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: JULY 23, 2003
(Date of Earliest Event Reported)

LEXICON GENETICS INCORPORATED
(Exact Name of Registrant as Specified in Its Charter)

DELAWARE	000-30111	76-0474169
(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(IRS Employer Identification No.)

8800 TECHNOLOGY FOREST PLACE
THE WOODLANDS, TEXAS 77381
(Address of Registrant's Principal Executive Offices, Including Zip Code)

(281) 863-3000
(Registrant's Telephone Number, Including Area Code)

ITEM 5. OTHER EVENTS AND REGULATION FD DISCLOSURE

On July 23, 2003, Lexicon Genetics Incorporated (the "Company") entered into an Underwriting Agreement with Morgan Stanley & Co. Incorporated, UBS Securities LLC, CIBC World Markets Corp. and Punk, Ziegel & Company, L.P. for the public offering, issuance and sale of up to 10,000,000 shares of the Company's common stock, par value $.001 per share, plus up to an additional 1,500,000 shares solely to cover over-allotments, if any. The Underwriting Agreement is filed as Exhibit 1.1 to this report and is incorporated herein by reference. On July 23, 2003, the Company issued a press release announcing the offering. The press release is filed as Exhibit 99.1 to this report and is incorporated herein by reference.

Also filed as exhibits 99.2 and 99.3 to this report and incorporated herein by reference are certain amendments modifying (i) the Company's Synthetic Lease Financing Facility with First Security Bank, National Association, the Lenders and Holders named therein, and Bank of America, N.A. and (ii) the Lease Agreement dated as of May 23, 2002 between Lexicon Pharmaceuticals (New Jersey), Inc. and Townsend Property Trust Limited Partnership, respectively.

ITEM 7. FINANCIAL STATEMENTS AND EXHIBITS

(c) Exhibits

1.1 Underwriting Agreement dated as of July 23, 2003 among the Company, Morgan Stanley & Co. Incorporated, UBS Securities LLC, CIBC World Markets Corp. and Punk, Ziegel & Company, L.P.

5.1 Opinion of Vinson & Elkins L.L.P.

23.1 Consent of Vinson & Elkins L.L.P. (included in Exhibit 5.1).

99.1 Press Release dated July 23, 2003.

99.2 Amendments to Certain Operative Agreements dated as of September 17, 2001, February 17, 2002, August 7, 2002 and December 20, 2002, in each case between the Company, Wells Fargo Bank Northwest, National Association, the various banks and other lending institutions which are parties to the Participation Agreement and Certain Other Operative Agreements from time to time and Bank of America, N.A.

99.3 First Amendment of Lease Agreement dated as of January 16, 2003 between Lexicon Pharmaceuticals (New Jersey), Inc. and Townsend Property Trust Limited Partnership; Assignment and Amendment Agreement dated as of May 20, 2003 between Townsend Property Trust Limited Partnership, Hopewell Property, LLC, Lexicon Pharmaceuticals (New Jersey), Inc., the Princeton Bio-Technology Center Condominium Association, Inc. and the Company; Amended and Restated Memorandum of Lease dated as of May 20, 2003 between Hopewell Property, LLC, Lexicon Pharmaceuticals (New Jersey), Inc., Townsend Property Trust Limited Partnership and the Princeton Bio-Technology Center Condominium Association, Inc.; Letter dated July 2, 2003 from Hopewell Property, LLC to Lexicon Pharmaceuticals (New Jersey), Inc.

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.

LEXICON GENETICS INCORPORATED

Date: July 24, 2003

By: /s/ Jeffrey L. Wade

Jeffrey L. Wade
Executive Vice President and
General Counsel

EXHIBIT INDEX

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EXHIBIT 1.1

10,000,000 SHARES

LEXICON GENETICS INCORPORATED

COMMON STOCK, $0.001 PAR VALUE PER SHARE

UNDERWRITING AGREEMENT

July 23, 2003

July 23, 2003

Morgan Stanley & Co. Incorporated
UBS Securities LLC
CIBC World Markets Corp.
Punk, Ziegel & Company, L.P.
c/o Morgan Stanley & Co.
Incorporated
1585 Broadway
New York, New York 10036

Dear Sirs and Mesdames:

Lexicon Genetics Incorporated, a Delaware corporation (the "COMPANY"), proposes to issue and sell to the several Underwriters named in Schedule I hereto (the "UNDERWRITERS") 10,000,000 shares of its Common Stock, $0.001 par value per share (the "FIRM SHARES"). The Company also proposes to issue and sell to the several Underwriters not more than an additional 1,500,000 shares of its Common Stock, $0.001 par value per share (the "ADDITIONAL SHARES") if and to the extent that you, as Managers of the offering, shall have determined to exercise, on behalf of the Underwriters, the right to purchase such shares of common stock granted to the Underwriters in Section 2 hereof. The Firm Shares and the Additional Shares are hereinafter collectively referred to as the "SHARES." The shares of Common Stock, $0.001 par value per share of the Company to be outstanding after giving effect to the sales contemplated hereby are hereinafter referred to as the "COMMON STOCK."

