oral Fodosine™ in CTCL to the FDA and requested a SPA. At present we are in active discussions with the FDA to finalize the requirements to obtain the SPA so that this pivotal clinical trial with Fodosine™ in CTCL patients can begin later in 2007.

In January 2007, we announced that HHS had awarded the Company a $102.6 million, four-year contract for the advanced development of peramivir. Funding from the contract will support manufacturing, process validation, clinical studies and other product approval requirements for peramivir. The contract is a standard cost plus fixed fee contract, which will have a significant positive impact on our financial position and cash flow. We will bill our incurred costs to HHS on a monthly basis. Any significant delays in payment or cancellation of this contract by HHS would have a significant negative effect on our financial position.

In March 2007, we announced a collaborative agreement with Shionogi for rights to peramivir in Japan. This agreement required an upfront payment of $14 million that was received in April 2007.

With the award of the HHS contract to fund the development of peramivir and the current and planned trials for Fodosine™, we expect an increase in our research and development expenses for 2007. However, with the expected reimbursement from the HHS contract and our other partners, we are projecting our net cash burn rate to average approximately $3.0 million per month in 2007. We caution that both our expenses and our cash flows will vary significantly from quarter to quarter due to the nature of the trials in influenza and the reimbursement from HHS.

As our clinical programs continue to grow and patient enrollment increases, our costs will increase. Our current and planned clinical trials plus the related manufacturing, personnel resources and testing required to support the development of our drug candidates will consume significant capital resources and will increase our expenses. Our expenses, revenues and burn rate could vary significantly depending on many factors, including our ability to raise additional capital, the development progress of our collaborative agreements for our drug candidates, the amount and timing of funding we receive from HHS for peramivir, the amount of funding or assistance, if any, we receive from other governmental agencies or other new partnerships with third parties for the development of our drug candidates, the progress and results of our current and proposed clinical trials for our most advanced drug products, the progress made in the manufacturing of our lead products and the progression of our other programs.

As of March 31, 2007, we had $42.8 million in cash, cash equivalents and marketable securities. With our currently available funds and amounts to be received from HHS, Shionogi and our other collaborators, we believe these resources will be sufficient to fund our operations for at least the next twelve months. However, this is a forward looking statement, and there may be changes that would consume available resources significantly before such time. Our long-term capital requirements and the adequacy of our available funds will depend upon many factors, including:

- our ability to perform under the contract with HHS and receive reimbursement;
- the progress and magnitude of our research, drug discovery and development programs;
- changes in existing collaborative relationships or government contracts;
- our ability to establish additional collaborative relationships with academic institutions, biotechnology or pharmaceutical companies and governmental agencies or other third parties;
- the extent to which our partners, including governmental agencies will share in the costs associated with the development of our programs or run the development programs themselves;
- our ability to negotiate favorable development and marketing strategic alliances for our drug candidates;
- the scope and results of preclinical studies and clinical trials to identify and evaluate drug candidates;

- our ability to enroll sites and patients in our clinical trials;
- the scope of manufacturing of our drug candidates to support our preclinical research and clinical trials;
- increases in personnel and related costs to support the development of our drug candidates;
- the scope of validation for the manufacturing of our drug substance and drug products required for future NDA filings;
- competitive and technological advances;
- the time and costs involved in obtaining regulatory approvals;
- the costs involved in preparing, filing, prosecuting, maintaining and enforcing patent claims;
- our dependence on others for development and commercialization of our product candidates; and
- successful commercialization of our products consistent with our licensing strategy.

We expect that we will be required to raise additional capital to complete the development and commercialization of our current product candidates. Additional funding, whether through additional sales of securities or collaborative or other arrangements with corporate partners or from other sources, including governmental agencies in general and from the HHS contract specifically, may not be available when needed or on terms acceptable to us. The issuance of preferred or common stock or convertible securities, with 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 our existing stockholders. In addition, collaborative arrangements may require us to transfer certain material rights to such corporate partners. Insufficient funds may require us to delay, scale-back or eliminate certain of our research and development programs.

Off-Balance Sheet Arrangements

As part of our ongoing business, we do not participate in transactions that generate relationships with unconsolidated entities or financial partnerships, such as entities often referred to as structured finance or special purpose entities, which would have been established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes. As of March 31, 2007, we are not involved in any material unconsolidated entities or off-balance sheet arrangements.

Contractual Obligations

Our contractual obligations as of December 31, 2006 are described in our Annual Report on Form 10-K. There have been no material changes in contractual obligations outside the ordinary course of business since December 31, 2006.

Critical Accounting Policies

We have established various accounting policies that govern the application of accounting principles generally accepted in the United States, which were utilized in the preparation of our financial statements. Certain accounting policies involve significant judgments and assumptions by management that have a material impact on the carrying value of certain assets and liabilities. Management considers such accounting policies to be critical accounting policies. The judgments and assumptions used by management are based on historical experience and other factors, which are believed to be reasonable under the circumstances. Because of the nature of the judgments and assumptions made by management, actual results could differ from these judgments and estimates, which could have a material impact on the carrying values of assets and liabilities and the results of operations.

While our significant accounting policies are more fully described in Note 1 to our financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2006, and Note 1 to our financial statements included in Part I, Item I of this report, we believe that the following accounting policies are the most critical to aid you in fully understanding and evaluating our reported financial results and affect the more significant judgments and estimates that we use in the preparation of our financial statements.

Revenue Recognition

Our revenues have generally been limited to license fees, event payments, research and development fees, government contracts, and interest income. Revenue is recognized in accordance with SAB No. 104 and EITF Issue 00-21. License fees, future event payments, and research and development fees are recognized as revenue when the earnings process is complete and we have no further continuing performance obligations or we have completed the performance obligations under the terms of the agreement. Fees received under licensing agreements that are related to future performance are deferred and recognized as earned over an estimated period determined by management based on the terms of the agreement and the products licensed. For example, in the Roche and Mundipharma license agreements, we deferred the upfront payments over the remaining life of the patents which are through 2023 and 2017, respectively. In the event a license agreement contains multiple deliverables, we evaluate whether the deliverables are separate or combined units of accounting in accordance with EITF Issue 00-21. Revisions to revenue or profit estimates as a result of changes in the estimated revenue period are recognized prospectively.

Future event payments are recognized as revenue upon the achievement of specified events if (1) the event is substantive in nature and the achievement of the event was not reasonably assured at the inception of the agreement and (2) the fees are non-refundable and non-creditable. Any event payments received prior to satisfying these criteria are recorded as deferred revenue.

Significant direct costs incurred upon entering into a licensing arrangement, such as our sublicense fees to AECOM and IRL for the Roche and Mundipharma agreements and to UAB for the Shionogi and Green Cross agreements, are deferred and charged to expense in proportion to the revenue recognized. Under the guidance of EITF Issue 99-19 and EITF Issue 01-14, reimbursements received for direct out-of-pocket expenses related to research and development costs are recorded as revenue in the income statement rather than as a reduction in expenses. For example, the amounts received from Mundipharma and HHS for the reimbursement of development costs will be recorded as revenue in the period the related costs are incurred.

Royalty revenue is recognized based on estimates of royalties earned during the applicable period and adjusted for differences between the estimated and actual royalties in the following period. If royalties can not be reasonably estimated, revenue is recognized upon receipt of royalty statements from the licensee. We have not received any royalties from the sale of licensed pharmaceutical products.

Research and Development Expenses

Major components of R&D expenses consist of personnel costs, including salaries and benefits, manufacturing costs, clinical, regulatory, and toxicology services performed by CRO's, materials and supplies, and overhead allocations consisting of various administrative and facilities related costs. We charge these costs to expense when incurred, consistent with Statement No. 2. These costs are a significant component of R&D expenses. Most of our manufacturing and our clinical and preclinical studies are performed by third-party CRO's. We accrue costs for studies performed by CRO's over the service periods specified in the contracts and adjust our estimates, if required, based upon our on-going review of the level of services actually performed. We expense both our internal and external research and development costs as incurred.

Additionally, we have license agreements with third parties, such as AECOM, IRL, and UAB that require maintenance fees or fees related to sublicense agreements. These fees are generally expensed as incurred unless they are related to revenues that have been deferred in which case the expenses will be deferred and recognized over the related revenue recognition period.

We group our R&D expenses into two major categories: direct external expenses and all other R&D expenses. Direct external expenses consist of costs of outside parties to conduct laboratory studies, to develop manufacturing processes and manufacture the product candidate, to conduct and manage clinical trials and similar costs related to our clinical and preclinical studies. These costs are accumulated and tracked by program. All other R&D expenses consist of costs to compensate personnel, to purchase lab supplies and services, to maintain our facility, equipment and overhead and similar costs of our research and development efforts. These costs apply to work on our clinical and preclinical candidates as well as our discovery research efforts. These costs have not been charged directly to each program historically because the number of product candidates and projects in research and development may vary from period to period and because we utilize internal resources across multiple projects at the same time.

The following table summarizes our R&D expenses for the periods indicated. Note that amounts are in thousands.

	Three Months Ended March 31,	
	2007	2006
Direct external R&D expenses by program:		
PNP Inhibitor (Fodosine™)	$ 3,367	$ 3,378
PNP Inhibitor (BCX-4208)	54	37
Neuraminidase Inhibitor (peramivir)	5,354	1,622
Hepatitis C Polymerase Inhibitor	445	243
Other	155	26
All other R&D expenses:		
Compensation and fringe benefits	2,453	1,218
Supplies and services	2,581	172
Maintenance, depreciation, and amortization	306	238
Overhead allocation and other	1,480	1,109
Total R&D expenses	$ 16,195	$ 8,043

At this time, due to the risks inherent in the clinical trial process and given the stages of our various product development programs, we are unable to estimate with any certainty the costs we will incur in the continued development of our drug candidates for potential commercialization. While we are currently focused on advancing each of our development programs, our future R&D expenses will depend on the determinations we make as to the scientific and clinical success of each drug candidate, as well as ongoing assessments as to each drug candidate's commercial potential. As such, we are unable to predict how we will allocate available resources among our product development programs in the future. In addition, we cannot forecast with any degree of certainty the development progress of our existing partnerships for our drug candidates, which drug candidates will be subject to future collaborations, when such arrangements will be secured, if at all, and to what degree such arrangements would affect our development plans and capital requirements.

The successful development of our drug candidates is uncertain and subject to a number of risks. We cannot be certain that any of our drug candidates will prove to be safe and effective or will meet all of the applicable regulatory requirements needed to receive and maintain marketing approval. Data from preclinical studies and clinical trials are susceptible to varying interpretations that could delay, limit or prevent regulatory clearance. We, the FDA or other regulatory authorities may suspend clinical trials at any time if we or they believe that the subjects participating in such trials are being exposed to unacceptable risks or if such regulatory agencies find deficiencies in the conduct of the trials or other problems with our products under development. Delays or rejections may be encountered based on additional governmental regulation, legislation, administrative action or changes in FDA or other regulatory policy during development or the review process. Other risks associated with our product development programs are described in Risk Factors in Part I, Item 1A of our Annual Report on Form 10-K, as updated by Part II, Item IA of this report and as updated from time to time in our subsequent periodic reports and current reports filed with the SEC. Due to these uncertainties, accurate and meaningful estimates of the ultimate cost to bring a product to market, the timing of completion of any of our product development programs and the period in which material net cash inflows from any of our product development programs will commence are unavailable.

Accrued Expenses

As part of the process of preparing financial statements, we are required to estimate accrued expenses. This process involves reviewing open contracts and purchase orders, communicating with our applicable personnel to identify services that have been performed on our behalf and estimating the level of service performed and the associated cost incurred for the service when we have not yet been invoiced or otherwise notified of actual cost. The majority of our service providers invoice us monthly in arrears for services performed. We make estimates of our accrued expenses as of each balance sheet date in our financial statements based on facts and circumstances known to us. We periodically confirm the accuracy of our estimates with the service providers and make adjustments if necessary. Examples of estimated accrued expenses include:

- fees paid to CRO's in connection with preclinical and toxicology studies and clinical trials;
- fees paid to investigative sites in connection with clinical trials;
- fees paid to contract manufacturers in connection with the production of our raw materials, drug substance and drug products; and
- professional service fees.

We base our expenses related to clinical trials on our estimates of the services received and efforts expended pursuant to contracts with multiple research institutions and clinical research organizations that conduct and manage clinical trials on our behalf. The financial terms of these agreements are subject to negotiation, vary from contract to contract and may result in uneven payment flows. Payments under some of these contracts depend on factors such as the successful enrollment of patients and the completion of clinical trial milestones. In accruing service fees, we estimate the time period over which services will be performed and the level of effort to be expended in each period. If the actual timing of the performance of services or the level of effort varies from our estimate, we will adjust the accrual accordingly. If we incur costs that we previously failed to identify, or if we underestimate or overestimate the level of services performed or the costs of these services, our actual expenses could differ from our estimates.

Stock-Based Compensation

In accordance with Statement No. 123R, all share-based payments, including grants of stock option awards and restricted stock awards, are recognized in our income statement based on their fair values. We adopted Statement No. 123R on January 1, 2006 using the "modified prospective" transition method. Under the fair value recognition provisions of Statement No. 123R, stock-based compensation cost is estimated at the grant date based on the fair value of the award and is recognized as expense over the requisite service period of the award. Determining the appropriate fair value model and the related assumptions for the model requires judgment, including estimating the life of an award, the stock price volatility, and the expected term. Compensation cost is recognized on a straight-line basis over the requisite service period.

Information Regarding Forward-Looking Statements

This filing contains forward-looking statements, including statements regarding future results, performance or achievements. These statements involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements to be materially different from those expressed or implied by the forward-looking statements. These forward-looking statements can generally be identified by the use of words such as "may," "will," "intends," "plans," "believes," "anticipates," "expects," "estimates," "predicts," "potential," the negative of these words or similar expressions. Statements that describe our future plans, strategies, intentions, expectations, objectives, goals or prospects are also forward-looking statements. Discussions containing these forward-looking statements are principally contained in "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations", as well as any amendments we make to those sections in filings with the SEC. These forward-looking statements include, but are not limited to, statements about:

- the initiation, timing, progress and results of our preclinical and clinical trials, research and development programs;
- the potential for funding from HHS for the development of peramivir from the RFP;
- the further preclinical or clinical development and commercialization of our product candidates;
- the implementation of our business model, strategic plans for our business, product candidates and technology;

- our ability to establish and maintain collaborations with biotechnology or pharmaceutical companies and governmental agencies or other third parties;
- the scope of protection we are able to establish and maintain for intellectual property rights covering our product candidates and technology;
- our ability to operate our business without infringing the intellectual property rights of others;
- estimates of our expenses, future revenues, capital requirements and our needs for additional financing;
- the timing or likelihood of regulatory filings and approvals;
- our financial performance; and
- competitive companies, technologies and our industry.

These statements reflect our current views with respect to future events and BioCryst has no obligation to update or revise the statements. BioCryst cautions that you should not place undue reliance on these forward-looking statements. We discuss many of these risks in greater detail in "Risk Factors" in our Annual Report on Form 10-K, as updated by Part II, Item 1A of this report.

You should read this discussion completely and with the understanding that our actual future results may be materially different from what we expect. We may not update these forward-looking statements, even though our situation may change in the future. We qualify all of our forward-looking statements by these cautionary statements.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

The primary objective of our investment activities is to preserve principal while maximizing the income we receive from our investments without significantly increasing our risk. We invest excess cash principally in U.S. marketable securities from a diversified portfolio of institutions with strong credit ratings and in U.S. government and agency bills and notes, and by policy, limit the amount of credit exposure at any one institution. Some of the securities we invest in may have market risk. This means that a change in prevailing interest rates may cause the principal amount of the investment to fluctuate. To minimize this risk, we schedule our investments to have maturities that coincide with our expected cash flow needs, thus avoiding the need to redeem an investment prior to its maturity date. Accordingly, we believe we have no material exposure to interest rate risk arising from our investments. Therefore, no quantitative tabular disclosure is provided.

Item 4. Controls and Procedures

We maintain a set of disclosure controls and procedures that are designed to ensure that information relating to BioCryst Pharmaceuticals, Inc. required to be disclosed in our periodic filings under the Securities Exchange Act is recorded, processed, summarized and reported in a timely manner under the Securities Exchange Act of 1934. We carried out an evaluation, under the supervision and with the participation of management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that, as of March 31, 2007, the Company's disclosure controls and procedures are effective to ensure that information required to be disclosed by BioCryst in the reports filed or submitted by it under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and include controls and procedures designed to ensure that information required to be disclosed by BioCryst in such reports is accumulated and communicated to the Company's management, including the Chairman and Chief Executive Officer and Chief Financial Officer of BioCryst, as appropriate to allow timely decisions regarding required disclosure.

