

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

**FORM 8-K**

**CURRENT REPORT  
PURSUANT TO SECTION 13 OR 15(D) OF THE  
SECURITIES EXCHANGE ACT OF 1934**

Date of Report (Date of earliest event reported): October 20, 2006

**ACADIA PHARMACEUTICALS INC.**

(Exact name of registrant as specified in its charter)

**DELAWARE**  
(State or other jurisdiction of incorporation)

**000-50768**  
(Commission File Number)

**06-376651**  
(IRS Employer Identification No.)

**3911 SORRENTO VALLEY BOULEVARD  
SAN DIEGO, CALIFORNIA**  
(Address of principal executive offices)

**92121**  
(Zip Code)

**(858) 558-2871**  
Registrant's telephone number, including area code

**N/A**  
(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

**Item 1.01. Entry Into a Definitive Material Agreement.**

On October 20, 2006, Mark R. Brann, Ph.D. resigned as President and Chief Scientific Officer of ACADIA Pharmaceuticals Inc. (“ACADIA”) and as a member of the Board of Directors of ACADIA. In connection with Dr. Brann’s resignation, on October 20, 2006, ACADIA entered into a separation agreement and a consultant agreement with Dr. Brann. Pursuant to the separation agreement, Dr. Brann is entitled to certain benefits, including reimbursement of his COBRA premiums through December 31, 2008. Pursuant to the consultant agreement, Dr. Brann will provide consulting services to ACADIA focused on ACADIA’s technology and related scientific applications.

The descriptions of the separation agreement and consultant agreement set forth above are qualified in their entirety by reference to the actual terms of the separation agreement and consultant agreement, which are filed as Exhibits 99.1 and 99.2, respectively, to this current report and are incorporated herein by this reference.

**Item 1.02. Termination of Material Definitive Agreement.**

On October 20, 2006, ACADIA entered into a separation agreement with Dr. Brann. The separation agreement terminates the previously filed employment agreement dated January 31, 1997, between ACADIA and Dr. Brann, other than Section 8 (Assignment of Discoveries and Works) and Section 9 (Confidentiality) of such employment agreement, which will continue in effect.

**Item 5.02. Departure of Directors or Principal Officers; Election of Directors; Appointment of Principal Officers.**

(b) On October 20, 2006, Dr. Brann resigned as President and Chief Scientific Officer of ACADIA and as a member of the Board of Directors of ACADIA, effective as of October 20, 2006.

**Item 8.01. Other Events.**

On October 23, 2006, ACADIA announced that it will provide up to \$1 million in funding to help establish Abbey Pharmaceuticals (“Abbey”), a startup biotechnology company focused on medications for substance abuse that will be led by Dr. Brann. ACADIA will provide the funding through the purchase of convertible promissory notes (and potentially the purchase of equity securities) from Abbey. Once Abbey has secured outside funding, ACADIA and Abbey intend to enter into a research collaboration through which Abbey would provide funding to ACADIA in exchange for access to selected drug discovery assets that may have utility in the field of substance abuse.

**Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits

<u>Exhibit Number</u>	<u>Description</u>
99.1	Separation Agreement, dated October 20, 2006, by and between ACADIA Pharmaceuticals Inc. and Mark R. Brann, Ph.D.
99.2	Consultant Agreement, dated October 20, 2006, by and between ACADIA Pharmaceuticals Inc. and Mark R. Brann, Ph.D.

**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 hereunto duly authorized.

ACADIA Pharmaceuticals Inc.

Date: October 20, 2006

By: /s/ Thomas H. Aasen

Thomas H. Aasen  
Vice President, Chief Financial Officer,  
Treasurer and Secretary

**EXHIBIT INDEX**

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99.2	Consultant Agreement, dated October 20, 2006, by and between ACADIA Pharmaceuticals Inc. and Mark R. Brann, Ph.D.

October 20, 2006

Mark R. Brann, Ph.D.  
PO Box 111  
Rye, New Hampshire 03870

Dear Mark:

This letter sets forth the substance of the separation agreement (the "Agreement") ACADIA Pharmaceuticals Inc. (the "Company") is providing in connection with your employment transition.