The Company has filed with the Securities and Exchange Commission (the "COMMISSION") a registration statement on Form S-3 (File No. 333-101549) (the "S-3 REGISTRATION STATEMENT"), including a prospectus (the "BASE PROSPECTUS"), relating to the Shares, and has filed with, or transmitted for filing to, or shall promptly hereafter file with or transmit for filing to, the Commission a final prospectus supplement (the "PROSPECTUS SUPPLEMENT") specifically relating to the Shares pursuant to Rule 424 under the Securities Act of 1933, as amended (the "SECURITIES ACT"). The term "REGISTRATION STATEMENT" means the S-3 Registration Statement, including the exhibits thereto, as amended to the date of this Agreement. If the Company has filed an abbreviated registration statement to register additional shares of Common Stock pursuant to Rule 462(b) under the Securities Act (the "RULE 462 REGISTRATION STATEMENT"), then any reference

herein to the term "REGISTRATION STATEMENT" shall be deemed to include such Rule 462 Registration Statement. The term "PROSPECTUS" means the Base Prospectus together with the Prospectus Supplement. The term "PRELIMINARY PROSPECTUS" means a preliminary prospectus supplement specifically relating to the Shares, together with the Base Prospectus. All references to the Registration Statement, Base Prospectus, preliminary prospectus or Prospectus shall include in each case the documents, if any, incorporated therein by reference. The terms "SUPPLEMENT" and "AMENDMENT" or "AMEND" as used in this Agreement with respect to the Registration Statement or the Prospectus shall include all documents subsequently filed by the Company with the Commission pursuant to the Securities Exchange Act of 1934, as amended (the "EXCHANGE ACT"), that are deemed to be incorporated by reference in the Registration Statement or the Prospectus, including without limitation any annual report of the Company filed pursuant to Section 13(a) or 15(d) of the Exchange Act after the effective date of the S-3 Registration Statement that is deemed to be incorporated by reference in the Registration Statement.

1. Representations and Warranties. The Company represents and warrants to and agrees with each of the Underwriters that:

(a) The Registration Statement has become effective; no stop order suspending the effectiveness of the Registration Statement is in effect, and no proceedings for such purpose are pending before or threatened by the Commission.

(b) (i) Each document, if any, filed or to be filed pursuant to the Exchange Act and incorporated by reference in the Prospectus complied or will comply when so filed in all material respects with the Securities Act, the Exchange Act and the applicable rules and regulations of the Commission thereunder, (ii) the Registration Statement, when it became effective and as of the date of filing of the Company's Annual Report on Form 10-K for the year ended December 31, 2002, did not contain and, as amended or supplemented, if applicable, will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading, (iii) the Registration Statement and the Prospectus comply and, as amended or supplemented, if applicable, will comply in all material respects with the Securities Act and the applicable rules and regulations of the Commission thereunder and (iv) the Prospectus does not contain and, as amended or supplemented, if applicable, will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, except that the representations and warranties set forth in this paragraph do not apply to statements or omissions in the Registration Statement or the Prospectus based upon

information relating to any Underwriter furnished to the Company in writing by such Underwriter through you expressly for use therein.

(c) The Company has been duly incorporated, is validly existing as a corporation in good standing under the laws of the State of Delaware, has the corporate power and authority to own its property and to conduct its business as described in the Prospectus and is duly qualified to transact business and is in good standing as a foreign corporation in each jurisdiction in which the conduct of its business or its ownership or leasing of property requires such qualification, except to the extent that the failure to be so qualified or be in good standing would not have a material adverse effect on the Company and its subsidiary, taken as a whole (a "MATERIAL ADVERSE EFFECT").