There have been no changes in our internal control over financial reporting that occurred during the quarter ended March 31, 2007 that have materially affected, or are reasonably likely to materially affect, BioCryst's internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings:

None

Item 1A. Risk Factors:

Our 2006 Annual Report on Form 10-K includes a detailed discussion of our risk factors. As of March 31, 2007, there have been no material changes in the risk factors disclosed in the Form 10-K.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds:

None

Item 3. Defaults Upon Senior Securities:

None

Item 4. Submission of Matters to a Vote of Security Holders:

None

Item 5. Other Information:

None

Item 6. Exhibits:

a. Exhibits:

Number	Description
3.1	Third Restated Certificate of Incorporation of Registrant. Incorporated by reference to Exhibit 3.1 to the Company's Form 8-K filed December 22, 2006.
3.2	Bylaws of Registrant as amended December 15, 2005. Incorporated by reference to Exhibit 3.1 to the Company's Form 8-K filed December 16, 2005.
4.1	Rights Agreement, dated as of June 17, 2002, by and between the Company and American Stock Transfer & Trust Company, as Rights Agent, which includes the Certificate of Designation for the Series B Junior Participating Preferred Stock as Exhibit A and the form of Rights Certificate as Exhibit B. Incorporated by reference to Exhibit 4.1 to the Company's Form 8-A dated June 17, 2002.
10.1	Stock Incentive Plan, as amended and restated effective March 7, 2006. Incorporated by reference to Exhibit 10.1 to the Company's Form 10-Q dated August 9, 2006.
10.2	Employment Letter Agreement dated June 19, 2007, by and between the Company and W. James Alexander.
10.3	Amended and Restated Employment Letter Agreement dated February 14, 2007, by and between the Company and Jon P. Stonehouse. Incorporated by reference to Exhibit 10.12 to the Company's Form 10-K for the year ended December 31, 2006, dated March 14, 2007.
10.4	License, Development and Commercialization Agreement dated as of February 28, 2007, by and between the Company and Shionogi & Co., Ltd. (Portions omitted pursuant to request for confidential treatment and filed separately with the Commission.)
10.5	Employment Letter Agreement dated April 2, 2007, by and between the Company and David McCullough.
31.1	Certification of the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

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 on this 10th day of May 2007.

BIOCRYST PHARMACEUTICALS, INC.

/s/Jon P. Stonehouse
Jon P. Stonehouse
Chief Executive Officer

/s/Michael A. Darwin
Michael A. Darwin
Chief Financial Officer (Principal Financial and Accounting Officer), Secretary and Treasurer

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EXHIBIT INDEX

Number	Description
3.1	Third Restated Certificate of Incorporation of Registrant. Incorporated by reference to Exhibit 3.1 to the Company's Form 8-K filed December 22, 2006.
3.2	Bylaws of Registrant as amended December 15, 2005. Incorporated by reference to Exhibit 3.1 to the Company's Form 8-K filed December 16, 2005.
4.1	Rights Agreement, dated as of June 17, 2002, by and between the Company and American Stock Transfer & Trust Company, as Rights Agent, which includes the Certificate of Designation for the Series B Junior Participating Preferred Stock as Exhibit A and the form of Rights Certificate as Exhibit B. Incorporated by reference to Exhibit 4.1 to the Company's Form 8-A dated June 17, 2002.
10.1	Stock Incentive Plan, as amended and restated effective March 7, 2006. Incorporated by reference to Exhibit 10.1 to the Company's Form 10-Q dated August 9, 2006.
10.2	Employment Letter Agreement dated June 19, 2007, by and between the Company and W. James Alexander.
10.3	Amended and Restated Employment Letter Agreement dated February 14, 2007, by and between the Company and Jon P. Stonehouse. Incorporated by reference to Exhibit 10.12 to the Company's Form 10-K for the year ended December 31, 2006, dated March 14, 2007.
10.4	License, Development and Commercialization Agreement dated as of February 28, 2007, by and between the Company and Shionogi & Co., Ltd. (Portions omitted pursuant to request for confidential treatment and filed separately with the Commission.)
10.5	Employment Letter Agreement dated April 2, 2007, by and between the Company and David McCullough.
31.1	Certification of the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

Exhibit 10.2

BIOCRYST PHARMACEUTICALS, INC.
2190 PARKWAY LAKE DRIVE
BIRMINGHAM, AL 35244
205-444-4600 205-444-4640 FAX
www.biocryst.com

June 19, 2006

William James Alexander, M.D.
307 Whisperwood Dr.
Cary, North Carolina 27511

Dear Jim:

This letter agreement (the "Agreement") will serve to confirm our agreement with respect to the terms and conditions of your employment by BioCryst Pharmaceuticals, Inc., a Delaware corporation ("BioCryst" or the "Company").

The terms and conditions of your employment are as follows:

1. Term of Employment. Subject to the terms and conditions of this Agreement, BioCryst hereby employs William James Alexander ("you" or "employee"), and you hereby accept such employment commencing on or about June 19, 2006 hereof. You shall be employed to serve as BioCryst's Senior Vice President, Clinical and Regulatory Operations, and Chief Medical Officer and you shall report to Claude Bennett, the President and Chief Operating Officer of BioCryst. You shall devote your full business time and energies to the Company, and shall not engage in any other business activity that would interfere with, or prevent you from carrying out, your duties and responsibilities under this Agreement. You will be considered an executive officer of the Company subject to the provisions of Section 16 of the Securities Exchange Act of 1934 relating to insider trading.

2. Basic Full-Time Compensation and Benefits.

(a) (i) As base salary for services rendered under this Agreement, you shall be entitled to receive from BioCryst, for the term of your full-time employment under this Agreement, an aggregate base salary of $320,000 per year, which remuneration shall be payable in equal semi-monthly installments on the 15th and last business days of each month during the term of this Agreement. This base salary will be reviewed annually by the Compensation Committee ("the Committee") of the Board of Directors and may be raised at the discretion of the Committee.

(ii) In addition to the base salary set forth in (i) above, you will receive a signing bonus of $45,000 upon joining BioCryst, and a minimum 2006 bonus of $45,000, payable as part of our normal compensation cycle in late 2006 or early 2007. Beginning in 2007, you shall also be eligible for an annual incentive bonus of up to 40% of your annual salary, with the amount of such bonus to be determined by the Committee in its sole discretion. The annual incentive bonus will be payable as a combination of cash and stock options (which options, if issued in payment of any portion of the annual incentive bonus, will be valued using the methodology then utilized by the Company to value stock options at the time of issuance), and will be payable in accordance with the Company's normal procedures and payment dates for annual incentive bonuses of executive officers.

(b) In addition to the compensation set forth in (a) above, you shall be entitled to receive such other benefits and perquisites provided to other executive officers of BioCryst which benefits may include, without limitation, reasonable vacation, sick leave, medical and dental benefits, life and disability insurance, and participation in profit sharing or retirement plans.

3. Stock Options.

(a) The Company will grant you an option (the "Option") to acquire 300,000 shares of the Company's common stock at a price determined based on the price of the Company's common stock on your first day of work. The Option will be granted under the Company's existing stock option plan for employees and, except to the extent otherwise provided in this Agreement, shall be subject to the terms and provisions thereof.

(b) The parties intend for the Option to qualify as "incentive stock options," as that term is defined in Section 422 of the Internal Revenue Code of 1986, as amended ("Section 422") to the fullest extent possible. The parties understand that the portion of the Option, together with the portion of any other incentive stock option granted by BioCryst and its parent and subsidiary corporations, if any, which may become exercisable in any year in excess of an aggregate of $100,000 fair market value, determined as of the date the Option or such other option, as the case may be, was granted, may not be treated as an incentive stock option under Section 422.

(c) The Option may be exercised and the common stock to be purchased pursuant thereto may be purchased by you as a result of such exercise only within the periods allowed under and otherwise in accordance with the Company's policies regarding trading in its securities by employees and executive officers.

(d) The Option shall be 25% exercisable one year after the date it is granted, and the remaining seventy-five percent (75%) shall vest and become exercisable at the rate of 1/48th per month, commencing with the thirteenth (13th) month after the date such Option is granted, and continuing to vest for the succeeding months until fully vested and exercisable.

(e) In no event shall the period for exercising the Option exceed ten (10) years from the date the Option is granted.

4. Travel Expenses. Your initial home base will be in North Carolina, and BioCryst will reimburse you for your travel costs and accommodations expenses for your trips to Birmingham while you are based in North Carolina.

5. Relocation Expenses. The company shall pay all relocation expenses, including any necessary tax gross up, for any relocation to the Birmingham, Alabama metropolitan area that are incurred by you within nine months from the date of your employment, not to exceed $50,000 in the aggregate.

6. Termination. Your employment under this Agreement is considered "at will". In addition, you may be terminated in the following circumstances:

(a) The Company may terminate your employment hereunder immediately for "Cause" and without payment of any further amounts hereunder. "Cause" for termination of your employment hereunder shall exist if you

(i) shall confess to committing or shall be convicted of any felony or any crime involving moral turpitude, or

(ii) shall have engaged in gross and willful misconduct which is materially injurious to the business of the Company, or

(iii) you materially breach any provisions of this Agreement, which breach is not cured within thirty (30) days after notice of such breach has been given by the Company to you.

(b) The Company may terminate your employment hereunder upon thirty (30) days written notice if you shall have suffered a period of permanent disability, which shall for purposes of this Agreement be defined as your inability to perform your duties hereunder by reason of physical or mental incapacity for ninety (90) days, whether consecutive or not, during any consecutive twelve (12) month period.

(c) This Agreement and your employment hereunder will automatically terminate upon your death.

Upon termination of your employment in accordance with this paragraph 6, all of your rights to receive any future payments under paragraph 2 above, except for amounts accrued through the date of termination, shall cease.

7. Confidentiality.

(a) Confidentiality. Except as the Company may otherwise consent in writing, or except as may be required by a court of competent jurisdiction or by proceedings therein, you shall not publish or otherwise disclose, disseminate or (other than for the benefit of the Company) make use of either during or subsequent to the time period of this Agreement, any information, knowledge or data of the Company or of its subsidiaries or affiliated companies or of its customers relating to customer lists, devices, techniques, plans, methods, trade secrets, know-how, inventions, discoveries, formulas, processes, machines and the selection, utilization and maintenance thereof, compositions, or business or financial plans or reports, or other matters which are of a secret or confidential nature. For purposes of this Agreement the terms "secret" and "confidential" are used in the ordinary sense and do not refer to official security classifications of any government or any agency thereof.

(b) Equitable Remedies. You acknowledge and recognize that a violation of this paragraph 7 by you may cause irreparable and substantial damage and harm to BioCryst or its affiliates, could constitute a failure of consideration, and that money damages will not provide a full remedy for BioCryst for such violations. You agree that in the event of his breach of this paragraph, BioCryst will be entitled, if it so elects, to institute and prosecute proceedings at law or in equity to obtain damages with respect to such breach, to enforce the specific performance of this paragraph by you, and to enjoin you from engaging in any activity in violation hereof.

8. Company Policies. Except as expressly set forth in this Agreement, your employment will be subject to all policies and procedures to which employees of the Company are generally subject.

9. Miscellaneous.

(a) Entire Agreement. This Agreement, including the exhibits hereto, constitutes the entire agreement between the parties relating to your employment by BioCryst and there are no terms relating to such employment other than those contained in this Agreement. No modification or variation hereof shall be deemed valid unless in writing and signed by the parties hereto. No waiver by either party of any provision or condition of this Agreement shall be deemed a waiver of similar or dissimilar provisions or conditions at any time.

(b) Notices. Any notice or other communication given or rendered hereunder by any party hereto shall be in writing and delivered personally or sent by registered or certified mail, postage prepaid, at the respective addresses of the parties hereto as set forth below.

(c) Captions. The section headings contained herein are inserted only as a matter of convenience and reference and in no way define, limit or describe the scope of this Agreement or the intent of any provision hereof.

(d) Taxes. All amounts to be paid to you hereunder are in the nature of compensation for your employment by BioCryst, and shall be subject to withholding, income, occupation and payroll taxes and other charges applicable to such compensation.

(e) Governing Law. This Agreement is made and shall be governed by and construed in accordance with the laws of the State of Alabama without respect to its conflicts of law principles.

If the foregoing correctly sets forth our understanding, please signify your acceptance of such terms by executing this Agreement, thereby signifying your assent, as indicated below.

Yours very truly,

BIOCRYST PHARMACEUTICALS, INC.

By:/s/ Charles E. Bugg

Charles E. Bugg
Its Chairman & Chief Executive Officer

AGREED AND ACCEPTED as of this 19th day of June, 2006.

/s/ William James Alexander

Exhibit 10.4

NOTE: THIS DOCUMENT IS THE SUBJECT OF A CONFIDENTIAL TREATMENT REQUEST PURSUANT TO RULE 24B-2 UNDER THE SECURITIES EXCHANGE ACT OF 1934. PORTIONS OF THIS DOCUMENT FOR WHICH CONFIDENTIAL TREATMENT HAS BEEN REQUESTED HAVE BEEN REDACTED AND ARE MARKED HEREIN BY "*". SUCH REDACTED INFORMATION HAS BEEN FILED SEPARATELY WITH THE COMMISSION PURSUANT TO THE CONFIDENTIAL TREATMENT REQUEST.**

LICENSE, DEVELOPMENT AND COMMERCIALIZATION AGREEMENT

by and between

BIOCRYST PHARMACEUTICALS, INC.

and

SHIONOGI & CO., LTD.

Dated as of February 28, 2007

LICENSE, DEVELOPMENT AND COMMERCIALIZATION AGREEMENT

This **LICENSE, DEVELOPMENT AND COMMERCIALIZATION AGREEMENT** (this "***Agreement***") is entered into as of February 28, 2007 by and between BIOCRYST PHARMACEUTICALS, INC., a corporation organized and existing under the laws of the State of Delaware having offices at 2190 Parkway Lake Drive, Birmingham, Alabama 35244 ("***BioCryst***"), and SHIONOGI & CO., LTD., a corporation organized and existing under the laws of the Japan having offices at 1-8, Doshomachi 3-chome, Chuo-ku, Osaka 541-0045, Japan ("***Shionogi***"). BioCryst and Shionogi are each referred to herein by name or individually as a "***Party***" or collectively as the "***Parties***."

BACKGROUND

WHEREAS, BioCryst owns or controls patents, know-how and other intellectual property related to a compound known as Peramivir.

WHEREAS, Shionogi has expertise in the discovery, development, manufacture and sale of pharmaceutical products in the Territory (as defined below).

WHEREAS, Shionogi wishes to obtain, and BioCryst wishes to grant, in the Territory only, rights and licenses under certain of BioCryst's patents, know-how and trademarks to Shionogi so that Shionogi can obtain the necessary regulatory approvals to sell Licensed Products (as defined below) in the Territory.

NOW, THEREFORE, in consideration of the premises and mutual covenants herein below, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

ARTICLE 1
DEFINITIONS

1.1 Defined Terms. As used in this Agreement, the following terms shall have the meanings indicated:

(a) "***Affiliate***" means any corporation or other entity which is directly or indirectly controlling, controlled by or under common control of a Party, for so long as such control exists. For the purposes of this Section 1.1(a), "control" means direct or indirect ownership of fifty percent (50%) or more (or, if less than fifty percent (50%), the maximum ownership interest permitted by applicable Law) of the voting rights, shares or other equity or income interest of a Party.

(b) "***BioCryst Know-How***" means Know-How owned, developed or controlled by, or licensed to, BioCryst.

(c) "***BioCryst Intellectual Property Rights***" means all Intellectual Property Rights owned or controlled by BioCryst, including but not limited to BioCryst Know-How, the BioCryst Marks, and BioCryst Patents.

(d) "***BioCryst Logo***" means the company logo of BioCryst in a form provided, and approved in writing, by BioCryst from time to time.

(e) "***BioCryst Marks***" means the BioCryst Logo and any trademark, trade name or logo approved by BioCryst for use in connection with the Commercialization of the Licensed Product (whether or not owned by BioCryst).

(f) "***BioCryst Patents***" means those Patents owned, licensed or controlled by BioCryst which are filed in the Territory and which relate to the manufacture, use or sale of Licensed Products and/or Compound, which are set forth on Schedule 1.1(f).

(g) "***Budget***" means, individually, the applicable budget set forth in the Development Plan or Commercialization plan.

(h) "***cGMPs***" means the United States then-current good manufacturing practices and the equivalent standards of the Japanese government.