**1. Separation.** Your last day of work with the Company and your employment termination date will be October 20, 2006 (the "Separation Date"). You are resigning as an employee and from your positions as President and Chief Scientific Officer and as a member of each of the Company's Board of Directors and the Board of Directors of ACADIA Pharmaceuticals A/S. As consideration for entering into this Agreement, you and the Company agree to terminate your employment agreement, dated as of January 31, 1997 (the "Employment Agreement"), other than Sections 8 and 9, which shall survive. As additional consideration, you and the Company agree to enter into a Consulting Agreement, dated as of the date of this Agreement (the "Consulting Agreement"), in which will provide for your continuous service to the Company.

**2. Accrued Salary and Vacation.** On the Separation Date, the Company will pay you all accrued salary, and all accrued and unused vacation earned through the Separation Date, subject to standard payroll deductions and withholdings. The Company will make the applicable 401K matching payment on all remaining salary paid through the Separation Date. You are entitled to these payments regardless of whether you execute this Agreement.

**3. Health and Life Insurance.** To the extent provided by the federal COBRA law or, if applicable, state insurance laws (collectively, "COBRA"), and by the Company's current group health insurance policies, you will be eligible to continue your group health insurance benefits at your own expense following the Separation Date. Later, you may be able to convert to an individual policy through the provider of the Company's health insurance, if you wish. If you timely elect to continue coverage under COBRA and execute this Agreement, although the Company has no obligation to do so, then the Company will reimburse the COBRA premiums (for you and your family members who were covered by the aforementioned group health insurance policies as of the Separation Date) through December 31, 2008. If COBRA is not legally available to you for the entire period up to December 31, 2008, the Company will pay you the equivalent of the monthly COBRA reimbursement payments for the months you are not COBRA eligible, up to December 31, 2008. This obligation will end if you become eligible for

health insurance benefits with another employer. You agree to immediately notify the Company if and when you do become eligible for insurance coverage during a time period in which the Company is paying COBRA-equivalent payments to you under this paragraph. You will be provided with a separate notice describing your rights and obligations under COBRA. You will be entitled to convert your current life insurance provided by the Company's life insurance carrier to a whole life insurance policy, in accordance with the carrier's policies. You will be responsible for any payments necessary to continue such life insurance coverage.

**4. Other Compensation or Benefits.** You acknowledge that, except as expressly provided in this Agreement, you will not receive any additional compensation, severance, or benefits after the Separation Date.

**5. Expense Reimbursements.** You agree that, within ten (10) days of the Separation Date, you will submit your final documented expense reimbursement statement reflecting all business expenses you incurred through the Separation Date, if any, for which you seek reimbursement. The Company will reconcile all outstanding expense items and reimburse you for qualifying expenses pursuant to its regular business practices. In addition, the Company agrees to reimburse your actual documented legal expenses incurred in connection with the review of this Agreement, the Consulting Agreement, and any other documents related to your employment at the Company, up to a maximum \$9,000.

**6. Return of Company Property.** You agree to return to the Company immediately all Company documents (and all copies thereof) and other Company property that you have had in your possession at any time, including, but not limited to, Company files, notes, drawings, records, business plans and forecasts, financial information, specifications, computer-recorded information, tangible property (including, but not limited to, any computer or blackberry device), credit cards, entry cards, identification badges, and keys; and, any materials of any kind that contain or embody any proprietary or confidential information of the Company (and all reproductions thereof), including, but not limited to, information regarding contacts with the Company's customers and vendors (provided, however, that you will be entitled to retain any Company laptop currently in your possession and any materials remaining thereon, provided that the Company may require access to the laptop to delete any proprietary information). Your timely return of all such Company documents and other property is a condition precedent to your receipt of the severance benefits provided under this Agreement. You will be allowed to retain your contact database that exists on the Company's system as of the Separation Date. You will also be allowed to retain any other documents or equipment the Company agrees in writing that you will need to complete your obligations under the Consulting Agreement.

**7. Proprietary Information Obligations.** Both during and after your employment you acknowledge your continuing obligations not to use or disclose any confidential or proprietary information of the Company and to assign discoveries and works while an employee of the Company, as provided in Sections 8 and 9 of the Employment Agreement. A copy of the Employment Agreement is attached hereto as Exhibit A.

**8. Confidentiality.** The provisions of this Agreement will be held in strictest confidence by you and the Company and will not be publicized or disclosed in any manner whatsoever; *provided, however,* that: (a) you may disclose this Agreement in confidence to

your immediate family; (b) the parties may disclose this Agreement in confidence to their respective attorneys, accountants, auditors, tax preparers, and financial advisors; (c) the Company may disclose this Agreement as necessary to fulfill standard or legally required corporate reporting or disclosure requirements; and (d) the parties may disclose this Agreement insofar as such disclosure may be necessary to enforce its terms or as otherwise required by law. In particular, and without limitation, you agree not to disclose the terms of this Agreement to any current or former Company employee.