(d) The subsidiary of the Company has been duly incorporated, is validly existing as a corporation in good standing under the laws of the State of Delaware, has the corporate power and authority to own its property and to conduct its business as described in the Prospectus and is duly qualified to transact business and is in good standing as a foreign corporation in each jurisdiction in which the conduct of its business or its ownership or leasing of property requires such qualification, except to the extent that the failure to be so qualified or be in good standing would not have a Material Adverse Effect; all of the issued shares of capital stock of the subsidiary of the Company have been duly and validly authorized and issued, are fully paid and non-assessable and are owned directly by the Company, free and clear of all liens, encumbrances, equities or claims.

(e) This Agreement has been duly authorized, executed and delivered by the Company.

(f) The authorized capital stock of the Company conforms as to legal matters to the description thereof contained in the Prospectus.

(g) The shares of Common Stock outstanding prior to the issuance of the Shares have been duly authorized and are validly issued, fully paid and non-assessable.

(h) The Shares have been duly authorized and, when issued, delivered and paid for in accordance with the terms of this Agreement, will be validly issued, fully paid and non-assessable, and the issuance of such Shares will not be subject to any preemptive or similar rights.

(i) The execution and delivery by the Company of, and the performance by the Company of its obligations under, this Agreement will not contravene (i) any provision of applicable law, (ii) the certificate of

incorporation or by-laws of the Company, (iii) any agreement or other instrument binding upon the Company or its subsidiary that is material to the Company and its subsidiary, taken as a whole, or (iv) any judgment, order or decree of any governmental body, agency or court having jurisdiction over the Company or its subsidiary, except with respect to clauses (i), (iii) and (iv) for any contraventions that would not, singly or in the aggregate, have a Material Adverse Effect. No consent, approval, authorization or order of, or qualification with, any governmental body or agency is required for the performance by the Company of its obligations under this Agreement, except such (i) as have been obtained under the Securities Act, (ii) as may be required by the securities or Blue Sky laws of the various states in connection with the offer and sale of the Shares and (iii) as may be required by the rules and regulations of the National Association of Securities Dealers, Inc. (the "NASD"), other than those relating to the Nasdaq National Market.

(j) There has not occurred any material adverse change, or any development involving a prospective material adverse change, in the condition, financial or otherwise, or in the earnings, business or operations of the Company and its subsidiary, taken as a whole, from that set forth in the Prospectus (exclusive of any amendments or supplements thereto subsequent to the date of this Agreement).

(k) There are no legal or governmental proceedings pending or, to the knowledge of the Company, threatened to which the Company or its subsidiary is a party or to which any of the properties of the Company or its subsidiary is subject that are required to be described in the Registration Statement or the Prospectus and are not so described or any statutes, regulations, contracts or other documents, including without limitation, relating to Intellectual Property (as defined below), that are required to be described in the Registration Statement or the Prospectus or to be filed as exhibits to the Registration Statement that are not described or filed as required.

(l) Each preliminary prospectus filed as part of the registration statement as originally filed or as part of any amendment thereto, or filed pursuant to Rule 424 under the Securities Act, complied when so filed in all material respects with the Securities Act and the applicable rules and regulations of the Commission thereunder, except that the representation and warranty set forth in this paragraph does not apply to statements or omissions in the preliminary prospectus based upon information relating to any Underwriter furnished to the Company in writing by such Underwriter through you expressly for use therein.

(m) The Company is not, and after giving effect to the offering and sale of the Shares and the application of the proceeds thereof as described in the Prospectus will not be, required to register as an "investment company" as such term is defined in the Investment Company Act of 1940, as amended.

(n) The Company and its subsidiary (i) are in compliance with any and all applicable foreign, federal, state and local laws and regulations relating to the protection of human health and safety, the environment or hazardous or toxic substances or wastes, pollutants or contaminants ("ENVIRONMENTAL LAWS"), (ii) have received all permits, licenses or other approvals required of them under applicable Environmental Laws to conduct their respective businesses and (iii) are in compliance with all terms and conditions of any such permit, license or approval, except where such noncompliance with Environmental Laws, failure to receive required permits, licenses or other approvals or failure to comply with the terms and conditions of such permits, licenses or approvals would not, singly or in the aggregate, have a Material Adverse Effect.

(o) There are no costs or liabilities associated with Environmental Laws (including, without limitation, any capital or operating expenditures required for clean-up, closure of properties or compliance with Environmental Laws or any permit, license or approval, any related constraints on operating activities and any potential liabilities to third parties) which would, singly or in the aggregate, have a Material Adverse Effect.