(i) "***Change of Control***" means, with respect to a Party, any of the following events: (i) any corporation or other entity is or becomes the "beneficial owner" (as such term is used in sections 12(d) and 13(d) of the Securities Exchange Act of 1934, as amended, except that a corporation or other entity shall be deemed to have "beneficial ownership" of all shares that any such corporation or other entity has the right to acquire, whether such right may be exercised immediately or only after the passage of time), of a majority of the total voting power represented by all classes of capital stock then outstanding of such Party normally entitled to vote in elections of directors of the Party; (ii) such Party consolidates with or merges into another corporation or entity, or any corporation or entity consolidates with or merges into such Party, other than (A) a merger or consolidation which would result in the voting securities of such Party outstanding immediately prior to such merger or consolidation continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or any parent thereof) a majority of the combined voting power of the voting securities of such Party or such surviving entity or any parent thereof outstanding immediately after such merger or consolidation, or (B) a merger or consolidation effected to implement a recapitalization of such Party (or similar transaction) in which no corporation or other entity becomes the beneficial owner, directly or indirectly, of voting securities of such Party representing a majority of the combined voting power of such Party's then outstanding securities; or (iii) such Party conveys, transfers or leases all or substantially all of its assets to any corporation or other entity other than a wholly-owned subsidiary of such Party in one or more related transactions.

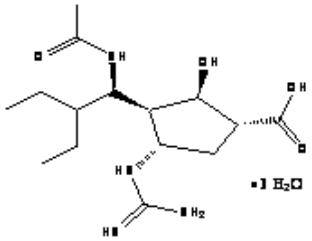
(j) "***COGS***" or "***Cost of Goods Sold***" means, ***.

(k) "***Combination Product***" means ***.

(l) "***Commercialization***" means, with respect to Licensed Product, any and all processes and activities conducted to establish and maintain sales for such Licensed Product, including offering for sale, detailing, selling (including launch), marketing (including education and advertising activities), promoting, manufacturing Licensed Product from Compound, but not manufacturing Compound itself), storing, transporting, supporting, distributing, and importing such product, but shall exclude development and manufacturing of Compound. "Commercialize" and "Commercializing" shall have their correlative meanings.

(m) "***Compound***" means the chemical compound known as "***Peramivir***" having the following chemical structure:

(1S,2S,3R,4R)-3-[(1S)-1-(acetylamino)-2-ethylbutyl] - -4-[(aminoiminomethyl)amino]-2-hydroxy-cyclopentanecarboxylic acid, trihydrate



including the salts, esters, prodrugs, metabolites, tautomers, isomers, labeled compounds, conjugates, complexes, and other related compounds thereof.

(n) "***Data***" means any and all research, pharmacology, medicinal chemistry, chemistry, manufacturing and controls, nonclinical, clinical and other data (including investigator reports and clinical study reports (both preliminary and final), statistical analyses, expert opinions and reports, safety and other electronic databases), in each case specifically directed to, or used in the Development and Commercialization of, a Licensed Product and/or Compound.

(o) "***Development***" means, with respect to a Licensed Product, any and all processes and activities conducted to obtain Marketing Approvals for such product, including IND Enabling Studies and all other activities conducted thereafter, which may involve nonclinical studies, studies of chemistry, manufacturing and controls, clinical trials, quality of life assessments, pharmacoeconomics, post-marketing studies, label expansion studies, and further activities related to development of such product to a stage ready for Commercialization thereof. "Develop" and "Developing" shall have their correlative meanings.

(p) "***Development Costs***" means all costs and expenses to be incurred by a Party in the course of the Development of Licensed Product, including, but not limited, to the costs of conducting clinical trials, regulatory filing and maintenance fees, pricing and reimbursement filing and maintenance fees and costs relating to approval by the Regulatory Authority of the Licensed Product.

(q) "***Development Plan***" means the development plan pursuant to which Shionogi shall Develop the Licensed Product, which shall be prepared by the JSC within forty-five (45) days after the Effective Date, attached to this Agreement as Schedule 1.1(q) and made a part of this Agreement, and which may be modified at anytime, and from time to time by the JSC.

(r) "***Diligent Efforts***" means, ***.

(s) "***Effective Date***" means the date hereof.

(t) "***FDA***" means the United States Food and Drug Administration, or any successor entity thereto.

(u) "***Field***" means the prevention and/or treatment of all forms of influenza, in humans (including avian influenza) .

(v) "***GAAP***" means then-current generally accepted accounting principles in the United States as established by the Financial Accounting Standards Board or any successor entity or other entity generally recognized as having the right to establish such principles, in each case consistently applied.

(w) ***"Generic Product"*** means ***.

(x) "***GLP***" means the then-current good laboratory practice (or similar standards) for the performance of laboratory activities for pharmaceutical products as are required by any Regulatory Authority in the applicable jurisdiction.

(y) "***Governmental Entity***" means ***.

(z) **"*Guiding Principle*"** means in the timely Development of Licensed Products.

(aa) "***IND***" means an Investigation of New Drug filing (or the Japanese equivalent) with a Regulatory Authority in the Territory for purposes of obtaining permission to initiate human clinical testing in such jurisdiction.

(bb) "***IND Enabling Studies***" means studies which in each case are reasonably necessary to obtain approval of an IND, including GLP, ADME (absorption, distribution, metabolism and excretion), toxicology, pharmacology and safety pharmacology studies, or studies of chemistry, manufacturing and controls.

(cc) "***Initiation***" means, with respect to a particular clinical trial, the date of enrollment of the first subject or patient in such trial.

(dd) "***Insolvency Event***" means, with respect to any Party, the occurrence of any of the following: (i) such Party shall commence a voluntary case concerning itself under any bankruptcy, liquidation or insolvency code; (ii) an involuntary case is commenced against such Party under any bankruptcy, liquidation or insolvency code and the petition is not controverted within ten (10) business days, or is not dismissed within sixty (60) days, after commencement of the case; (iii) a custodian is appointed for, or takes charge of, all or substantially all of the property of such Party or such Party commences any other proceedings under any

reorganization, arrangement, adjustment of debt, relief of debtors, dissolution, insolvency or liquidation or similar law of any jurisdiction whether now or hereafter in effect relating to such Party or there is commenced against such Party any such proceeding which remains undismissed for a period of sixty (60) days; (iv) any order of relief or other order approving any such case or proceeding is entered; (v) such Party is adjudicated insolvent or bankrupt; (vi) such Party suffers any appointment of any custodian, receiver or the like for it or any substantial part of its property to continue undischarged or unstayed for a period of sixty (60) days; (vii) such Party makes a general assignment for the benefit of creditors; (viii) such Party shall be unable to pay, its debts generally as they become due; (ix) such party shall call a meeting of its creditors with a view to arranging a compromise or adjustment of its debts; (x) such Party shall by any act or failure to act consent to, approve of or acquiesce in any of the foregoing; or (xi) any corporate, limited liability company, partnership or individual action, as applicable, is taken by such Party for the purpose of effecting any of the foregoing.

(ee) "***Intellectual Property Rights***" shall mean all Patent, copyright, trade secret, trademark and other proprietary and intellectual property rights, anywhere in the world.

(ff) "***Japan***" means the country of Japan.

(gg) "***JSC***" or "***Joint Steering Committee***" shall have the meaning set forth in Section 4.1.

(hh) "***Know-How***" means all scientific and technical information and know-how, trade secrets, Data and technology now or hereafter during the term of this Agreement (whether patented, patentable or not) owned, developed or acquired by a Party or any of its Affiliates or as to which such Party or any of its Affiliates has the right to license (without a payment obligation to any third party), which relates to the Licensed Product and/or Compound, including but not limited to (a) medical, clinical, toxicological or other scientific Data; and (b) processes and analytical methodology useful in the development, testing, formulation, analysis or packaging (but not manufacturing of Compound) of the Licensed Product and/or Compound.

(ii) "***Law***" means, individually and collectively, any and all laws, ordinances, rules, directives and regulations of any kind whatsoever of any governmental or regulatory authority within the applicable jurisdiction.

(jj) "***Licensed Product***" means ***.

(kk) "***Marketing Approval***" means, with respect to a particular product in a particular jurisdiction, all approvals, licenses, registrations or authorizations necessary for the Commercialization of such product in such jurisdiction. Marketing Approval shall be deemed to have been received upon first receipt by a Party or its designee of notice from the applicable Regulatory Authority that Commercialization of such product has been approved in such jurisdiction.

(ll) "Marketing Approval Application" or "MAA" means a filing with the applicable Regulatory Authority for purposes of obtaining Marketing Approval in a particular jurisdiction.

(mm) “Material Use” means ***.

(nn) "***MHLW***” means the Ministry of Health, Labour and Welfare of Japan or any successor entity thereto.

(oo) "***NDA***” means a New Drug Application (or the Japanese equivalent), including all supplements and amendments thereto, for the approval of the Licensed Product as a new drug by the MHLW or applicable Regulatory Authority in the Territory.

(pp) “***Net Sales***” means, ***.

(qq) "***Patent***” means any of the following, whether existing now or in the future anywhere in the world: (a) patents and patent applications; (b) continuations, continuations-in-part, divisionals and substitute applications with respect to any such patent application; (c) any patents issued based on or claiming priority to any such patent applications; (d) any reissue, reexamination, renewal or extension (including any supplemental patent certificate) of any such patents; and (e) any confirmation patent or registration patent or patent of addition based on any such patents.

(rr) "***Phase I Clinical Trial***” means a clinical trial of Licensed Product including small scale clinical trial in human subjects to obtain information on such Licensed Product’s safety, tolerability, pharmacological activity, pharmacokinetics and/or pharmacodynamics, and supporting Marketing Approval of such Licensed Product in the Field, as more fully defined in 21 CFR 312.21(a) or the equivalent statute or regulation in the Territory.

(ss) "***Phase II Clinical Trial***” means a well-controlled clinical trial of Licensed Product in patients, a principal purpose of which is to make a preliminary determination that such Licensed Product is safe for its intended use and to obtain sufficient information about such Licensed Product’s safety, as well as to obtain an indication of the dosage regimen required, to permit the design of further clinical studies, and supporting Marketing Approval of such Licensed Product in the Field, as more fully defined in 21 CFR 312.21(b) or the equivalent statute or regulation in the Territory.

(tt) "***Phase III Clinical Trial***” means a large scale clinical trial conducted in a sufficient number of patients that is designed to establish that the Licensed Product is safe and efficacious for its intended use, and to obtain warnings, precautions and adverse reactions that are associated with such Licensed Product in the dosage range to be prescribed, and supporting Marketing Approval of such Licensed Product in the Field, as more fully defined in 21 CFR 312.21(c) or the equivalent statute or regulation in the Territory.

(uu) “***Plans***” means, collectively, the Development Plan and the Commercialization Plan.

(vv) "***Pre-Existing Third Party License***” means the agreement dated as of November 23, 1994 by and between, on the one hand The UAB Research Foundation (***“UAB***”), and on the other hand BioCryst, as amended and may be amended from time to time.

(ww) "***Promotional Material***" means all Licensed Product packaging and labeling, and all written, printed, graphic, electronic, audio or video matter, including journal advertisements, sales visual aids, leave behind items, formulary binders, reprints, direct mail, direct-to consumer advertising, Internet postings, broadcast advertisements and sales reminder aids (for example, scratch pads, pens and other like items), in each case created by a Party or on its behalf and used or intended for use in connection with any promotion of a Licensed Product in the Territory.

(xx) "***Regulatory Authority***" means any federal, national, multinational, state, provincial or local regulatory agency, department, bureau or other governmental entity with authority over the Development, Commercialization or other use (including the granting of Marketing Approvals) of any Licensed Product in any jurisdiction, including the FDA, the MHLW and the Pharmaceuticals and Medical Devices Agency.

(yy) "***Regulatory Filings***" means all submissions, applications, filings and approvals by, with or from any Regulatory Authority.

(zz) "***Sale***", "***Sold***" or "***Sell***" shall mean the sale, transfer or disposition of a Licensed Product for commercial or clinical purposes as provided in this Agreement, for value to a Third Party (whether an end user, wholesaler or otherwise) by Shionogi or any of its Affiliates.

(aaa) "***Shionogi Know-How***" means all Know-How owned, developed or acquired by or on behalf of Shionogi and its Affiliates.

(bbb) "***Territory***" means Japan.

(ccc) "***Third Party"*** means any entity other than Shionogi or BioCryst, or their respective Affiliates.

(ddd) "***U.S. Government***" shall mean the federal government of the United States of America and any of its branches and instrumentalities, including its departments, agencies, bureaus, commissions, boards, courts, corporations, offices, and other entities, and any divisions or units thereof.

(eee) "***Valid Claim***" means a claim in any unexpired and issued BioCryst Patent that has not been revoked or held invalid by a final unappealable decision of a court or governmental agency of competent jurisdiction.

ARTICLE 2
LICENSE GRANT, RETAINED RIGHTS AND PROVISION OF DATA

2.1 License Grant; Reservation of Rights. Solely to the extent necessary for Shionogi to perform its obligations hereunder in accordance with the terms of this Agreement, and subject to all of the rights retained hereunder, BioCryst hereby grants Shionogi a personal, non-sublicensable, non-transferable, non-assignable right and license under the BioCryst Patents and BioCryst Know-How, to (i) exclusively Develop Licensed Products solely in the Field and in the

Territory, and (ii) exclusively Commercialize Licensed Products solely in the Field and in the Territory. Other than as explicitly set forth in this Section 2.1, no other licenses to the BioCryst Intellectual Property Rights or otherwise (including but not limited to all rights in BioCryst Intellectual Property Rights outside the Field and outside the Territory) are granted in this Agreement. ***

2.2 Manufacturing. ***.

2.3 Retained Rights; Government Rights. All rights granted to Shionogi hereunder are subject to rights reserved by and/or granted to UAB or the U. S. Government. Shionogi specifically understands and agrees that BioCryst shall have the unrestricted and fully unfettered right under the BioCryst Intellectual Property Rights outside of the Field in the Territory and outside of the Territory in the Field, including in connection with the testing, Development, manufacture and Commercialization of products covered by the BioCryst Patents and BioCryst Know-How.

2.4 BioCryst Logo. BioCryst hereby grants to Shionogi a personal, non-sublicensable, non-transferable, non-assignable right and license to use the BioCryst Logo on Licensed Products in the Field in the Territory in accordance with the terms of this Agreement. Shionogi agrees to mark (i) all packaging, labeling and package inserts for Licensed Product and (ii) such Promotional Material as shall be agreed upon by the Parties in writing, with the BioCryst Logo. All use of the BioCryst Logos shall be as directed by BioCryst and shall be in a form, style and prominence as directed by BioCryst, and all goodwill associated with the use of the BioCryst Logos shall inure to BioCryst.

2.5 Transfer of Data.

(a) BioCryst Existing Data. BioCryst shall transfer to Shionogi, *** after the Effective Date, all Data (to the extent contractually permissible) possessed or controlled by BioCryst as of the Effective Date, including, but not limited to ***. Certain Data (including the Future Data described below) specified by Shionogi shall be accompanied by a statement or certificate by an employee or agent of BioCryst in such form as mutually agreed upon by the Parties. Shionogi acknowledges and agrees that delivery of Data in electronic form shall be acceptable. BioCryst represents and warrants that**,** to its best knowledge, all studies, testings and clinical trials from which the Data were derived were conducted in accordance with then-applicable United States Laws.

(b) Shionogi Nonclinical Data and Phase I Data. Shionogi will promptly, *** disclose to BioCryst all nonclinical Data and Data from Phase I Clinical Trials (whether or not such Data meets the criteria of "Future Data", set forth below in Section 2.5(c)(i)) developed by or on behalf of Shionogi or which otherwise comes into Shionogi's possession or control after the Effective Date.

(c) Future Data.

(i) Data Exchange. From time to time (including upon request by either Party) during the Term of this Agreement, each Party shall, ***, disclose to the other Party all previously undisclosed Data relating to the Licensed Product and/or Compound that (i) comes into such Party's possession or control after the Effective Date and (ii) is necessary to obtain or maintain a Marketing Approval for a Licensed Product ("***Future Data***"). ***.

(ii) Material Use. ***.

(d) Raw Data. A Party generating the Data subject to exchange under Section 2.5(a) and (c)(ii) shall keep all of raw data from which the Data were derived in commercially usable condition in accordance with applicable Laws and shall allow the other Party access to such raw data upon the reasonable request by the other Party.

ARTICLE 3
COMMERCIAL MATTERS

3.1 General. Shionogi shall use Diligent Efforts to Develop Licensed Products in the Field in the Territory, including any IND, MAA, Marketing Approval and any approval for any product labeling or Promotional Materials and to maintain all such Regulatory Filings; and unless otherwise agreed or required by applicable Laws, all such approvals shall be owned by and be held in the name of Shionogi or its Affiliates. BioCryst shall cooperate with Shionogi in preparing all Regulatory Filings and correspondence with Regulatory Authorities in the Territory. Shionogi shall use Diligent Efforts to Commercialize the Licensed Products in the Territory. Notwithstanding the foregoing covenant to cooperate, the Parties acknowledge and agree that all responsibility for Regulatory Filings and exercising Diligent Efforts in the Territory shall be Shionogi's.