**9. Inside Information Obligations.** You acknowledge your existing obligations under the Company's Policy Against Trading on the Basis of Inside Information, a copy of which is attached hereto as Exhibit B.

**10. Nondisparagement.** You agree not to disparage the Company, its officers, directors, employees, stockholders, and agents, in any manner likely to be harmful to its or their business, business reputation, or personal reputation; provided that you will respond accurately and fully to any question, inquiry or request for information when required by legal process. Likewise, the Company agrees to instruct its executive officers not to disparage you in any manner likely to be harmful to your business or personal reputation and, in response to inquiries from third parties, to provide a statement substantially consistent with the press release agreed to by the parties, a copy of which is attached hereto as Exhibit C.

**11. No Admissions.** The parties understand and agree that the promises and payments in consideration of this Agreement shall not be construed to be an admission of any liability or obligation by either party to the other or to any other person, and that neither party makes any such admission.

**12. Your Release of Claims.** In exchange for the consideration under this Agreement to which you would not otherwise be entitled, you hereby generally and completely release the Company and its directors, officers, employees, stockholders, partners, agents, attorneys, predecessors, successors, parent and subsidiary entities, insurers, affiliates, and assigns from any and all claims, liabilities and obligations, both known and unknown, that arise out of or are in any way related to events, acts, conduct, or omissions occurring at any time prior to and including the date you sign this Agreement. This general release includes, but is not limited to: (a) all claims arising out of or in any way related to your employment with the Company or the termination of that employment; (b) all claims related to your compensation or benefits from the Company, including salary, bonuses, commissions, vacation pay, expense reimbursements, severance pay, fringe benefits, stock, stock options, or any other ownership interests in the Company; (c) all claims for breach of contract, wrongful termination, and breach of the implied covenant of good faith and fair dealing; (d) all tort claims, including claims for fraud, defamation, emotional distress, and discharge in violation of public policy; and (e) all federal, state, and local statutory claims, including claims for discrimination, harassment, retaliation, attorneys' fees, or other claims arising under the federal Civil Rights Act of 1964 (as amended), the federal Americans with Disabilities Act of 1990, the federal Age Discrimination in Employment Act of 1967, as amended ("ADEA"), and the California Fair Employment and Housing Act (as amended). This release is not intended to release any right to indemnity that you have under Delaware or California law for acts arising out of the course and scope of your employment. The release is also not intended to release any claim you might have for worker's

compensation, unemployment benefits or any other right which by law can not be waived as against public policy, if any.

**13. The Company's Release of Claims.** The Company, for itself, its subsidiaries and/or parent corporations, divisions, affiliates, past and present officers, directors, employees, agents, representatives, and each and all of the foregoing persons' heirs, assigns, executors, administrators and successors, hereby releases and forever discharges you and your heirs, assigns, executors, administrators and successors and each of them, of and from any and all claims, expenses, debts, demands, costs, contracts, liabilities, obligations, actions and causes of action, in law or in equity, which it may have or may claim to have by reason of your employment with and separation from the Company. Released claims shall not include any claims based on willful misconduct. In addition, released claims shall not include any claims based on obligations created by this Agreement, the Employment Agreement (Exhibit A hereto) or the Company's Policy Against Trading on the Basis of Inside Information (Exhibit B hereto).

**14. ADEA Waiver.** You acknowledge that you are knowingly and voluntarily waiving and releasing any rights you may have under the ADEA ("ADEA Waiver"). You also acknowledge that the consideration given for the ADEA Waiver is in addition to anything of value to which you were already entitled. You further acknowledge that you have been advised by this writing, as required by the ADEA, that: (a) your ADEA Waiver does not apply to any rights or claims that arise after the date you sign this Agreement; (b) you should consult with an attorney prior to signing this Agreement; (c) you have twenty-one (21) days to consider this Agreement (although you may choose to voluntarily sign it sooner); (d) you have seven (7) days following the date you sign this Agreement to revoke the ADEA Waiver (in a written revocation sent to me); and (e) the ADEA Waiver will not be effective until the date upon which the revocation period has expired, which will be the eighth day after you sign this Agreement (the "Effective Date"). You will not receive any of the benefits provided by this Agreement unless and until it becomes effective.