(p) The Company and its subsidiary have all consents, approvals, orders, certificates, authorizations and permits issued by, and have made all declarations and filings with, all appropriate federal, state or foreign governmental or self-regulatory authorities and all courts and other tribunals necessary (i) to conduct their businesses, including without limitation all such consents, approvals, orders, certificates, authorizations and permits required by the United States Food and Drug Administration (the "FDA") or any other federal, state or foreign agencies or bodies engaged in the regulation of pharmaceuticals or biohazardous materials, and (ii) to own, lease or license and use their properties in the manner described in the Prospectus, except for such consents, approvals, orders, certificates, authorizations, permits, declarations and filings the failure of which to have, maintain or make would not have a Material Adverse Effect; neither the Company nor its subsidiary has received any written notice of proceedings relating to the revocation or modification of any such consent, approval, order, certificate, authorization or permit; and the Company and its subsidiary are in compliance with all applicable foreign,

federal, state and local laws and regulations, except for any noncompliance that, singly or in the aggregate, would not have a Material Adverse Effect.

(q) Except as described in the Prospectus, there are no contracts, agreements or understandings between the Company and any person granting such person the right to require the Company to file a registration statement under the Securities Act with respect to any securities of the Company or to require the Company to include such securities with the Shares registered pursuant to the Registration Statement. All of such rights have been waived with respect to the Registration Statement and the transactions contemplated hereunder.

(r) The consolidated financial statements of the Company and its subsidiary (together with the related notes thereto) incorporated by reference in the Registration Statement and the Prospectus (i) complied as to form, as of their respective dates of filing with the Commission, in all material respects with applicable accounting requirements and the published rules and regulations of the Commission with respect thereto (including, without limitation, Regulation S-X), (ii) have been prepared in accordance with generally accepted accounting principles in the United States (except in the case of unaudited statements, to the extent permitted by Regulation S-X for quarterly reports on Form 10-Q) applied on a consistent basis during the periods and at the dates involved (except as may be indicated in the notes thereto) and (iii) fairly present, in all material respects, the consolidated financial condition and results of the operations and cash flows of the Company and its subsidiary as of the respective dates indicated and for the respective periods specified, subject in the case of interim periods to normal year-end adjustments.

(s) Ernst & Young LLP are, and during the periods covered in its report included in the Registration Statement and the Prospectus were, and Arthur Andersen LLP, during the periods covered in its report included in the Registration Statement and the Prospectus were, independent accountants with respect to the Company as required by the Securities Act and the rules and regulations of the Commission thereunder.

(t) The Company has made and keeps books, records and accounts, which, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company and its subsidiary. The Company has devised and maintains a system of internal accounting controls sufficient to provide reasonable assurances that (i) transactions are executed in accordance with management's general or specific authorization; (ii) transactions are recorded as necessary to permit preparation of consolidated financial statements of the Company in conformity with generally accepted accounting principles and to maintain

accountability for assets of the Company and its subsidiary; (iii) access to assets of the Company and its subsidiary is permitted only in accordance with management's general or specific authorization; and (iv) the recorded accountability for assets of the Company and its subsidiary is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences. The principal executive officer and principal financial officer of the Company have made all certifications required by the Sarbanes-Oxley Act or any related rules and regulations promulgated by the Commission, and the statements contained in any such certification are complete and correct. The Company maintains "disclosure controls and procedures" (as defined in Rule 13a-14(c) under the Exchange Act), and such controls and procedures are designed (i) to ensure that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Commission's rules and forms and (ii) to ensure that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the Company's management, including its principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure. The Company does not have any material weaknesses in internal controls, and there has been no fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal controls. The Company is otherwise in compliance in all material respects with all applicable effective provisions of the Sarbanes-Oxley Act and the rules and regulations promulgated by the Commission.

(u) Subsequent to the respective dates as of which information is given in the Registration Statement and the Prospectus and except as reflected in the Prospectus, (i) the Company and its subsidiary, taken as a whole, have not incurred any material liability or obligation, direct or contingent, nor entered into any material transaction, in either case that is not in the ordinary course of business; (ii) the Company and its subsidiary have not purchased any of the Company's outstanding capital stock, and the Company has not declared, paid or otherwise made any dividend or distribution of any kind on its capital stock; and (iii) there has not been any material change in the capital stock, short-term debt or long-term debt of the Company and its subsidiary, taken as a whole.