3.2 BioCryst's Participation.

(a) Protocols. Shionogi shall pay due consideration to the protocols and desired endpoints in the trials sponsored by BioCryst in preparing the protocols for the clinical trials to be conducted by or on behalf of Shionogi in the Territory. Shionogi shall provide BioCryst with the outline of the draft of protocols (in the English language) for clinical trials. Consistent with applicable Laws, Shionogi shall afford BioCryst an opportunity to comment on such protocols within fifteen (15) business days after receipt and shall consider in good faith such BioCryst's comments with respect thereto.

(b) Filings and Correspondence. Shionogi shall promptly provide BioCryst with (i) copies of all Regulatory Filings relating to the Territory submitted by Shionogi (in the original language) and (ii) copies of material correspondence with Regulatory Authorities in the Territory (including minutes of meetings, telephone conferences and/or discussions with such Regulatory Authority) (in the original language). Shionogi agrees to assist BioCryst the English translation of such documents at BioCryst's cost.

(c) Regulatory Meetings. Shionogi shall promptly provide BioCryst with reasonable advanced notice (to the extent practicable) of meetings, scheduled or unscheduled, with any Regulatory Authority that pertain to a Licensed Product, and, to the extent not prohibited by applicable Law, shall afford BioCryst's representatives an opportunity to attend and participate in all such meetings with relevant Regulatory Authorities as observers, to the

extent reasonably practicable under the circumstances. Likewise, BioCryst shall promptly provide Shionogi with reasonable advanced notice (to the extent practicable) of meetings, scheduled or unscheduled, with any Regulatory Authority that pertain to a Licensed Product developed by BioCryst (for clarity, BioCryst itself, and not licensees of BioCryst) outside the Territory, and, to the extent not prohibited by applicable Law, shall afford Shionogi's representatives an opportunity to attend and participate in all such meetings with relevant Regulatory Authorities as observers, to the extent reasonably practicable under the circumstances.

(d) JSC Oversight. In addition to Section 3.2(a), (b) and (c) above with respect to Regulatory Filings and meetings with Regulatory Authorities, Shionogi's Development and Commercialization activities, including the content and subject matter of, and strategy for, any MAA, all correspondence submitted to Regulatory Authorities related to clinical trial design, all proposed labeling and labeling discussions and decisions with Regulatory Authorities, and all post-Marketing Approval labeling discussions and decisions with Regulatory Authorities (including the final approved labeling), and post-Marketing Approval labeling changes or expansions, in each case relating in any way to Licensed Product, shall be subject to reasonable oversight by the JSC.

3.3 Cooperation. Each Party agrees to make its personnel reasonably available, upon reasonable notice by the other Party, at their respective places of employment to consult with the other Party on issues arising related to the activities conducted in accordance with this Article 3 or otherwise relating to regulatory matters involving the Licensed Product, including any request from any Regulatory Authority, including regulatory, scientific, technical and clinical testing issues, or otherwise. Each Party (the "***Enabling Party***") agrees to cooperate with the other (the "***Filing Party***"), at its request, to comply with specific requests of a Regulatory Authority (such as requests to inspect clinical trial sites), with respect to Data supplied or to be supplied by the Enabling Party to the Filing Party for filing with such Regulatory Authority, or with respect to Licensed Product supplied by the Enabling Party. The Enabling Party shall ensure that its contractors likewise comply with this Section 3.3.

3.4 Use of Contractors. Subject to the terms of this Agreement, Shionogi shall have the right to use the services of Third Party contractors, including contract research organizations, contract sales forces and the like, to assist Shionogi in fulfilling its obligations and exercising its rights under this Agreement, provided that each such Third Party is bound by a written agreement, that is consistent with terms of this Agreement, including confidentiality and intellectual property ownership provisions consistent with those set forth therein**.** Shionogi shall provide BioCryst with quarter annual updates of the identity of all contractors who assist Shionogi in exercising its rights or fulfilling its obligations hereunder. For the purposes of clarity, Shionogi shall remain responsible for the performance by all such contractors.

3.5 Development Supply.

(a) From the Effective Date through ***, BioCryst will supply to Shionogi, at Shionogi's expense, and Shionogi agrees to purchase exclusively from BioCryst, (i) the Licensed Product (including its placebos if needed) for use in clinical studies to be conducted in the Territory by or on behalf of (subject to the terms of Section 3.4, above) Shionogi, and (ii) the Compound necessary for the Development of the Licensed Product.

(b) On ***, BioCryst will supply Shionogi with Compound (at Shionogi's expense) and Shionogi will have established the necessary resources to formulate Licensed Product from Compound for clinical use. The Parties agree to evaluate in good faith the above arrangement on an ongoing basis to ensure the timely progression and development of the Licensed Product in the Territory.

(c) During the term of this Agreement, BioCryst shall supply to Shionogi, *** of Compound (in such individual amounts and at such times as reasonably agreed upon by the Parties) for Shionogi to use Diligent Efforts to develop an optimized intramuscular formulation of the Compound for use by Shionogi in the Territory and for use by BioCryst outside the Territory pursuant to Section 10.2**.** In addition, if the Parties agree in writing that Shionogi may explore the possibility to Develop New Formulations under mutually agreed conditions, BioCryst shall also supply to Shionogi, *** (but upon such additional terms and conditions as the Parties may agree), the Compound for Development of such New Formulation. Both Parties understand and agree that there are no assurances that Shionogi's efforts will generate an optimized intramuscular formulation of the Compound or lead to the successful Development of New Formulations.

(d) All Licensed Product and Compound delivered by BioCryst to Shionogi shall be manufactured in accordance and in compliance with the specifications to be determined by BioCryst; provided, however that BioCryst shall give due consideration to revised specifications (if any) requested by Shionogi. BioCryst shall carry out its responsibilities hereunder in conformance with cGMPs and all other applicable Laws (all of the foregoing, in the United States). All supply of Licensed Product and Compound shall be subject to the terms and conditions set forth in this Section 3.5 and shall be subject to the terms and on prices as attached in Schedule 3.5 hereto.

(e) BioCryst shall transfer to Shionogi the formulation and manufacturing processes that (i) are maintained or subsequently developed or optimized by BioCryst and (ii) are designed to ensure the quality of Licensed Product. All transfer of such Know-How shall take place in Birmingham, Alabama unless otherwise agreed upon by the Parties. If the transfer is to occur wholly or partially outside of Birmingham, Alabama, then Shionogi shall promptly ***.

3.6 Commercial Supply. BioCryst will supply to Shionogi, at Shionogi's expense, and Shionogi agrees to purchase exclusively from BioCryst, Compound in bulk powder form for purposes of Commercialization in the Territory. Such supply shall be subject to the terms and on prices as attached in Schedule 3.5 hereto**.** Shionogi shall be responsible for manufacturing Licensed Product from Compound provided by BioCryst to Shionogi.

3.7 Covenant and Manufacturing Option. For the avoidance of doubt, the Parties hereby agree that they intend that BioCryst supply, and Shionogi exclusively purchase from BioCryst, Compound for all uses contemplated in this Agreement. Shionogi hereby acknowledges and agrees that it has no rights to, and shall not (and it and its Affiliates shall not otherwise) manufacture or have manufactured or purchase from a Third Party Compound unless otherwise agreed in writing between BioCryst and Shionogi. However, Shionogi shall have the option to manufacture or have manufactured Compound for the Territory; ***. In the event that Shionogi exercises such option to manufacture Compound, BioCryst shall transfer to

Shionogi all BioCryst Know-How or other technologies relating to manufacture of the Compound. All transfer of such Know-How shall take place in Birmingham, Alabama unless otherwise agreed upon by the Parties. If the transfer is to occur wholly or partially outside of Birmingham, Alabama, then Shionogi shall ***. In such event, all products Commercialized in the Field which derive from such Compound shall be deemed for all purposes hereunder to be a Licensed Product.

ARTICLE 4
GOVERNANCE

4.1 Joint Steering Committee. Promptly following the Effective Date, but no later than forty-five (45) days after the Effective Date, the Parties shall establish a joint steering committee (the **"*Joint Steering Committee*"** or **"*JSC*"**) to oversee, review and coordinate the conduct and progress of the Development of Licensed Product in the Territory. The JSC shall be responsible for, among other things: annually reviewing and updating the Development Plan; monitoring the competitive landscape for the Licensed Product in the Territory; and undertaking such other matters as are specifically provided for the JSC under this Agreement. Shionogi shall keep the JSC fully informed of progress and results of its activities under the Development Plan through its members on the JSC and as otherwise provided herein.

4.2 Committee Membership. The JSC shall be comprised of an equal number of representatives from each of BioCryst and Shionogi. The exact number of such representatives shall initially be three (3) for each of BioCryst and Shionogi, or such other number as the Parties may agree. The initial members of the JSC shall be as set forth on Exhibit A. Either Party may replace its respective committee representatives at any time with prior written notice to the other Party. Unless otherwise agreed, the JSC shall have at least one representative with relevant decision-making authority from each Party such that the JSC is able to effectuate all of its decisions within the scope of its responsibilities. In the event a JSC member from either Party is unable to attend or participate in a JSC meeting, the Party who designated such representative may designate a substitute representative for the meeting in its sole discretion.

4.3 Subcommittees. From time to time, the JSC may establish subcommittees to oversee particular projects or activities, and such subcommittees will be constituted as the JSC approves (each, a "***Subcommittee***"). If any Subcommittee is unable to reach a decision on any matter after endeavoring in good faith for *** to do so, such matter shall be referred to the JSC for resolution as provided in Section 4.6.

4.4 Committee Co-Chairs. Each Party shall appoint one of its members to the JSC to co-chair the JSC's meetings (each, a "***Co-Chair***"). The Co-Chairs shall (i) ensure the orderly conduct of the JSC's meetings, (ii) attend each JSC meeting (either in-person, videoconference or telephonically), and (iii) prepare and issue written minutes of each meeting within thirty (30) days thereafter accurately reflecting the discussions and decisions of such Committee. In the event the Co-Chair from either Party is unable to attend or participate in a JSC meeting, the Party who designated such Co-Chair may designate a substitute Co-Chair for the meeting in its sole direction.

4.5 Committee Meetings. The JSC shall meet quarterly, or as more or less often as otherwise agreed by the Parties, and such meeting may be conducted by telephone, videoconference or in person as determined by the Co-Chairs. As appropriate, other employee representatives of the Parties may attend JSC meetings as nonvoting observers if mutually agreed by the Parties. Each Party may also call for special meetings of the JSC to resolve particular matters requested by such Party and within the areas of responsibility of the JSC. Each Co-Chair shall ensure that its JSC members receive adequate notice of such meetings.

4.6 Decision Making. Decisions of the JSC shall be made by consensus of the members present in person or by other means (e.g., teleconference) at any meeting, with each Party having one vote. In order to make any decision, the JSC must have present (in person, videoconference or telephonically) at least one representative of each Party. All decisions of the JSC shall be consistent with the Guiding Principle. Notwithstanding anything herein to the contrary, the JSC shall have no authority to amend, modify or waive compliance with this Agreement. In the event that the JSC cannot reach agreement with respect to any matter that is subject to its decision-making authority, then the matter shall be resolved pursuant to the provisions set forth in Article 15 ("***Dispute Resolution***").

4.7 Performance of Representatives. BioCryst and Shionogi shall cause each of their representatives on the JSC and any other committee (including Subcommittees) or team established under this Agreement to vote, and shall otherwise perform their respective activities under this Agreement, in a good faith manner consistent with the Guiding Principle.

4.8 Day-to-Day Decision-Making Authority. Shionogi shall have decision making authority with respect to the day-to-day operations of the Development and Commercialization of Licensed Product in the Territory, provided that such decisions are not inconsistent with the Plans or the Guiding Principle, other decisions of the JSC and any other committee (including Subcommittees) or team established under this Agreement within the scope of their authority specified therein, or the express terms and conditions thereof.

ARTICLE 5
DEVELOPMENT

5.1 General. Shionogi shall use Diligent Efforts to Develop in the Territory Licensed Product for use in the Field, all in accordance with the Development Plan. Shionogi shall be responsible for conducting, and shall use Diligent Efforts to conduct, the activities set forth in the Development Plan to progress and complete such activities within the timeframes set forth in the Development Plan. Shionogi agrees not to perform, directly or indirectly (or through any Third Party on behalf of Shionogi), any Development activities outside the Territory with respect to any Licensed Product, and not to perform any Development activities in or for use in the Territory with respect to any Licensed Product except in accordance with the Development Plan or, in each case, as otherwise provided herein. Shionogi shall pay due consideration to the protocols and desired endpoints in the trials sponsored by BioCryst in preparing the protocols for the clinical trials to be conducted by or on behalf of Shionogi in the Territory.

5.2 Product Development outside the Territory. BioCryst shall have sole decision-making authority with regard to the Development and Commercialization of Licensed Products outside the Territory (and no rights under this Agreement are granted to Shionogi outside the Territory).

5.3 Development Reports. Within thirty (30) days after the end of each calendar quarter, Shionogi shall prepare and provide to BioCryst a written report that (i) summarizes the progress of the Development activities performed by Shionogi hereunder during the preceding calendar quarter, (ii) identifies any issues or circumstances of which it is aware that may prevent or adversely affect in a material manner the activities under the Development Plan in the then-current calendar quarter, and, to the extent reasonably practicable, (iii) identifies steps that may be taken, or changes that may be made, to resolve such issues. Shionogi shall maintain records in sufficient detail as will properly reflect all work done in the performance of activities arising out of, in conducting, or otherwise in connection with its Licensed Product Development activities. Likewise, BioCryst shall prepare and provide to Shionogi a quarterly written report summarizing the Development performed by BioCryst outside the Territory in reasonable detail. To the extent known by BioCryst and permitted by its licensees (and not otherwise prohibited by Law), BioCryst shall provide the foregoing information to Shionogi relating to BioCryst's licensees outside of the Territory, provided that Shionogi shall keep such information strictly confidential pursuant to Section 11.2. BioCryst shall also provide Shionogi with its development plan and any amendment thereto in a timely manner.

5.4 Interactions Between Committees and Internal Teams. The Parties recognize that while they will establish the various committees and teams for the purposes hereof, each Party maintains internal structures (including its own committees, teams and review boards) that will be involved in administering such Party's activities under this Agreement. The Parties shall establish procedures (including the appointment of alliance managers) to facilitate communications between the various committees and teams hereunder and the relevant internal committee, team or board within the Party in order to maximize the efficiency of the Parties' activities pursuant to this Agreement. In addition, each of the Joint Steering Committee and any subcommittee shall coordinate with each other as appropriate.

5.5 Development Costs. Development Costs relating to the Licensed Product in the Territory shall be borne 100% by Shionogi, subject to Section 2.5(c).

5.6 Clinical Milestone Events. Shionogi shall use Diligent Efforts to achieve the events set forth in the table below (each a "***Milestone Event***") by the date set forth in the table below (each a "***Milestone Date***") in furtherance of the Development of the Licensed Products. The Parties agree that the JSC shall have forty-five (45) days from the Effective Date to review, and comment on the Milestone Events contained herein and shall use such Milestone Events contained herein as a framework to create other more detailed steps it feels necessary to Develop the Licensed Products. Any changes or additions to the Milestone Events or Milestone Dates made by the JSC shall be made in good faith and shall be consistent with the Guiding Principles and shall be included in the Development Plan.

Milestone Event	**Milestone Date**
Submission of the first Phase II Clinical Trial protocol to MHLW or the applicable Regulatory Authority in the Territory	***
Submission of the first Phase III Clinical Trial protocol to MHLW or the applicable Regulatory Authority in the Territory	***
Submission of NDA to MHLW or the applicable Regulatory Authority in the Territory	***

ARTICLE 6

COMMERCIALIZATION

6.1 General. Shionogi undertakes that it will Commercialize the Licensed Products in the Territory and carry out its obligations hereunder in compliance with all applicable Laws.

6.2 Commercialization Plan. Shionogi shall, beginning *** prior to the anticipated date of Marketing Approval for a Licensed Product in the Territory and continuing until the expiration of the term of this Agreement, prepare and submit to BioCryst for its review and comment (which comments Shionogi shall consider reasonably and in good faith), a Territory-wide plan for the Commercialization of such Licensed Product in the Field following receipt of the requisite Marketing Approval (a "***Commercialization Plan***") covering in detail (to the extent available) the *** period prior to the first anticipated date on which such Licensed Product would be first shipped in commercial quantities for commercial sale to Third Parties in the Territory, and providing general plans (with an estimated Budget) for the *** period following such anticipated shipping date. On or before December 15 of each calendar year, Shionogi shall update each Commercialization Plan to include detailed plans for the following calendar year (with an estimated Budget), and shall submit such updated Commercialization Plan to BioCryst for its review and comment (which comments Shionogi shall reasonably consider in good faith). Each Commercialization Plan shall include a detailed description of each Commercialization activity to be conducted in the Territory thereunder, including the following, as applicable:

(a) ***;

(b) ***;

(c) ***;

(d) ***;

(e) ***;

(f) ***;

(g) ***;

(h) ***;

(i) ***

(j) ***.