**15. Section 1542 Waiver.** In granting the release herein, which includes claims which may be unknown to you at present, you acknowledge that you have read and understand Section 1542 of the California Civil Code: "**A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.**" You hereby expressly waive and relinquish all rights and benefits under that section and any law or legal principle of similar effect in any jurisdiction with respect to the releases granted herein, including but not limited to the release of unknown and unsuspected claims granted in this Agreement. . The Company will waive its rights and benefits under Section 1542, except with regard to claims based on willful misconduct, claims arising under sections 8 and 9 of your Employment Agreement (Exhibit A) or the Company's Policy Against Trading on the Basis of Inside Information (Exhibit B hereto). The Company's right to pursue an action against you for these specific and limited types of claims is expressly excluded from both its release and this 1542 waiver.

**16. Miscellaneous.** This Agreement, including Exhibits A, B, and C, and the Consulting Agreement, constitute the complete, final and exclusive embodiment of the entire agreement between you and the Company with regard to its subject matter. This Agreement is

entered into without reliance on any promise or representation, written or oral, other than those expressly contained herein or in the Consulting Agreement, and supersedes any other such promises, warranties or representations, including but not limited to, the Employment Agreement. This Agreement may not be modified or amended except in a writing signed by both you and a duly authorized officer of the Company. This Agreement will bind the heirs, personal representatives, successors and assigns of both you and the Company, and inure to the benefit of both you and the Company, their heirs, successors and assigns. If any provision of this Agreement is determined to be invalid or unenforceable, in whole or in part, this determination will not affect any other provision of this Agreement and the provision in question will be modified so as to be rendered enforceable. This Agreement will be deemed to have been entered into and will be construed and enforced in accordance with the laws of the State of California as applied to contracts made and to be performed entirely within California. Any ambiguity in this Agreement shall not be construed against either party as the drafter. Any waiver of a breach of this Agreement shall be in writing and shall not be deemed to be a waiver of any successive breach. This Agreement may be executed in counterparts and facsimile signatures will suffice as original signatures.

**17. Non-Solicitation.** From the date of this Agreement through December 31, 2008, you agree that you will not recruit, solicit or induce, or attempt to induce, any person then in the employ of the Company to terminate their employment with, or otherwise terminate their relationship with, the Company.

**18. Arbitration.** To ensure rapid and economical resolution of any disputes which may arise under this Agreement, you and the Company agree that any and all disputes or controversies of any nature whatsoever (with the sole exception of disputes relating to Section 9 of this Agreement), arising from or regarding the interpretation, performance, enforcement or breach of this Agreement shall be resolved by confidential, final and binding arbitration (rather than trial by jury or court or resolution in some other forum) conducted by Judicial Arbitration and Mediation Services, Inc. ("JAMS") in San Diego, California, under the then-existing JAMS rules. The prevailing party in such arbitration proceedings shall be entitled to recover from the other party reasonable attorneys' fees and other recoverable costs incurred in connection with such arbitration proceeding unless prohibited by law. Nothing in this Agreement shall prevent either party from seeking to obtain injunctive relief in court to preserve the status quo or prevent irreparable harm pending the conclusion of any such arbitration. Notwithstanding the foregoing, you and the Company each have the right to resolve any issue or dispute involving confidential, proprietary or trade secret information, or intellectual property rights, by court action instead of arbitration.

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If this Agreement is acceptable to you, please sign below and return the original to me.

We wish you the best in your future endeavors.

Sincerely,

ACADIA Pharmaceuticals Inc.

By: /s/ Uli Hacksell  
Uli Hacksell, Ph.D.  
Chief Executive Officer

**I HAVE READ, UNDERSTAND AND AGREE FULLY TO THE FOREGOING AGREEMENT, WHICH INCLUDES A RELEASE AND WAIVER OF CLAIMS:**

/s/ Mark R. Brann  
Mark R. Brann, Ph.D.

October 20, 2006  
Date

**CONSULTANT AGREEMENT**

**THIS AGREEMENT**, effective October 20, 2006 (the "Effective Date"), by and between Mark R. Brann, Ph.D., an individual with a business address of PO Box 111, Rye, New Hampshire 03870 (hereinafter "CONSULTANT"), and **ACADIA PHARMACEUTICALS INC.**, a Delaware corporation with a place of business at 3911 Sorrento Valley Boulevard, San Diego, California 92121 (hereinafter "ACADIA").