(v) The information contained in the Registration Statement and Prospectus concerning the issued patents and pending patent applications, owned by or licensed to the Company or its subsidiary is accurate in all material respects. The Company and its subsidiary own or have valid, binding and enforceable licenses or other rights to use any patents,

trademarks, trade names, service marks, service names, copyrights, confidential and proprietary information, including without limitation, trade secrets, know-how, inventions and technology, whether patented or not, proprietary computer software and other intellectual property rights (collectively, the "INTELLECTUAL PROPERTY") necessary to conduct the business of the Company and its subsidiary in the manner in which it has been and is contemplated to be conducted, as described in the Prospectus, and without any conflict with the rights of others, except as described in the Prospectus and except for such conflicts which, if determined adversely to the Company or its subsidiary, would not have, singly or in the aggregate, a Material Adverse Effect. Neither the Company nor its subsidiary has knowledge that, or has received any notice from any other person alleging that, the business of the Company and its subsidiary in the manner in which it has been and is contemplated to be conducted, as described in the Prospectus, conflicts with the Intellectual Property rights of others, except for such conflicts which, if determined adversely to the Company or its subsidiary, would not have, singly or in the aggregate, a Material Adverse Effect.

(w) All patent applications owned by the Company or its subsidiary, which are material to the conduct of the business of the Company and its subsidiary in the manner in which it has been and is contemplated to be conducted, have been duly and properly filed or caused to be filed with the United States Patent and Trademark Office ("PTO") and, in some cases, applicable foreign and international patent authorities, and assignments for all patents and patent applications owned by the Company or its subsidiary, which are material to the conduct of the business of the Company and its subsidiary in the manner in which it has been and is contemplated to be conducted (collectively, the "PATENT RIGHTS"), have been properly executed and recorded for each named inventor. To the knowledge of the Company, all printed publications and patent references material to the patentability of the inventions claimed in the Patent Rights have been disclosed to those patent offices so requiring. To the knowledge of the Company, each of the Company, its subsidiary and the inventors has met its duty of candor and good faith to the PTO for the Patent Rights. To the knowledge of the Company, no material misrepresentation has been made to the PTO in connection with the Patent Rights. Neither the Company nor its subsidiary is aware of any facts material to a determination of patentability regarding the Patent Rights not disclosed to the PTO. Neither the Company nor its subsidiary is aware of any facts not disclosed to the PTO or other applicable patent office which would preclude the patentability, validity or enforceability of any patent or patent application in the Patent Rights. The Company has no knowledge of any facts which would preclude the Company or its subsidiary from having clear title to the patents and patent applications in the Patent

Rights. To the Company's knowledge, the patents in the Patent Rights are valid and enforceable, and have not been adjudged invalid or unenforceable in whole or in part.

(x) To the knowledge of the Company, no third party is engaging in any activity that infringes, misappropriates or otherwise violates the Intellectual Property owned by or licensed to the Company or its subsidiary, except as described in the Prospectus and except for such activities which, singly or in the aggregate, would not have a Material Adverse Effect.

(y) With respect to each material agreement governing all rights in and to any Intellectual Property licensed by or licensed to the Company or its subsidiary, (i) such agreement is legal, valid, binding and enforceable and in full force and effect; (ii) neither the Company nor its subsidiary has received any notice of termination or cancellation under such agreement, received any notice of breach or default under such agreement, which breach has not been cured, or granted to any third party any rights, adverse or otherwise, under such agreement that would constitute a material breach of such agreement; and (iii) none of the Company, its subsidiary or, to Company's knowledge, any other party to such agreement, is in breach or default thereof in any material respect, and no event has occurred that, with notice or lapse of time, would constitute such a material breach or default or permit termination, modification or acceleration under such agreement.

(z) The studies, tests and preclinical trials, if any, conducted by or on behalf of the Company that are described in the Registration Statement and the Prospectus were and, if still pending, are being, conducted in all material respects in accordance with experimental protocols, procedures and controls pursuant to, where applicable, accepted professional scientific standards; the descriptions of the results of such studies, tests and trials contained in the Registration Statement and the Prospectus are accurate in all material respects; and the Company has not received any notices or correspondence from the FDA or any foreign, state or local governmental body exercising comparable authority requiring the termination, suspension or material modification of any studies, tests or preclinical or clinical trials conducted by or on behalf of the Company which termination, suspension or material modification would have a Material Adverse Effect.