6.3 Amendments. Shionogi shall review the Commercialization Plans on a regular basis during each calendar year and shall promptly submit any significant modifications of such plans to BioCryst for review and comment (which comments Shionogi shall reasonably consider in good faith).

6.4 Promotional Material. No later than *** prior to the expected date of National Health Insurance (NHI) price listing for the first Licensed Product in the Territory, Shionogi shall provide BioCryst with a representative example of its proposed major Promotional Material, and BioCryst shall have the right to make comments or observations thereon within *** of its receipt thereof. Thereafter, Shionogi shall provide BioCryst with a representative example of its Promotional Material as soon as practicable after BioCryst's written request, such a request shall not be made more than once each calendar year, and BioCryst shall have the right to make comments or observations thereon within *** of its receipt thereof. Notwithstanding BioCryst's right to make comments or observations, and other than with respect to the BioCryst Logos (with respect to which BioCryst shall have sole decision-making power, even with respect to Shionogi's Promotional Literature) all other decisions with respect to Shionogi's Promotional Material shall be made by Shionogi in its sole discretion after in good faith taking into consideration BioCryst's comments and observations.

6.5 Costs of Commercialization. Shionogi shall be responsible for all costs associated with the Commercialization of Licensed Products within the Territory.

6.6 Trademark. Shionogi shall have the right to select the trademark, from among the stocks of trademarks of Shionogi or BioCryst to be used in connection with the Commercialization of the Licensed Product in the Territory after paying due consideration of the opinions of the JSC. If Shionogi selects a registered trademark owned by BioCryst in the Territory, BioCryst shall grant to Shionogi a royalty-free license to use such trademark for the Licensed Product in the Field and in the Territory for the term of this Agreement upon such additional terms as BioCryst may request**.** If Shionogi selects its own registered trademark for use on Licensed Products in the Territory (the "***Licensed Product Mark***"), the ownership of such Licensed Product Mark shall remain in Shionogi and such Licensed Product Mark shall not be included in the BioCryst Marks.

6.7 Outside of Territory. Shionogi shall ensure that no Licensed Products are Commercialized outside of the Territory. Shionogi shall ensure that no Licensed Products are manufactured outside of the Territory, except as specifically provided herein.

ARTICLE 7
ADVERSE EVENT AND PRODUCT COMPLAINT REPORTING

7.1 By Shionogi. Shionogi will promptly (a) provide BioCryst with all Licensed Product complaints, adverse event information and safety data from clinical studies and Commercialization in its control; and (b) report all such adverse events in the Territory in accordance with Laws, and provide such information to BioCryst in such a manner and time so as to enable BioCryst to comply with all applicable Laws outside the Territory. Shionogi shall maintain a Territory-wide adverse event database for the Licensed Products and shall generate adverse event reports for BioCryst's use. BioCryst shall have free and unfettered access to all data in such database. Shionogi shall be responsible for submitting adverse events reports to the applicable Regulatory Authorities in the Territory. Shionogi shall bear 100% of the costs of adverse events reporting and of maintaining the Territory-wide adverse events database.

7.2 By BioCryst. BioCryst will promptly (a) provide Shionogi with all Licensed Product complaints, adverse event information and safety data from clinical studies and Commercialization in its control; and (b) report all such adverse events outside the Territory in accordance with Laws, and provide such information to Shionogi in such a manner and time so as to enable Shionogi to comply with all applicable Laws in the Territory. BioCryst shall, at its own cost, maintain a global adverse event database for the Licensed Products and shall generate adverse event reports outside the Territory for Shionogi's use. Shionogi shall have free and unfettered access to all data in such database. BioCryst shall be responsible for submitting adverse events reports to the applicable Regulatory Authorities outside the Territory, with respect to which BioCryst shall bear 100% of the costs.

7.3 Adverse Events and Reporting. As soon as reasonably practicable, but in no event later than three (3) months after the Effective Date, the Parties shall jointly establish, and mutually agree upon adverse event and complaint reporting procedures which each Party must adhere to and shall execute a separate agreement relating thereto. Such procedures shall at all times include any measures necessary for each Party to fully comply with applicable Laws and such procedures may be amended with the Parties' mutual consent from time to time. Such operating procedures and any material revisions to them shall be provided to the JSC for review and comment before execution of the aforesaid agreement. In addition, each Party shall promptly notify the other if such Party becomes aware of any information or circumstance that is likely to have a material adverse effect on the Development or Commercialization of the Licensed Products.

ARTICLE 8
INSURANCE

8.1 Shionogi shall obtain and maintain, during the term of this Agreement, comprehensive general liability insurance, including products liability insurance and coverage for clinical trials, with reputable and financially secure insurance carriers in a form and at levels, respectively, that are reasonable and customary in the pharmaceutical industry for companies of comparable size and activities, but in any event shall be a minimum of *** per occurrence with an annual aggregate limit of not less than ***. The premium of any insurance will be borne by Shionogi. Such liability insurance shall be maintained on an occurrence basis to provide

such protection for *** after expiration or termination of this Agreement. Shionogi shall furnish to BioCryst on request certificates issued by the insurance company setting forth the amount of the liability insurance (or evidence of self insurance). BioCryst shall receive thirty (30) days written notice prior to termination or material reduction to the level of Shionogi's insurance policy as required by this Article 8.

ARTICLE 9
PAYMENTS

9.1 Signing Fee. Within *** of the Effective Date, in partial consideration for the licenses and rights granted to Shionogi under this Agreement, Shionogi shall pay or cause to be paid, a non-refundable, non-creditable payment of Fourteen Million U.S. Dollars ($14,000,000) to BioCryst as a signing fee (the "***Signing Fee***").

9.2 Milestone Payments. As additional partial consideration for the licenses and rights granted by BioCryst to Shionogi herein, Shionogi shall pay to BioCryst the following one-time, non-refundable, non-creditable payments:

(a) ***. Notwithstanding the foregoing, in the event of bona fide extraordinary circumstances relating to the profile of the Licensed Product which first arose during the Phase *** Trial ***, the Parties will discuss in good faith extending the period for payment under Section 9.2(a)(i), above, which in no event shall exceed the *** of receipt of the final case report form from the Phase *** Trial for a Licensed Product in the Territory. If such bona fide safety concern is related to a formulation and Shionogi notifies BioCryst of its good faith decision to re-conduct a Phase *** Trial with a newly developed formulation, then the payment set forth in this Subsection 9.2 (a) shall be made no later than the earlier of ***. If such newly developed formulation again demonstrates in Phase *** Trial a bona fide safety concern after re-conducting Phase *** Trial and Shionogi has again made the good faith decision to repeat Phase *** Trial(s) with another newly developed formulation, ***.

(b) *** in the Territory for a Licensed Product.

(c) *** in the Territory.

9.3 Royalty Payments. In partial consideration for the licenses and rights granted to Shionogi under this Agreement, Shionogi shall pay to BioCryst the following royalty payments, which shall be paid within *** after the end of each calendar quarter:

(a) for sales of Licensed Products to any Governmental Entity ("***Non-Commercial Sales***"), the greater of ***. For the purposes of this Agreement, "***Adjusted Net Sales***" shall mean ***.

(b) for sales of Licensed Products to non-Governmental Entity parties ("***Commercial Sales***"), royalty payments on incremental Net Sales according to the following rates for the following ranges of Net Sales:

(i) ***.

(ii) ***.

By way of example ***:

Amount of Net Sales	Royalty Rate	Royalty Payment
***	***%	***
***	***%	***
***		***

(c) Term. The term for the obligations to pay royalties under this Section 9.3 shall expire on the date that is the later of (i) ***. If the royalty obligations in this Section 9.3(c) are prohibited by applicable Law, then the royalty obligations shall continue until such time as the obligation is prohibited by applicable Law.

(d) Patent Coverage Adjustment**.** If there is no Valid Claim that, but for this Agreement would be infringed by the manufacture, use or sale of Licensed Product in the Territory, then the royalty obligations from Shionogi to BioCryst shall be reduced by ***. If there is a Valid Claim, and if

(i)

*** , *then* ***

(ii)

***

Where :

- GPS = the number of units of Generic Products sold in the Territory for a given period; and
- LPS = the number of units of Licensed Products sold in the Territory for a given period.

For purposes of this Section 9.3(d) the number of "***units***" sold shall be appropriately adjusted to account for units of varying volumes.

(e) Third Party Rights.

(i) New Formulations. In the event Third Party Intellectual Property Rights are necessary (or desired by Shionogi) in order to Develop or Commercialize New Formulations of Licensed Products in the Territory and BioCryst desires to obtain a license to such Third Party Intellectual Property Rights for outside the Territory, Shionogi shall procure a worldwide license to such Intellectual Property Rights from such Third Party (each, a "***Third Party New Formulations License***"). Shionogi agrees (a) to keep BioCryst apprised of and involved in the negotiations of such license, (b) to take into consideration BioCryst's requests regarding the same, and (c) not to execute any agreement for a Third Party New Formulations License with such Third Party without obtaining BioCryst's prior consent on the terms and conditions of such agreement which relate to the license outside the Territory. If BioCryst obtains rights under the Third Party New Formulations License outside the Territory, BioCryst shall bear royalties and other payments owed to the licensing Third Party of such Third Party Intellectual Property Rights outside the Territory. The Parties agree that no royalty offset (described in Section 9.3(e)(ii), below) shall be available to Shionogi for payments made under Third Party New Formulations Licenses.

(ii) Royalty Offset. In the event that, Shionogi, in order to exploit the licenses and rights granted to it under Section 2.1 hereof, actually makes royalty or other payments to one or more Third Parties ("***Third Party Payments***") as consideration for a license to Intellectual Property Rights of such Third Parties, in the absence of which the importation or use of Compound or manufacture, use or sale of Licensed Product could not legally be made in the Territory due to the infringement of valid claims in such Intellectual Property Rights of such Third Parties, then Shionogi shall have the right to reduce the royalties otherwise due to BioCryst pursuant to this Section 9.3 for such Licensed Product by *** of such Third Party Payments. Notwithstanding the foregoing, the offset set forth in this Section 9.3(e) (ii) shall in no event reduce the royalty for Licensed Product in the Territory by *** of the royalty rate otherwise due to BioCryst pursuant to this Section 9.3.

(f) Royalty Reports. All royalty payments shall be accompanied by a written report from Shionogi to BioCryst, showing for the calendar quarter for which such payment applies, in U.S. Dollars, all information required by BioCryst to verify the royalty payments payable hereunder, including but not limited to the information set forth on Schedule 9.3(f) and any other information customary with industry standards of the Territory.

9.4 One-time Net Sales Milestone Payments for Sales of Licensed Products. In partial consideration for the licenses and rights granted to Shionogi under this Agreement, Shionogi shall pay or cause to be paid, to BioCryst within *** of the first achievement of the following milestones, the following one-time, non-refundable, non-creditable payments in the amounts set forth next to such milestone:

Cumulative Calendar Year Net Sales including both Non-Commercial Sales and Commercial Sales	**Payment (in U.S. Dollars)**
• ***	• ***
• ***	• ***

Cumulative Calendar Year Net Sales including both Non-Commercial Sales and Commercial Sales	**Payment (in U.S. Dollars)**
• ***	• ***
• ***	• ***
Total Commercial Sales Milestone Payments:	**$95 million**

9.5 Payments for Clinical and Commercial Supply. In consideration for the supply of Licensed Product and Compound for Development and commercial use, Shionogi shall pay to BioCryst an amount equal to ***.

9.6 Payments; Foreign Exchange. All amounts referenced herein are in United States Dollars. Unless otherwise specified, all payments under this Agreement shall be made within thirty (30) days of the date of invoice, in U.S. Dollars, by wire transfer to a bank and to an account designated by BioCryst. Any payment amount, or any component used to calculate a payment amount, computed in a currency other than the U.S. Dollar shall be converted into U.S. Dollars at the exchange rate for transfers from such currency to U.S. Dollars as quoted by *** on the business day immediately prior to the payment day. Any payments or portions thereof due hereunder which are not paid when due shall bear interest equal to the lesser ***. This Section 9.6 shall in no way limit any other remedies available to either Party. Other than as set forth herein or except in the case of overpayment, all payments hereunder shall be non-refundable and non-creditable.

9.7 Taxes. The Parties agree that all amounts due by Shionogi to BioCryst under this Agreement shall be treated as "***royalties***" for purposes of the U.S. Japan Income Tax Treaty. Accordingly, all payments hereunder shall be made free and clear, and without deduction or withholding, of any present or future taxes, duties, levies and other similar charges, including related interest, additions to tax and penalties ("***Taxes***"). ***.

9.8 Audit Rights. Each Party shall have the right, at its own expense, to inspect the other Party's relevant financial books and records through an independent certified public accountant designated by the auditing Party and reasonably acceptable to the Party being audited upon at least fifteen (15) days advance written notice for the purpose of confirming the audited Party's compliance with the terms herein. Each Party and its Affiliates shall keep full, true and accurate books of account containing all particulars that may be necessary for the purpose of calculating all royalties and other payments payable under this Agreement and shall retain such books of account for a minimum of *** after the applicable reporting period. Audit results and findings shall be shared by the auditing Party with the audited Party. If the audit reveals an underpayment, the audited Party shall make up such underpayment within thirty (30) days, plus interest at the rate of ***. If the audit reveals an overpayment, the auditing Party shall return such overpayment within thirty (30) days. If the audit reveals an underpayment or overpayment in the amount of *** for any calendar quarter, then the audited Party shall reimburse the auditing Party for the costs of the audit. Notwithstanding the foregoing, any audit of BioCryst shall be limited to the books and records necessary in order to verify the calculation of COGS.

ARTICLE 10
INTELLECTUAL PROPERTY

10.1 Prosecution and Maintenance of BioCryst Patents. BioCryst shall prosecute and maintain the BioCryst Patents as BioCryst reasonably determines. As between BioCryst and Shionogi, BioCryst shall determine whether, where and when to maintain any of the BioCryst Patents and to file any patent applications included in the BioCryst Patents and, if it determines to take any action, it shall do so at its own cost and expense. However, with respect to the BioCryst Patent Japanese *** ("***Core Patent***"), BioCryst undertakes to prosecute and maintain such Core Patent in the Territory and shall provide Shionogi with copies of all material communications received from or filed in patent office(s) in the Territory. In the event that BioCryst determines not to continue to prosecute or maintain any of the BioCryst Patents, BioCryst shall notify Shionogi not less than *** before any relevant deadlines. Thereafter, Shionogi shall have the right to pursue at its sole cost and discretion the prosecution or maintenance of such patent application or patent. The Parties shall reasonably cooperate with each other in gaining patent term extension(s) or the like applicable to the BioCryst Patents in the Territory.

10.2 Inventions. The ownership of any improvements to the BioCryst Intellectual Property Rights (including any Patents and any other BioCryst Intellectual Property Rights, whether patentable or not) that include, are based on, or are derived from, Compound or Licensed Product (or the Development or Commercialization thereof)**,** BioCryst Patents or the BioCryst Know-How, including but not limited to the Shionogi Know-How ("***Agreement Improvements***", which for the avoidance of doubt shall include Intellectual Property Rights underlying New Formulations and shall include the Licensed Product Mark) shall be determined in accordance with the laws of inventorship of the United States. Shionogi hereby grants to BioCryst an irrevocable, exclusive, worldwide, perpetual, royalty-free, fully paid up, transferable and sublicensable right under Shionogi's interest in Agreement Improvements (including without limitation to Shionogi's interest in joint inventions made with BioCryst) to make, have made, use, sell, import, have imported, and otherwise fully commercially exploit such inventions outside of the Territory in all fields and inside the Territory outside of the Field (it being understood that the Licensed Product Mark shall not be used by BioCryst inside the Territory). Notwithstanding the foregoing, in the case that Agreement Improvements are relevant to Compound or Licensed Products (including New Formulations) and also other products, technology or applications, then the foregoing license grant shall be deemed to be non-exclusive.

10.3 Infringement by Third Party.

(a) Each Party shall notify the other Party promptly of any conduct on the part of Third Parties that it deems to be a potential infringement, misappropriation, act of unfair competition, dilution or other violation of the BioCryst Intellectual Property Rights.