**WHEREAS**, CONSULTANT has expertise in the specific field identified in Appendix A; and

**WHEREAS**, ACADIA desires to engage the continuous services of CONSULTANT for the purpose of consulting with ACADIA as described in Appendix A.

**Now, THEREFORE, ACADIA and CONSULTANT agree as follows:**

**1. TERM**

ACADIA hereby retains CONSULTANT and CONSULTANT hereby accepts this retainer as a consultant to ACADIA for the period of time specified in Appendix A. Thereafter, this Agreement may be extended for subsequent additional periods if ACADIA and CONSULTANT so agree in writing.

**2. AREA OF CONSULTATION**

CONSULTANT shall consult with and advise ACADIA as specified in Appendix A.

**3. OTHER EMPLOYMENT**

3.1 CONSULTANT represents that CONSULTANT's performance of all the terms of this Consultant Agreement will not breach any agreement to keep in confidence any confidential information acquired by CONSULTANT from any third party. CONSULTANT also represents to ACADIA that CONSULTANT has not entered into, and CONSULTANT agrees that CONSULTANT will not enter into, any agreement, either written or oral, which violates the terms of this Agreement.

3.2 CONSULTANT agrees that the duties required in connection with any employment or independent contract will not prevent proper performance by CONSULTANT of the consulting services contemplated in this Agreement.

**4. CONTROL**

4.1 Except as otherwise provided in this Agreement, CONSULTANT retains the sole and exclusive right to control or direct the manner or means by which the work herein is to be performed.

4.2 CONSULTANT understands and agrees that no payroll or employment taxes of any kind shall be withheld or paid by ACADIA. Payroll and employment taxes referred to in this paragraph include, but are not limited to FICA, FUTA, federal personal income tax, state personal income tax, state disability insurance tax, and state unemployment tax.

**5. CONFIDENTIALITY**

5.1 ACADIA possesses certain confidential information and related know-how (hereinafter referred to as "INFORMATION"), developed by ACADIA, and is prepared to disclose directly or indirectly the same to CONSULTANT for the purpose of CONSULTANT's technical input.

5.2 CONSULTANT agrees to hold in confidence, for a period of ten (10) years after the applicable disclosure, INFORMATION disclosed to CONSULTANT by ACADIA, and CONSULTANT shall not disclose INFORMATION to anyone or use the INFORMATION except for the purpose of this Agreement. This Agreement imposes no obligation on the CONSULTANT with respect to that portion of the INFORMATION that the CONSULTANT is able to demonstrate by written evidence:

- (a) was generally known to the public prior to the effective date of this Agreement; or
- (b) becomes generally known to the public through no unlawful or unauthorized act or omission of CONSULTANT, nor in violation of this Agreement; or
- (c) was independently developed by CONSULTANT prior to the effective date of this Agreement; or
- (d) was disclosed to CONSULTANT by a third party who has the right to make such disclosure.

If CONSULTANT is requested to produce any of the INFORMATION pursuant to a legal or governmental proceeding, CONSULTANT shall give ACADIA adequate prior notice of such requirement and shall use its reasonable efforts to assist ACADIA in objecting to such request. If CONSULTANT is compelled to disclose any of the INFORMATION pursuant to such legal or governmental proceeding, CONSULTANT shall assist ACADIA in obtaining confidential treatment for such disclosed INFORMATION. Any INFORMATION so disclosed shall still be subject to the terms of this Agreement.

5.3 CONSULTANT shall use its best efforts but in no event less than a reasonable degree of care to ensure that all necessary precautions are taken to safeguard and preserve the confidential status of the INFORMATION.

- 5.4 During the life of this Agreement or upon its termination, CONSULTANT agrees to return to ACADIA, upon its request, any tangible written, printed, visual or digital media, or any other materials or substances, containing INFORMATION, including all copies and excerpts thereof. The return of such media or materials shall not affect the obligations of CONSULTANT as to confidentiality or non-use as set forth herein.
- 5.5 Disclosure of CONFIDENTIAL INFORMATION under this Agreement will create no license, right, interest, or ownership in any such INFORMATION in CONSULTANT. This Agreement does not obligate the parties to enter into a further agreement or business relationship.

## **6. INTELLECTUAL PROPERTY RIGHTS**

### **6.1 Inventions.**

- (a) All legal rights to any and all inventions, discoveries, improvements, designs, ideas, materials, machines, devices, and the like (“Inventions”), whether or not patentable, developed by CONSULTANT in his capacity as a consultant for ACADIA under this Agreement shall be considered proprietary and confidential and to be owned by ACADIA. CONSULTANT agrees to promptly disclose all Inventions made by CONSULTANT under this Agreement to ACADIA and to assign worldwide rights to all Inventions to ACADIA upon request. CONSULTANT agrees not to disclose the Inventions to a third party or to use the Inventions for CONSULTANT’s own benefit without the prior express written consent of ACADIA. Notwithstanding the foregoing language in this paragraph, ACADIA shall have no legal rights to any and all inventions, discoveries, improvements, designs, ideas, materials, machines, devices, and the like, whether or not patentable, developed by CONSULTANT in any capacity other than as a consultant to (or employee of) ACADIA.
- (b) CONSULTANT agrees to provide ACADIA with all information and materials, and sign all papers and the like necessary to obtain and maintain patents or other rights to the Inventions in any and all countries designated by ACADIA. The writing, designation of countries and filing will be done by ACADIA. Prosecution of applications and maintenance of patent or other rights will be done by ACADIA. All costs and expenses related to prosecution of applications or maintenance of patents or other rights will be paid by ACADIA.

### **6.2 Trademarks.**

CONSULTANT agrees not to use any of ACADIA’s trademarks or trade names without the prior express written consent of ACADIA.

**7. COMPENSATION**

- 7.1 ACADIA shall pay CONSULTANT, and CONSULTANT agrees to accept for the services to be performed under this Agreement, compensation as specified in Appendix A. This sum is the annual amount due under this Agreement for consultant work during the initial term of the Agreement except for travel expenses as specified in subsection 7.2, unless agreed otherwise in writing by the parties. Local travel time is not compensable. Payments to CONSULTANT will be contingent upon his compliance with the terms of this Agreement and the Separation Agreement entered into by ACADIA and CONSULTANT and initially dated October 20, 2006 (the "Separation Agreement").
- 7.2 Upon receipt by ACADIA of copies of receipts or other appropriate evidence of expenditures by CONSULTANT, ACADIA shall reimburse CONSULTANT for reasonable travel expenses (airfare, ground transportation, lodging and meals) for travel incurred by CONSULTANT at the request of ACADIA in rendering services hereunder.
- 7.3 CONSULTANT's federal I.D. or social security number, if applicable, is as specified in Appendix A. It is agreed that CONSULTANT is responsible for the payment of any taxes. ACADIA will report consulting fee payments as required by applicable federal, state or local tax law or regulations.

**8. HOLD HARMLESS, LIMIT OF LIABILITY**

Except as provided in the next sentence, ACADIA shall not be liable for any personal injury to CONSULTANT or any damage to any personal property belonging to or in the custody or possession of CONSULTANT. The provisions of the preceding sentence shall not apply to any claim shown to arise from the sole negligence of ACADIA.

**9. NOTICE**

Any notice required or permitted by the terms of this Agreement shall be made in writing by mail, overnight delivery service or facsimile, prepaid and properly addressed, or delivered by hand to ACADIA or CONSULTANT at the respective addresses first given above or in Appendix A, as the case may be, or at such other addresses as either party hereto may designate by notice pursuant hereto. Any such notice shall be deemed to have been given upon receipt.

**10. ASSIGNMENT**

- 10.1 This Agreement is personal to CONSULTANT and CONSULTANT shall therefore have no right authority to assign this Agreement or any portion thereof or otherwise delegate performance under this Agreement without the prior written consent of ACADIA.

10.2 This Agreement may be assigned by ACADIA as part of the sale of all or substantially all of its business for which CONSULTANT is acting as a consultant hereunder. CONSULTANT agrees that if this Agreement is assigned to any third party, all the terms and conditions of this Agreement shall remain between such other third party and CONSULTANT with same force and affect as if said Agreement had been made with such third party in the first instance.

**11. INDEPENDENT CONTRACTOR**

Notwithstanding anything to the contrary in this Agreement, CONSULTANT's status with ACADIA shall be at all times during the terms of this Agreement that of an independent contractor. Nothing in this Agreement shall be construed to give CONSULTANT the power or authority to act, make representation for or on behalf of, or to bind or commit ACADIA.