(b) BioCryst will have the first right, in its sole discretion and expense, to take any and all action it deems necessary to stop such violation, including the bringing of an action based on the BioCryst Intellectual Property Rights or for unfair competition with respect thereto. BioCryst will exclusively control the prosecution or settlement of any such action and will bring such action in the name of BioCryst only or in the name of both BioCryst and Shionogi. Shionogi shall have the right (but not obligation) to participate in such action through its own counsel at Shionogi's cost. If BioCryst does not take any action to stop such violation within sixty (60) days from the date when either of BioCryst or Shionogi notifies the other Party of such violation, Shionogi shall have the right (but not obligation) to take any and all action it deems necessary to stop such violation. In either case, the Parties shall provide all reasonable assistance to each other and reasonably cooperate to prosecute or settle such action. Each of BioCryst and Shionogi shall recover their respective actual out-of-pocket expenses or equitable proportions thereof associated with any such action or settlement thereof from any monetary proceeds, damages and other relief obtained by BioCryst and/or Shionogi. Any excess amount shall be retained by the Party in charge of the enforcement action; provided, however, that if such party is Shionogi, all such proceeds shall be deemed to be "***Net Sales***" under the terms of this Agreement, for which a royalty shall be paid to BioCryst.

(c) In the event that any action is brought against BioCryst or Shionogi or any Affiliate of either Party alleging the violation of the Intellectual Property Rights of a Third Party by reason of the Development, manufacture or Commercialization of Compound and/or Licensed Product in the Field and in the Territory, Shionogi shall have the first right, but not the obligation, to defend itself and BioCryst in such action at its sole expense. BioCryst shall have the right to participate in such action through its own counsel at BioCryst's cost. The Parties shall provide all reasonable assistance to each other and reasonably cooperate to defend or settle such action. Neither Party shall assert counterclaims based on the BioCryst Intellectual Property Rights, or compromise, settle or otherwise dispose of any such action without the other Party's advice and prior consent, provided that the Party not defending the action shall not unreasonably withhold its consent to any settlement which does not have a material adverse effect on its business.

ARTICLE 11
PUBLICITY; CONFIDENTIALITY

11.1 Publicity.

(a) Oversight by Communications Subcommittee. The JSC shall constitute a Communications Subcommittee. Prior to communicating or disclosing any publications, abstracts, scientific presentations, websites, press releases or other disclosures relating to the relationship of the Parties, each Party shall submit to the Communications Subcommittee a copy of such communication or disclosure for review in accordance with this Agreement and guidelines established by the Communications Subcommittee. Such guidelines shall include among other things a process for ensuring submission of all such communications and disclosures by the Parties to the Communications Subcommittee reasonably in advance of disclosure to allow sufficient time for review, including the preparation of a communications calendar that anticipates disclosures expected to be made during the following calendar quarter. If the Communications Subcommittee is unable to agree upon the acceptability of a public disclosure after endeavoring to do so in good faith, BioCryst's Co-Chair shall have the right to cast the deciding vote.

(b) Prior Review. Each Party may disclose results and significant developments regarding Licensed Product and other activities in connection with this Agreement from time to time only with the approval of the other Party, which approval shall not be unreasonably withheld, conditioned or delayed. Such disclosures may include achievement of significant events in the research, Development (including regulatory process), manufacture or Commercialization of Licensed Product under this Agreement or the receipt of material payments. When a Party (the "***Requesting Party***") elects to make any such public disclosure under this Section 11.1(b), it will give the other Party (the "***Cooperating Party***") through its Communications Subcommittee representatives, a copy of any such statement and at least five (5) business days to review and comment on such statement, it being understood that if the Cooperating Party does not notify the Requesting Party in writing within such five (5) business day period of any objections, such disclosure shall be deemed approved, and in any event the Cooperating Party shall work diligently and reasonably to agree on the text of any proposed disclosure in an expeditious manner. The principles to be observed in such disclosures shall be accuracy, compliance with applicable Law and regulatory guidance documents, and reasonable sensitivity to potential negative reactions of the FDA and/or the MHLW or the applicable Regulatory Authority in the Territory (and their foreign counterparts).

(c) Publications. Except as required by applicable Law or court order, any publication or presentation of Confidential Information (as defined below), including studies or clinical trials carried out by a Party or the Parties under this Agreement shall be subject to the oversight and guidelines of the Communications Subcommittee. The Communications Subcommittee shall establish, promptly after the Effective Date, guidelines that (i) allow for each Party's timely review of all such publications or presentations, (ii) provide for protection of Confidential Information and ensure coordination with other applicable joint-committees prior to any disclosure of protectable subject matter, and (iii) ensure that all such publications and presentations are consistent with good scientific practice and accurately reflect work done and the contributions of the Parties. Unless otherwise mutually agreed upon by the Parties, (A) the Party desiring to publish or present any (the "***Publishing Party***") shall transmit to the other Party (the "***Reviewing Party***") for review and comment a copy of the proposed publication or presentation, at least *** prior to the submission of the proposed publication or presentation to any Third Party; (B) the Publishing Party shall postpone the publication or presentation for up to an additional *** upon request by the Reviewing Party in order to allow the Reviewing Party to consider appropriate patent applications or other protection to be filed on information contained in the publication or presentation; (C) upon request of the Reviewing Party, the Publishing Party shall remove all Confidential Information of the Reviewing Party from the information intended to be published or presented; and (D) the Publishing Party shall consider all reasonable comments made by the Reviewing Party to the proposed publication or presentation. For the avoidance of doubt, no restriction set forth in this Section 11.1 shall apply to BioCryst's actions outside the Territory.

11.2 Confidential Information; Exceptions. Except to the extent expressly authorized by this Agreement or otherwise agreed in writing, the Parties agree that the receiving Party shall keep confidential and shall not publish or otherwise disclose or use for any purpose other than as provided for in this Agreement any confidential and proprietary information or materials of the other Party furnished to it by the other Party or learned by it from or through its exercise of its rights pursuant to this Agreement (collectively, "***Confidential Information***") during the term hereof and for a period of five (5) years following the termination of this Agreement; provided, however, that the obligation to keep a Party's trade secrets confidential shall survive for such time as such information remains a protected trade secret. For the avoidance of doubt, Agreement Improvements shall be deemed to be the Confidential Information of both Parties. Notwithstanding the foregoing, Confidential Information shall not include any information to the extent that it can be established by written documentation of the receiving Party that such information:

(a) was already known to the receiving Party, other than under an obligation of confidentiality (except to the extent such obligation has expired or an exception is applicable under the relevant agreement pursuant to which such obligation established), at the time of disclosure;

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

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

(d) was disclosed to the receiving Party, other than under an obligation of confidentiality (except to the extent such obligation has expired or an exception is applicable under the relevant agreement pursuant to which such obligation established), by a Third Party who had no obligation to the disclosing Party not to disclose such information to others.

11.3 This Agreement. Each of the Parties agrees not to disclose to any Third Party the terms and conditions of this Agreement without the prior approval of the other Party, except (i) to advisors (including attorneys and accountants) on a need to know basis, in each case under circumstances that reasonably ensure the confidentiality thereof, or (ii) under circumstances that reasonably ensure the confidentiality of the information, to the extent necessary to comply with the terms of agreements with Third Parties existing as of the Effective Date; provided, however, that if a Party is required by Law to make any such disclosure of the terms or conditions of this Agreement, it will give reasonable advance notice to the other Party of such disclosure requirement and will use its reasonable efforts to secure confidential treatment of the terms and conditions which the Parties agree should be maintained as confidential. In addition to the foregoing, with respect to complying with the disclosure requirements of the U.S. Securities and Exchange Commission, the Financial Services Agency of Japan (collectively the "***Securities Authorities***") in connection with any required filing with any of the Securities Authorities of this Agreement, the filing Party shall provide to the other Party a copy of the proposed filing and the Parties shall work cooperatively in good faith, taking into consideration the other Party's suggestions, regarding the text of the disclosure as well as information for which the filing Party will seek to obtain confidential treatment. Notwithstanding the foregoing, the Parties shall agree upon and release a mutual press release to announce the effectiveness of this Agreement together with a corresponding Question & Answer outline for use in responding to inquiries about the Agreement; thereafter, the Parties may each disclose to Third Parties the information contained in such press release and Question & Answer outline without the need for further approval by the other.

11.4 Authorized Disclosure. Except as expressly provided otherwise in this Agreement, each Party may use and disclose Confidential Information of the other Party as follows: (i) under appropriate confidentiality provisions substantially equivalent to those in this Agreement, in connection with the performance of its obligations or as reasonably necessary or useful in the exercise of its rights under this Agreement in complying with the terms of agreements with Third Parties existing as of the Effective Date; (ii) to the extent such disclosure is reasonably necessary in filing or prosecuting patent, copyright and trademark applications in accordance with this Agreement, prosecuting or defending litigation, complying with applicable governmental regulations, obtaining regulatory approval or fulfilling post-approval regulatory obligations, or otherwise required by Law, provided, however, that if a Party is required by Law to make any such disclosure of the other Party's Confidential Information it will, except where impracticable for necessary disclosures (for example, in the event of medical emergency), give reasonable advance notice to the other Party of such disclosure requirement and, except to the extent inappropriate in the case of patent applications, will use its reasonable efforts to secure confidential treatment of such Confidential Information required to be disclosed; (iii) in communication with advisors (including lawyers and accountants) on a need to know basis, in each case under appropriate confidentiality provisions substantially equivalent to those of this Agreement; or (iv) to the extent mutually agreed to by the Parties. Notwithstanding the foregoing and for the avoidance of doubt, Shionogi acknowledges and agrees that BioCryst may disclose to the U.S. Government or other Regulatory Authority all Data received from Shionogi; provided, however, that in the event BioCryst intends to disclose the Data or information (including databases) under a different process than the process applied by Shionogi in its protocol, CSR and/or analytical report, then BioCryst shall obtain Shionogi's consent prior to such disclosure.

ARTICLE 12
SHIONOGI OPTION TO LICENSE OTHER PRODUCTS

12.1 Right of First Negotiation. BioCryst hereby grants ***.

12.2 ***.

ARTICLE 13
REPRESENTATIONS, WARRANTIES AND COVENANTS

13.1 By BioCryst. BioCryst hereby represents and warrants to, and covenants with, Shionogi as follows:

(a) BioCryst is duly organized and validly existing under the Laws of its jurisdiction of incorporation and has full corporate power and authority, and has taken all corporate action necessary, to enter into and perform its obligations under this Agreement.

(b) This Agreement is a legal, valid and binding obligation of BioCryst, enforceable against BioCryst in accordance with its terms. Neither the execution and delivery of this Agreement by BioCryst, nor the performance by BioCryst of its obligations hereunder, conflicts with any agreement, instrument or understanding, oral or written, by which BioCryst is bound.

(c) To BioCryst's knowledge, no authorization, consent, approval, license, exemption of or filing or registration with any court or governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, under any applicable Law currently in effect, is required in connection with the execution and delivery of this Agreement by BioCryst, or the performance by BioCryst of its obligations hereunder.

(d) BioCryst has sufficient right in and to BioCryst Patents and BioCryst Know-How to enable it to carry out its obligations under this Agreement. To its best knowledge, BioCryst has not committed and shall not commit any breach of the Pre-Existing Third Party License which will lead to a forfeiture of the rights granted under this Agreement.

(e) BioCryst has not been debarred or the subject of debarment proceedings by any Regulatory Authority. BioCryst shall not knowingly use in connection with the Development of Licensed Product any employee, consultant or investigator that has been debarred or the subject or debarment proceedings by any Regulatory Authority.

(f) BioCryst shall use diligent efforts in carrying out its obligations pursuant to this Agreement, consistent with all applicable United States Laws and highest industry standards.

13.2 By Shionogi. Shionogi hereby represents and warrants to, and covenants with, BioCryst as follows:

(a) Shionogi is duly organized and validly existing under the Laws of its jurisdiction of incorporation and has full corporate power and authority, and has taken all corporate action necessary, to enter into and perform its obligations under this Agreement.

(b) This Agreement is a legal, valid and binding obligation of Shionogi, enforceable against Shionogi in accordance with its terms. Neither the execution and delivery of this Agreement by Shionogi, nor the performance by Shionogi of its obligations hereunder, conflicts with any agreement, instrument or understanding, oral or written, by which Shionogi is bound.

(c) To Shionogi's knowledge, no authorization, consent, approval, license, exemption of or filing or registration with any court or governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, under any applicable Law currently in effect, is required in connection with the execution and delivery of this Agreement by Shionogi, or the performance by Shionogi of its obligations hereunder.

(d) Neither Shionogi nor any of its Affiliates have been debarred or the subject of debarment proceedings by any Regulatory Authority. Neither Shionogi nor any of its Affiliates shall use in connection with the Development of Licensed Product any employee, consultant or investigator that has been debarred or the subject or debarment proceedings by any Regulatory Authority.

(e) Shionogi shall use Diligent Efforts in carrying out its obligations pursuant to this Agreement, consistent with all applicable Laws and highest industry standards.

13.3 Disclaimer. ALL PATENTS, KNOW-HOW, DATA AND OTHER INTELLECTUAL PROPERTY RIGHTS, AND ALL LICENSED PRODUCT AND COMPOUND PROVIDED HEREUNDER IS PROVIDED AS-IS. NEITHER PARTY MAKES ANY REPRESENTATION OR WARRANTY WITH REGARD TO ANY PATENT, KNOW-HOW, DATA, LICENSED PRODUCT, COMPOUND OR OTHERWISE IN CONNECTION WITH THIS AGREEMENT EXCEPT AS SPECIFICALLY SET FORTH IN THIS AGREEMENT. EXCEPT AS EXPRESSLY PROVIDED IN THIS AGREEMENT, EACH PARTY DISCLAIMS, AND WAIVES ALL WARRANTIES OF AND TO, THE OTHER, EXPRESS OR IMPLIED, ARISING BY LAW OR OTHERWISE, WITH RESPECT TO ANY LICENSED PRODUCT, BIOCRYST INTELLECTUAL PROPERTY RIGHTS OR OTHERWISE IN CONNECTION WITH THIS AGREEMENT, INCLUDING, BUT NOT LIMITED TO, ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, IMPLIED WARRANTY ARISING FROM COURSE OF PERFORMANCE, COURSE OR DEALING OR USAGE OF TRADE, AND ANY IMPLIED WARRANTY OF NONINFRINGEMENT.

OTHER THAN IN CONNECTION WITH A PARTY'S INDEMNITY OBLIGATIONS, A BREACH OF THE LICENSE GRANTS TO SHIONOGI OR IN CONNECTION WITH AN INDEMNIFYING PARTY'S INDEMNITY OBLIGATIONS UNDER THIS AGREEMENT, IN NO EVENT SHALL EITHER PARTY BE LIABLE TO THE OTHER PARTY FOR ANY INDIRECT, INCIDENTAL, CONSEQUENTIAL, EXEMPLARY, SPECIAL OR PUNITIVE DAMAGES WHATSOEVER RESULTING OR ARISING FROM ANY CAUSE OR CLAIM WHATSOEVER, WHETHER BY TORT, OR CONTRACT OR OTHERWISE, INCLUDING BUT NOT LIMITED TO LOSS OF PROFITS AND LOSS OF SAVINGS, BUSINESS DATA, OR GOODWILL. SHIONOGI'S SOLE AND EXCLUSIVE REMEDY FOR DAMAGES RELATING TO LICENSED PRODUCT OR COMPOUND SUPPLIED BY BIOCRYST SHALL BE REPLACEMENT BY BIOCRYST OF ANY NON-CONFORMING MATERIAL**.**

13.4 Compliance with Laws. Shionogi understands and acknowledges that BioCryst is subject to regulation by agencies of the U.S. Government, including, but not limited to, the U.S. Department of Commerce and the U.S. Treasury Department's Office of Foreign Assets Control, both of which regulate the import, export and diversion of certain products and technology from and to certain countries. Any and all obligations of BioCryst to provide the Compound or Licensed Product, as well as any other technical information or assistance, and all rights on the part of Shionogi to perform its obligations hereunder, shall be subject in all respects to such United States laws and regulations as shall from time to time govern the license and delivery of technology and products abroad by persons subject to the jurisdiction of the United States, including but not limited to regulations promulgated under Executive Order No. 12924 of August 19, 1994 issued pursuant to the President's authority under the International Emergency Economic Powers Act, Title 50 U.S. C., Chapter 35, Section 1701 et seq. and those contained in Title 31, Part 500 of the U.S. Code of Federal Regulations. Shionogi agrees to cooperate with BioCryst including, without limitation, providing required documentation, in

order to comply with any and all applicable United States Laws and regulations. Shionogi warrants that it shall comply with all United States Laws and regulations governing exports in effect from time to time that are applicable to BioCryst as if such laws and regulations were applicable to Shionogi. In the event any rights or obligations hereunder are or become illegal or the subject of sanctions or restrictions, then BioCryst shall have the right, in its sole discretion, to terminate, without penalty and immediately upon written notice, the provisions of this Agreement which in BioCryst's sole discretion relate to such restrictions.

ARTICLE 14
TERM AND TERMINATION

14.1 Term. The term of this Agreement shall commence on the Effective Date and shall continue unless terminated pursuant to this Article 14.