**12. ARBITRATION AND APPLICABLE LAW**

To ensure rapid and economical resolution of any disputes which may arise under this Agreement, CONSULTANT and ACADIA agree that any and all disputes or controversies of any nature whatsoever (with the sole exception of disputes relating to involving confidential, proprietary or trade secret information, or intellectual property rights), arising from or regarding the interpretation, performance, enforcement or breach of this Agreement shall be resolved by confidential, final and binding arbitration (rather than trial by jury or court or resolution in some other forum) conducted by Judicial Arbitration and Mediation Services, Inc. ("JAMS") in San Diego, California, under the then-existing JAMS rules. The prevailing party in such arbitration proceedings shall be entitled to recover from the other party reasonable attorneys' fees and other recoverable costs incurred in connection with such arbitration proceeding (including the fees of the arbitration) unless prohibited by law. Nothing in this Agreement shall prevent either party from seeking to obtain injunctive relief in court to preserve the status quo or prevent irreparable harm pending the conclusion of any such arbitration. Notwithstanding the foregoing, CONSULTANT and ACADIA each have the right to resolve any issue or dispute involving confidential, proprietary or trade secret information, or intellectual property rights, by court action, including seeking a temporary or permanent injunction, instead of arbitration.

**13. TERMINATION.** CONSULTANT may, at his option for any reason or no reason, terminate this Agreement upon 30 days' written notice to ACADIA upon which event all rights under this Agreement shall terminate upon the effective date of termination specified in such notice. In the event of such termination, CONSULTANT shall be entitled to payment for services performed and expenses incurred prior to the effective date of the termination.

**14. SURVIVAL**

The covenants and agreements set forth in Sections 5, 6, 8, 12, 14, 15 and 16 shall survive any termination or expiration of this Agreement and shall remain in full force and effect regardless of the cause of termination.

**15. VALIDITY OF PROVISIONS AND SEVERABILITY**

If any provision of this Agreement is or becomes or is deemed to be invalid, illegal or unenforceable in any jurisdiction,

- (a) Such provision shall be deemed amended to conform to applicable law of such jurisdiction so as to be valid and enforceable, or, if it cannot be so amended without materially altering the intent of the parties, it will be stricken;
- (b) The validity, legality and enforceability of such provision will not in any way be affected or impaired thereby in any other jurisdiction;
- (c) The remainder of this Agreement will remain in full force and effect.

**16. ENTIRE AGREEMENT**

This Agreement, including Appendix A, sets forth the entire agreement of the parties with respect to the subject matter hereof. This Agreement may not be modified except by a writing signed by authorized representatives of the parties hereto.

**IN WITNESS WHEREOF**, the parties hereto have entered into this Agreement as of the Effective Date.

ACCEPTED AND AGREED TO:

**ACADIA PHARMACEUTICALS INC.**

**CONSULTANT**

By:  /s/ Uli Hacksell  
Name: Uli Hacksell, Ph.D.  
Title: Chief Executive Officer

By:  /s/ Mark R. Brann  
Mark R. Brann, Ph.D.

APPENDIX A

**NAME OF CONSULTANT:** Mark R. Brann, Ph.D.

**MAILING ADDRESS:** PO Box 111  
Rye, New Hampshire 03870

**TELEPHONE NUMBER:**

**E-MAIL ADDRESS:**

**TAXPAYER ID:**

**CHECKS MADE PAYABLE TO:** Mark R. Brann

**GENERAL FIELD OF EXPERTISE:** Pharmacology, including ACADIA's RSAT Technology

**SPECIFIC SERVICES TO BE PROVIDED:** Consultant shall provide ACADIA consulting focused on ACADIA's technology and scientific applications related thereto.

**TERM OF THE AGREEMENT:** This Agreement shall terminate on December 31, 2008, but may be renewed by the parties in writing by mutual agreement.

**PAYMENT TERMS:** \$3,000 per day. Company will require, and Consultant will provide a total of 24 days of consulting each year, as mutually agreed by ACADIA and Consultant in good faith. Consultant shall submit monthly invoices that refer to PO #061378, which will be paid within 30 calendar days of receipt and reconciliation. Total annual payments shall not exceed \$72,000 without the prior written approval of ACADIA.

**ACADIA CONTACT:** Uli Hacksell

**TITLE:** Chief Executive Officer

**TELEPHONE NUMBER:** 858-558-2871

**FAX NUMBER:** 858-558-2872