14.2 Termination By BioCryst. Without limiting any other rights or remedies either Party may have under this Agreement or otherwise, BioCryst shall have the right to terminate this Agreement upon notice to Shionogi at any time in the event that the Pre-Existing Third Party License is terminated (or modified to an extent that BioCryst cannot perform its obligations hereunder), or if any of the following shall occur:

(a) if Shionogi breaches, in any material respect, any of its representations, warranties or obligations under this Agreement, and, if curable, such breach is not cured within thirty (30) days after Shionogi's receipt of written notice of such breach; or

(b) if Shionogi suffers an Insolvency Event.

14.3 Termination By Shionogi.

(a) Termination for Breach. Without limiting any other rights or remedies either Party may have under this Agreement or otherwise, Shionogi shall have the right to terminate this Agreement upon written notice to BioCryst, if BioCryst breaches, in any material respect, any of its representations, warranties or obligations under this Agreement, and, if curable, such breach is not cured within thirty (30) days after BioCryst's receipt of written notice of such breach.

(b) Termination without Cause. Shionogi shall have the right to terminate this Agreement at any time at its discretion by providing BioCryst with *** prior written notice. Shionogi agrees to terminate this Agreement pursuant to this Section 14.3(b) in the event that, at any time, Shionogi does not plan to exercise, or has not exercised, or will not exercise, Diligent Efforts to Develop or Commercialize Licensed Products.

14.4 Effect of Termination.

(a) The termination or expiration of this Agreement shall not affect any payment of any debts or obligations accruing prior to such date of termination or expiration. Sections *** shall survive the termination or expiration of this Agreement.

(b) Furthermore, upon termination of this Agreement all licenses and rights granted to Shionogi shall terminate, and Shionogi shall terminate all activities related to the Development and Commercialization of Licensed Products, cease all use of the BioCryst Intellectual Property Rights, and shall return to BioCryst all documents (including copies) of any kind concerning the Compound, BioCryst Intellectual Property Rights or the Licensed Products and other Confidential Information received from BioCryst or otherwise created in the course of performing this Agreement. Shionogi shall promptly destroy all Compound and Licensed Product which it holds in stock at the time of such termination or expiration of this Agreement. Shionogi shall promptly and diligently provide to BioCryst all assistance reasonably necessary in order to assist BioCryst in transitioning and assigning to BioCryst all aspects of the Parties' relationship hereunder, including but not limited to all work in progress, regulatory submissions, Agreement Improvements and Shionogi Know-How to BioCryst. For the avoidance of doubt, and in consideration for BioCryst's granting the New NI Compound option to Shionogi, Shionogi hereby assigns to BioCryst all Intellectual Property Rights in the Agreement Improvements (to the extent that such Agreement Improvements are solely related to the Compound and/or Licensed Product; and to the extent such Agreement Improvements are not solely related to the Compound and/or Licensed Product, Shionogi will and hereby does grant to BioCryst an irrevocable, non-exclusive, worldwide, perpetual, royalty-free, fully paid up, transferable and sublicensable right under Shionogi's interest in such Agreement Improvements), and agrees to take all further actions reasonably requested by BioCryst to perfect such assignment and vest the rights assigned to BioCryst in BioCryst or its designee(s). Shionogi shall pay to BioCryst any and all amounts already due under this Agreement and transfer and assign to BioCryst any Regulatory Filings relating to the Licensed Product that are in Shionogi's possession (including and but not limited to any IND, MAA, Marketing Approval or any approval for any product labeling or Promotional Materials owned by or held in the name of Shionogi or its Affiliates), including the ownership thereof.

(c) In the event of termination of this Agreement by a Party for the other Party's uncured material breach, such termination shall not affect the terminating Party's right to claim damages against the breaching Party for such breach. In the event the non-breaching Party waives its right under Section 14.3 to terminate, such non-breaching Party shall not be prevented from seeking damages for a material breach by the breaching Party during the Term of this Agreement.

ARTICLE 15
DISPUTE RESOLUTION

15.1 General. Any dispute or disagreement between the Parties arising out of, under or in connection with this Agreement shall be settled in accordance with this Article 15.

15.2 Informal Mediation. In the event any dispute or disagreement between the Parties arises out of, under or in connection with this Agreement, either Party shall submit the dispute to the following executives for resolution: for BioCryst, Senior Executive Officer responsible for corporate development (or such successor as may be named by BioCryst); for Shionogi: General Manager of License Department responsible for alliance management (or such successor as may be named by Shionogi). Such executives shall work together in good faith for a period of *** to resolve the dispute.

15.3 Escalation. In the event that a dispute is not resolved pursuant to the provisions of Section 15.2, above, the dispute or disagreement shall be submitted to the Senior Officers (defined below) for resolution. In such event, either Party, by written notice to the other Party, may formally request that the dispute be resolved by the Senior Officers, specifying the nature of the dispute with sufficient specificity to permit adequate consideration by the Senior Officers. The Parties shall cause their respective Senior Officers to use commercially reasonable efforts to resolve the referred dispute in good faith within *** of receiving such written notification, including, without limitation, by means of a face-to-face meeting if requested by either Party. "***Senior Officers***" means, for Shionogi, the Senior Executive Officer or similar ranking officer, and for BioCryst, the CEO or similar ranking officer.

15.4 Arbitration. Any disputes, controversies between the Parties arising under or in connection with this Agreement not resolved through the procedures set out in the preceding clauses of this ARTICLE 15 shall be finally settled by arbitration without the right to appeal, in New York City, if requested by Shionogi, or in Osaka, if requested by BioCryst, before a panel of three (3) arbitrators under the Rules of the International Chamber of Commerce ("***ICC Rules***"), which Rules are deemed to be incorporated by reference to this clause. Each Party shall nominate an arbitrator, and the Party-nominated arbitrators shall agree upon the third arbitrator who will be the chair of the arbitrate tribunal. If the two Party-nominated arbitrators are unable to agree upon the chair, the chair shall be selected as provided in the ICC Rules. The arbitration award shall be binding upon the Parties and enforceable by any court of competent jurisdiction. The arbitration award shall include an award as to costs including attorney fees. These provisions shall not prevent a Party from making application to any court of competent jurisdiction seeking equitable relief in case of urgency.

15.5 No Arbitration of Intellectual Property Issues. Notwithstanding anything to the contrary contained herein, unless otherwise agreed by the Parties, disputes relating to Intellectual Property Rights shall not be subject to arbitration, and shall be submitted to a court of competent jurisdiction.

ARTICLE 16
INDEMNIFICATION

16.1 Indemnification by Shionogi. Shionogi shall indemnify, defend, and hold harmless BioCryst, the Affiliates of BioCryst, and their respective officers, directors, managers, members, partners, owners, employees, licensees, successors, and assigns (collectively, the "***BioCryst Indemnitees***") from and against all actions, causes of action, suits, debts, obligations, losses, damages, amounts paid in settlement, liabilities, costs, and expenses whatsoever, including reasonable attorneys' fees (collectively, "***Losses***"), whether arising out of a claim involving a Third Party or between the Parties, resulting to, imposed upon, asserted against, or incurred by any of BioCryst Indemnitees in connection with, or arising out of or relating to this Agreement, including without limitation, the Licensed Products and the Development or Commercialization thereof (including but not limited to product liability claims and recalls in the Territory), and/or any breach by Shionogi of a representation, warranty or covenant under this Agreement**.**

16.2 Indemnification by BioCryst. BioCryst shall indemnify, defend, and hold harmless Shionogi, the Affiliates of Shionogi, and their respective officers, directors, managers, members, partners, owners, employees, licensees, successors, and assigns (collectively, the "***Shionogi Indemnitees***") from and against all Losses, whether arising out of a claim involving a Third Party or between the Parties, resulting to, imposed upon, asserted against, or incurred by any of Shionogi Indemnitees in connection with, or arising out of or relating to (a) any material breach of this Agreement by BioCryst or (b)the gross negligence or willful misconduct on the part of BioCryst.

16.3 Indemnification Procedures. If any claim, demand, action or proceeding is made or commenced by any Third Party (a "***Third-Party Claim***") against any BioCryst Indemnitee or Shionogi Indemnitee that is entitled to be indemnified with respect thereto under this ARTICLE 16 (the "***Indemnified Party***"), the Indemnified Party shall give the other Party (the "***Indemnifying Party***") prompt written notice thereof; the failure to give such written notice shall not affect the liability of the Indemnifying Party under this Agreement except to the extent such failure materially and adversely affects the ability of the Indemnifying Party to defend the Third-Party Claim. The Indemnifying Party shall have the right to assume the defense and resolution of the Third-Party Claim, provided that (i) the Indemnified Party shall have the right to participate in the defense of the Third-Party Claim at its own expense through counsel of its choice (control of the defense will remain with the Indemnifying Party), (ii) the Indemnifying Party shall not consent to the entry of any judgment or enter into any settlement that would require any act or forbearance on the part of the Indemnified Party or which does not unconditionally release the Indemnified Party from all liability in respect of the Third-Party Claim without the prior written consent of the Indemnified Party, which consent shall not be unreasonably withheld, conditioned or delayed, and (iii) the Indemnified Party may undertake the defense of the Third-Party Claim, at the Indemnifying Party's expense, if the Indemnifying Party fails promptly to assume and diligently to prosecute the defense.

ARTICLE 17
MISCELLANEOUS

17.1 Assignment. This Agreement and any rights granted hereunder are personal to each Party and shall not be sold, assigned, sublicensed, encumbered or otherwise transferred (each a "***Transfer***"), directly or indirectly, by operation of law or otherwise, by either Party without the prior written consent of the other Party, which consent may be granted or withheld in such other Party's sole discretion; provided, however, that BioCryst, without notice and at any time for any reason, may Transfer this Agreement in whole or in part to (i) any of its Affiliates who agree to be bound by the terms and conditions of this Agreement or (ii) to any successor of BioCryst by merger, sale of all or substantially all of its business assets to which this Agreement relates or otherwise. Any attempted Transfer of this Agreement or any of the rights granted hereunder in violation of this Section 17.1 shall be void *ab initio*. The consent by any Party to any Transfer shall not constitute a waiver of the necessity for such consent in any subsequent Transfer. Notwithstanding anything to the contrary contained in this Section 17.1, either Party shall have the right to assign its rights under this Agreement in connection with a Change of Control of such Party to the successor in interest to such Party; provided, however, that the Party effecting a Change of Control shall give written notice of such Change of Control to the other Party within ten (10) days of such Change of Control, and such Transfer shall not relieve such assigning Party of its obligations under this Agreement except to the extent any permitted assignee assumes in writing the obligations of the assigning Party under this Agreement.

17.2 Section 365(n). All licenses granted under this Agreement are deemed to be, for purposes of Section 365(n) of the U.S. Bankruptcy Code, licenses of right to "intellectual property" as defined in Section 101 of such Code. In addition, if Shionogi desires to register license granted hereunder with the Japanese Patent Office, BioCryst shall provide reasonable cooperation to this end.

17.3 Governing Law; Venue. This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of New York without regard to choice-of-law principles of the State of New York. All actions arising under this Agreement which are not arbitrable shall be brought in the State and Federal Courts located in New York County, New York. The Parties hereby irrevocably submit to the jurisdiction of such courts.

17.4 Severability. If any one or more of the provisions of this Agreement shall be held to be invalid, illegal or unenforceable, the validity, legality or enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby. In the event any provisions shall be held invalid, illegal or unenforceable, the Parties shall use best efforts to substitute a valid, legal and enforceable provision, which, insofar as practical, implements the purposes hereof.

17.5 Notices. All notices, requests, demands and other communications hereunder shall be given in writing and shall be: (a) personally delivered; (b) sent by telecopier, facsimile transmission or other electronic means of transmitting written documents; or (c) sent to the Parties at their respective addresses indicated herein by registered or certified U.S. mail, return receipt requested and postage prepaid, or by private overnight mail courier service. The respective addresses to be used for all such notices, demands or requests are as follows:

If to BioCryst, to:

BIOCRYST PHARMACEUTICALS, INC.
2190 Parkway Lake Drive
Birmingham, Alabama 35244
USA
Attention: CEO
Facsimile No.: +1-205-4640

with a copy to:

Proskauer Rose LLP
1585 Broadway
New York, New York 10036-8299
USA
Attention: Daryn Grossman, Esq.
Telephone: +1-212-969-3000
Facsimile: +1-212-969-2900

or to such other person or address as BioCryst shall furnish to Shionogi in writing.

If to Shionogi, to:

SHIONOGI & CO., LTD.
12-4, Sagisu 5 chome
Fukushima-ku, Osaka 553-0002
Japan
Attention: General Manager, License Department
Telephone: +81-6-6455-2393
Facsimile: +81-6-6455-2053

or to such other person or address as Shionogi shall furnish to BioCryst in writing.

If personally delivered, such communication shall be deemed delivered upon actual receipt; if electronically transmitted pursuant to this paragraph, such communication shall be deemed delivered on the day transmitted unless it is received after 5:00 p.m., local time, or on a day which is not a business day, in which case it shall be deemed delivered on the next business day after transmission (and sender shall bear the burden of proof of delivery); if sent by overnight courier pursuant to this paragraph, such communication shall be deemed delivered upon receipt; and if sent by mail pursuant to this paragraph, such communication shall be deemed delivered as of the date of delivery indicated on the receipt issued by the relevant postal service; or, if the addressee fails or refuses to accept delivery, as of the date of such failure or refusal. Either Party may change its address for the purposes of this Agreement by giving notice thereof in accordance with this Section 17.4.

17.6 No Waiver. None of the provisions of this Agreement can be waived except in a writing signed by the Party granting the waiver. No failure by a Party to exercise any right under this Agreement shall operate as a waiver of such right, nor shall any single or partial exercise of any right preclude any other or further exercise of that right or the exercise of any other rights. The waiver by any Party of any breach of this Agreement shall not be deemed a waiver of any prior or subsequent breach. All remedies of either Party shall be cumulative and the pursuit of one remedy shall not be deemed a waiver of any other remedy.

17.7 Further Assurances. Each Party shall execute, acknowledge and deliver, without additional consideration, such further assurances, instruments and documents, and shall take such further actions, as the other Party shall reasonably request in order to fulfill the intent of this Agreement and the transactions contemplated hereby.

17.8 No Third-Party Beneficiaries. Nothing in this Agreement is intended or shall be construed to give any other person or entity any legal or equitable right, remedy or claim under or in respect of this Agreement or any provision contained herein, other than BioCryst Indemnitees, Shionogi Indemnitees and any assignee permitted under Section 17.1 above.

17.9 Relationship of the Parties. The relationship of the Parties under this Agreement shall be solely that of independent contractors and nothing herein shall be construed to create or imply any relationship of employment, agency, joint venture, partnership or any relationship other than that of independent contractors. BioCryst and Shionogi acknowledge and agree that each of them is engaged in a separate and independent business and neither shall state, represent or imply any interest in or control over the business of the other.

17.10 Government Funding. BioCryst's obligations under this Agreement have been funded in whole or in part with Federal funds from the Office of Public Health Emergency Preparedness, Office of Public Health Emergency Medical Countermeasures, under Contract No, HHSO100200700032C.

17.11 Cost. Unless otherwise specified, each Party shall bear the full Cost of its compliance with the terms of this Agreement and its respective obligations hereunder. For purposes of this Agreement, the term "**Costs**" when used herein means the fully allocated costs including but not limited to the fully allocated cost of goods and services and manufacturing overhead directly related to Licensed Product, and allocation of all administrative and general expenses directly related to Licensed Product. Costs shall be determined by generally accepted accounting principles, applied on a consistent basis.

17.12 Interpretation. The captions and headings to this Agreement are for convenience only, and are to be of no force or effect in construing or interpreting any of the provisions of this Agreement. Unless specified to the contrary, references to Articles, Sections, Schedules or Exhibits mean the particular Articles, Sections, Schedules or Exhibits to this Agreement and references to this Agreement include all Exhibits and Schedules attached hereto. Each accounting term used herein that is not specifically defined herein shall have the meaning given to it under GAAP, but only to the extent consistent with its usage and the other definitions in this Agreement. Unless context otherwise clearly requires, whenever used in this Agreement: (i) the words "**include**" or "**including**" shall be construed as incorporating, also, "**but not limited to**" or "**without limitation**;" (ii) the word "**day**", "**month**" or "**year**" means a calendar day, month or year unless otherwise specified; (iii) the word "**notice**" means notice in writing (whether or not specifically stated) and shall include notices, consents, approvals and other written communications contemplated under this Agreement; (iv) the words "**hereof**," "**herein**," "**hereby**" and derivative or similar words refer to this Agreement (including any Exhibits and Schedules); (v) provisions that require that a Party, the Parties or any committee or team hereunder "**agree,**" "**consent**" or "**approve**" or the like shall require that such agreement, consent or approval be specific and in writing, whether by written agreement, letter, approved minutes or otherwise; (vi) words of any gender include the other gender; and (vii) references to any specific Law or article, section or other division thereof shall be deemed to include the then-current amendments thereto or any replacement Law thereof.

17.13 No Modifications. Unless otherwise specified herein and the Exhibits attached hereto, nothing contained in this Agreement shall affect the rights and obligations of the Parties under the other License Documents, and the terms and conditions of all such agreements shall remain in full force and effect.

17.14 Entire Agreement. This Agreement and the Exhibits and Schedules attached hereto constitute the entire understanding between the Parties relating to the subject matter hereof, and no amendment or modification to this Agreement shall be valid or binding upon the Parties unless designated as such, made in writing and signed by the representatives of such Parties

17.15 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, and all of which together, shall constitute one and the same instrument.

[The remainder of this page intentionally left blank]

IN WITNESS WHEREOF, the Parties have executed and delivered this Agreement in duplicate originals by their duly authorized representatives as of the date and year first above written.

BIOCRYST PHARMACEUTICALS, INC.

By: /s/JON P. STONEHOUSE
Name: JON P. STONEHOUSE
Title: Chief Executive Officer

SHIONOGI & CO., LTD.

By: /s/MOTOZO SHIONO
Name: MOTOZO SHIONO
Title: President

Exhibit 10.5

BIOCRYST PHARMACEUTICALS, INC.
2190 PARKWAY LAKE DRIVE
BIRMINGHAM, AL 35244
205-444-4600 205-444-4640 FAX
www.biocryst.com

April 2, 2007

David S. McCullough
101 Salford Court
Cary, NC 27512

Dear Mr. McCullough:

On behalf of BioCryst Pharmaceuticals, Inc., a Delaware corporation (the "BioCryst" or the "Company"), we are very excited to offer you the position of Vice President Strategy and Commercialization. We, along with the other members of the Company's Board of Directors (the "Board"), and the Company's management team, are all very impressed with you and what you will bring to the Company. We believe that with your background, you will make significant contributions to the success of the Company.

This letter agreement (the "Agreement") will serve to confirm our agreement with respect to the terms and conditions of your employment.

1. Term of Employment. Subject to the terms and conditions of this Agreement, BioCryst hereby employs David McCullough (the "Employee"), effective April 2, 2007, as Vice President Strategy and Commercialization of BioCryst, and Employee hereby accepts such employment. The Employee shall not, during the term of his employment, engage in any other business activity that would interfere with, or prevent him from carrying out, his duties and responsibilities under this Agreement. BioCryst hereby agrees and acknowledges that any compensation which the Employee receives from participation in such allowable activities shall be outside the scope of this Agreement and in addition to any compensation received hereunder. The term of employment of Employee under this Agreement shall commence as of April 2, 2007, and shall terminate on April 1, 2008, unless earlier terminated in accordance with the provisions of paragraph 4 hereof. Company shall notify Employee not later than February 1, 2008 if it does not intend to continue his employment past April 1, 2008. In the event Employee is retained by the Company as Vice President Strategy and Commercialization past April 1, 2008, the terms of his employment shall continue to be governed by this Agreement unless otherwise provided by the Board.

2. Basic Full-Time Compensation and Benefits.

(a) As basic compensation for services rendered under this Agreement, Employee shall be entitled to receive from BioCryst, a salary of $17,917 per month ($215,000 per annum) payable on the first business day of each month during the term of this Agreement, beginning on May 1, 2007. This salary will be reviewed annually by the Board of Directors and may be raised at the discretion of the Board.

(b) In addition to the basic compensation set forth in (a) above, Employee shall be eligible to earn a cash bonus, payable as soon as reasonably practicable in calendar year 2008, based on the Company's achievement of performance related goals proposed by management and approved by the Board for the Company's fiscal year ending December 31, 2007 (the "2007 Fiscal Year"). The bonus actually earned, if any, shall be based on a target amount equal to 30% of the base compensation earned by executive during the 2007

Fiscal Year (the "Target Amount"), and shall be pro-rated based on the degree to which the performance goals have been achieved, subject to a minimum level of achievement proposed by management and approved by the Board. The Board may, in its discretion, approve a bonus in excess of the Target Amount if the performance goals have been exceeded. Employee must be employed through April 1, 2008 in order to receive the annual bonus. In the event Employee remains in the employ of the Company past April 1, 2008, the Company shall provide Employee with similar future annual bonus opportunities.

(c) In addition to the basic compensation set forth in (a) and (b) above, Employee shall be entitled to receive such other benefits and perquisites provided to other executive officers of BioCryst which benefits may include, without limitation, reasonable vacation (currently 4 weeks), sick leave, medical benefits, life insurance, and participation in profit sharing or retirement plans.

(d) In addition to the compensation set forth in paragraphs 2(a), (b) and (c) above, the Board of Directors of BioCryst may from time to time, in its discretion, also grant such other cash or stock bonuses to the Employee either as an award or as an incentive as it shall deem desirable or appropriate.

3. Initial Equity Awards. In connection with Employee's execution of this Agreement, Employee shall be issued initial equity incentive awards as follows:

(a) The Company shall grant to Employee an option to purchase 150,000 shares of the Company's common stock ("Common Stock"), with an exercise price equal to the fair market value of the Common Stock on the date of the grant, which option shall vest and become exercisable in accordance with paragraph 3(c) below. The option will be an "incentive stock option" up to the lesser of (i) 40,000 shares, or (ii) the maximum number of shares that may be covered under an incentive stock option pursuant to the tax code.

(b) The Company shall grant to Employee 10,000 shares of its Common Stock, which shall vest in accordance with paragraph 3(c) below. Employee understands and acknowledges that prior to vesting, the shares may not be transferred and will be subject to forfeiture.

(c) The awards set forth in paragraphs 3(a) and (b) above will vest, contingent on Employee's continued provision of services to the Company on each respective vesting date, over a period of 4 years as follows: one year after Employee's start date, 25% of the awards will vest; thereafter, the remaining shares will vest on a monthly schedule of 1/48 of the total number of shares subject to the grants upon the completion of each month of service.

(d) To the extent the stock option award set forth in paragraph 3(a) above is an "incentive stock option," it shall be granted under and subject to the terms of the BioCryst Pharmaceuticals, Inc. Stock Incentive Plan (the "Stock Incentive Plan"). All remaining awards shall be issued outside of the Stock Incentive Plan as a material inducement for Employee to accept employment with the Company. All awards shall be subject to the terms of specific award agreements between the Employee and the Company, which Employee will be required to execute as a condition of the grants.

4. Termination.

(a) If Employee's employment is terminated as a result of (i) the expiration of the stated term of this Agreement, (ii) the Employee's resignation, (iii) the Employee's death, (iv) by the Company for Cause, or (v) by the Company as a result of Disability, Employee will receive base salary, as well as any accrued but unused vacation (if applicable) and other compensation, earned through the effective termination date, and no additional compensation.

For all purposes under this Agreement, a termination for "Cause" shall mean a determination by the Board that Employee's employment be terminated for any of the following reasons: (i) failure or refusal to comply in any material respect with lawful policies, standards or regulations of Company; (ii) a violation of a federal or state law or regulation applicable to the business of the Company; (iii) conviction or plea of no contest to a felony under the laws of the United States or any State; (iv) fraud or misappropriation of property belonging to the Company or its affiliates; (v) a breach in any material respect of the terms of any confidentiality, invention assignment or proprietary information agreement with the Company or with a former employer, (vi) failure to satisfactorily perform Employee's duties after having received written notice of such failure and at least thirty (30) days to cure such failure, or (vii) misconduct or gross negligence in connection with the performance of Employee's duties.

"Disability" shall mean the inability of Employee to perform his duties hereunder by reason of physical or mental incapacity for ninety (90) days, whether consecutive or not, during any consecutive twelve (12) month period.

(b) If the Company terminates Employee's employment without Cause, it shall provide written notice of termination to Employee, along with any base salary and accrued but unused vacation or other compensation earned through the effective termination date, and, conditioned on Employee (a) signing and not revoking a release of any and all claims, in a form prescribed by the Company, and (b) returning to the Company all of its property and confidential information that is in Employee's possession, Employee will receive the following: (i) continuation of base salary for 1 year beyond the effective termination date, payable in accordance with the regular payroll practices of the Company, provided that these payments will be terminated as of the date Employee commences employment with, or provide services as a consultant to, any entity other than the Company; and (ii) if Employee elects to continue health insurance coverage under the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("COBRA") following termination of employment, the Company shall pay the monthly premium under COBRA until the earlier of (x) 6 months following the effective termination date, or (y) the date upon which Employee commences employment with an entity other than the Company. Employee will notify the Company in writing within 5 days of your receipt of an offer of employment or a consulting position with any entity other than the Company, and will accordingly identify the date upon which you will commence employment or consulting services in such writing. The parties agree that salary continuance under this paragraph is meant to be provided while Employee actively seeks future employment and as noted will cease once Employee has secured such employment or consulting service.

(c) If, during Employee's employment with the Company, there is a Change of Control, all equity awards granted to Employee under paragraph 3 and otherwise shall vest in full. In addition, if the Company terminates Employee's employment without Cause or Employee is Constructively Terminated within 6 months of the Change in Control, then Employee will be eligible to receive the benefits provided in paragraph 4(b), under the terms and conditions set forth in that paragraph.

"Change of Control" shall be defined as (i) a merger or consolidation in which the Company is not the surviving entity, except for a transaction the principal purpose of which is to change the State of the Company's incorporation, (ii) the sale, transfer or other disposition of all or substantially all of the assets of the Company in liquidation or dissolution of the Company, (iii) any reverse merger in which the Company is the surviving entity but in which securities possessing more than fifty percent (50%) of the total combined voting power of the Company's outstanding securities are transferred to a person or persons different from the persons holding those securities immediately prior to such merger, (iv) any person or related group of persons (other than the Company or a person that directly or indirectly controls, is controlled by, or is under common control with, the Company) directly or indirectly acquires beneficial ownership (within the meaning of Rule 13d-3 of the 1934 Act) of securities possessing more than fifty percent (50%) of the total combined voting power of the Company's outstanding securities pursuant to a tender or exchange offer made directly to the Company's stockholders; or (iv) a change in the composition of the Board over a period of twenty-four (24) consecutive months or less such that a majority of the Board members (rounded up to the next whole number) ceases, by reason of one or more contested elections for Board membership, to be comprised of individuals who either (A) have been Board members continuously since the beginning of such period or (B) have been elected or nominated for election as Board members during such period by at least two-thirds of the Board members described in clause (A) who were still in office at the time such election or nomination was approved by the Board.

"Constructive Termination" shall mean a resignation of employment within 30 days of the occurrence of any of the following events which occurs within 6 months following a Change of Control: (i) a material reduction in Employee's responsibilities; (ii) a material reduction in Employee's base salary, unless such reduction is comparable in percentage to, and is part of, a reduction in the base salary of all executive officers of the Company; or (iii) a relocation of Employee's principal office to a location more than 50 miles from the location of Employee's principal office immediately preceding a Change of Control.

(d) In the event (i) any payments described in paragraphs 4(b) or (c) above would be "deferred compensation" subject to Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) Employee is a "specified employee" (as defined in Code Section 409A(2)(B)(i)), such payments shall, to the extent required by Code Section 409A, be delayed for the minimum period and in the minimum manner necessary to avoid the imposition of the tax required by Code Section 409A.

5. Non-Competition; Proprietary Information and Inventions.

(a) Proprietary Information and Inventions Agreement. As a condition precedent to the employment of Employee by the Company, Employee shall execute the Company's standard Proprietary Information and Inventions Agreement, attached hereto as Exhibit A.

(b) Non-Competition Agreement. The Employee agrees that for one (1) year following the termination of this Agreement by reason of the voluntary termination by the Employee, without cause on the part of BioCryst, the Employee shall not become the Chief Executive Officer or become a key executive of another for-profit business enterprise whose activities are at such time directly competitive with BioCryst.

(c) Equitable Remedies. Employee acknowledges and recognizes that a violation of this paragraph by Employee may cause irreparable and substantial damage and harm to BioCryst or its affiliates, could constitute a failure of consideration, and that money damages will not provide a full remedy for BioCryst for such violations. Employee agrees that in the event of his breach of this paragraph, BioCryst will be entitled, if it so elects, to institute and prosecute proceedings at law or in equity to obtain damages with respect to such breach, to enforce the specific performance of this paragraph by Employee, and to enjoin Employee from engaging in any activity in violation hereof.

6. Golden Parachute Provisions. If it is determined that any payment or benefit provided by the Company to or for the benefit of the Employee, whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise, including, by example and not by way of limitation, acceleration by the Company or otherwise of the date of vesting or payment under any plan, program, arrangement or agreement of the Company would be subject to the excise tax imposed by Code section 4999 or any interest or penalties with respect to such excise tax (such excise tax together with any such interest and penalties, shall be referred to as the "Excise Tax"), then the Company shall first make a calculation under which such payments or benefits provided to the Employee are reduced to the extent necessary so that no portion thereof shall be subject to the Excise Tax (the "4999 Limit"). The Company shall then compare (a) the Employee's Net After-Tax Benefit (as defined below) assuming application of the 4999 Limit with (b) the Employee's Net After-Tax Benefit without application of the 4999 Limit. The Employee shall be entitled to the greater of (a) or (b). "Net After-Tax Benefit" shall mean the sum of (i) all payments that Employee receives or is entitled to receive that are contingent on a change in the ownership or effective control of the Company or in the ownership of a substantial portion of the assets of the Company within the meaning of Code section 280G(b)(2), less (ii) the amount of federal, state, local, employment, and Excise Tax (if any) imposed with respect to such payments. If the Employee is required to reduce payments to which he is otherwise entitled such that no portion thereof is subject to the Excise Tax, the Employee shall choose which payments shall be reduced and the amount of the reduction of each payment.

7. Miscellaneous.

(a) Entire Agreement. This Agreement, including the exhibits hereto, constitutes the entire agreement between the parties relating to the employment of the Employee by BioCryst and there are no terms relating to such employment other than those contained in this Agreement. No modification or variation hereof shall be deemed valid unless in writing and signed by the parties hereto. No waiver by either party of any provision or condition of this Agreement shall be deemed a waiver of similar or dissimilar provisions or conditions at any time.

(b) Assignability. This Agreement may not be assigned without prior written consent of the parties hereto. To the extent allowable pursuant to this Agreement, this Agreement shall be binding upon and shall inure to the benefit of each of the parties hereto and their respective executors, administrators, personal representatives, heirs, successors and assigns.

(c) Notices. Any notice or other communication given or rendered hereunder by any party hereto shall be in writing and delivered personally or sent by registered or certified mail, postage prepaid, at the respective addresses of the parties hereto as set forth below.

(d) Captions. The section headings contained herein are inserted only as a matter of convenience and reference and in no way define, limit or describe the scope of this Agreement or the intent of any provision hereof.

(e) Taxes. All amounts to be paid to Employee hereunder are in the nature of compensation for Employee's employment by BioCryst, and shall be subject to withholding, income, occupation and payroll taxes and other charges applicable to such compensation.

(f) Governing Law. This Agreement is made and shall be governed by and construed in accordance with the laws of the State of Alabama without respect to its conflicts of law principles.

(g) Date. This Agreement is dated as of April 2, 2007.

If the foregoing correctly sets forth our understanding, please signify your acceptance of such terms by executing this Agreement, thereby signifying your assent, as indicated below.

Yours very truly,

BIOCRYST PHARMACEUTICALS, INC.

By: /s/ Jon Stonehouse
Jon Stonehouse
Chief Executive Officer

Address:

2190 Parkway Lake Drive
Birmingham, Alabama 35244

AGREED AND ACCEPTED, as of this 2nd day of April, 2007.

/s/ David McCullough
David McCullough

Address:
101 Salford Court
Cary, NC 27512

Exhibit 31.1

CERTIFICATIONS

I, Jon P. Stonehouse, certify that:

1. I have reviewed this quarterly report on Form 10-Q of BioCryst Pharmaceuticals, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 10, 2007

/s/ JON P. STONEHOUSE
Jon P. Stonehouse
Chief Executive Officer

Exhibit 31.2

CERTIFICATIONS

I, Michael A. Darwin, certify that:

1. I have reviewed this quarterly report on Form 10-Q of BioCryst Pharmaceuticals, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 10, 2007

/s/ MICHAEL A. DARWIN
Michael A. Darwin
Chief Financial Officer and Chief Accounting Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of BioCryst Pharmaceuticals, Inc. (the "Company") on Form 10-Q for the period ending March 31, 2007 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Jon P. Stonehouse, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ Jon P. Stonehouse
Jon P. Stonehouse
Chief Executive Officer
May 10, 2007

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of BioCryst Pharmaceuticals, Inc. (the "Company") on Form 10-Q for the period ending March 31, 2007 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Michael A. Darwin, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ Michael A. Darwin
Michael A. Darwin
Chief Financial Officer
May 10, 2007