(aa) Neither the Company nor its subsidiary own any real property; each of the Company and its subsidiary has good and marketable title to all personal property owned by it which is material to the business of the Company and its subsidiary taken as a whole, free and clear of all

liens, encumbrances and defects except such as are described in the Prospectus or such as do not interfere in any material respect with the use made and currently proposed to be made of such property by the Company and its subsidiary; and any real or personal property and buildings held under lease by each of the Company and its subsidiary are held by such entity under valid, subsisting and enforceable leases with such exceptions as are not material and do not interfere in any material respect with the use made and currently proposed to be made of such property and buildings by the Company and its subsidiary, in each case except as described in the Prospectus.

(bb) No material labor dispute with the employees of the Company or its subsidiary exists, or, to the knowledge of the Company, is imminent; and the Company is not aware of any existing, threatened or imminent labor disturbance by the employees of any of its or its subsidiary's principal suppliers, manufacturers or contractors that could have a Material Adverse Effect.

(cc) The Company and its subsidiary carry, or are covered by, insurance in such amounts and covering such risks as the Company reasonably believes are adequate for the conduct of its business and the value of its properties and as are customary in the businesses in which the Company and its subsidiary are engaged; and neither the Company nor its subsidiary has any reason to believe that it will not be able to renew its existing insurance coverage as and when such coverage expires or to obtain similar coverage from similar insurers as may be necessary to continue its business at a cost that would not have a Material Adverse Effect.

(dd) Each material contract, agreement and license filed as an exhibit to the Registration Statement to which the Company or its subsidiary is bound is legal, valid, binding and enforceable in accordance with its terms and in full force and effect against the Company or its subsidiary, and, to the knowledge of the Company, each other party thereto. Neither the Company nor its subsidiary nor, to the Company's knowledge, any other party is in material breach or default with respect to any such contract, agreement or license, and, to the Company's knowledge, no event has occurred which with notice or lapse of time would constitute a material breach or default, or permit termination, modification, or acceleration, under any such contract, agreement or license. To the Company's knowledge, no party has repudiated any material provision of any such contract, agreement or license.

(ee) The Company has filed a notice of listing of the Shares on The NASDAQ National Market; the Common Stock is registered pursuant

to Section 12(g) of the Exchange Act, and the outstanding shares of Common Stock are listed for quotation on The NASDAQ National Market, and the Company has taken no action designed to, or likely to have the effect of, terminating the registration of the Common Stock under the Exchange Act or de-listing the Common Stock from The NASDAQ National Market, nor has the Company received any notification that the Commission or The NASDAQ National Market is contemplating terminating such registration or listing.

(ff) The statistical and market-related data included in the Registration Statement and the Prospectus are based on or derived from sources which the Company reasonably and in good faith believes are reliable and accurate, and such data agree with the sources from which they are derived.

(gg) All existing trading plans or other arrangements pursuant to Rule 10b5-1 under the Securities Exchange Act of 1934 entered into by the executive officers of the Company relating to the Common Stock have been suspended for the period commencing on the date hereof and ending 90 days after the date of the Prospectus.

2. Agreements to Sell and Purchase. The Company hereby agrees to issue and sell to the several Underwriters, and each Underwriter, upon the basis of the representations and warranties herein contained, but subject to the conditions hereinafter stated, agrees, severally and not jointly, to purchase from the Company the respective numbers of Firm Shares set forth in Schedule I hereto opposite its name at $4.935 a share (the "PURCHASE PRICE").

On the basis of the representations and warranties contained in this Agreement, and subject to its terms and conditions, the Company agrees to sell to the Underwriters the Additional Shares, and the Underwriters shall have the right to purchase, severally and not jointly, up to 1,500,000 Additional Shares at the Purchase Price. You may exercise this right on behalf of the Underwriters in whole or from time to time in part by giving written notice of each election to exercise the option not later than 30 days after the date of this Agreement. Any exercise notice shall specify the number of Additional Shares to be purchased by the Underwriters and the date on which such shares are to be purchased. Each purchase date must be at least one business day after the written notice is given and may not be earlier than the closing date for the Firm Shares nor later than ten business days after the date of such notice. Additional Shares may be purchased as provided in Section 4 hereof solely for the purpose of covering over-allotments made in connection with the offering of the Firm Shares. On each day, if any, that Additional Shares are to be purchased (an "OPTION CLOSING DATE"), each Underwriter agrees, severally and not jointly, to purchase the number of Additional Shares (subject to such adjustments to eliminate fractional shares as

you may determine) that bears the same proportion to the total number of Additional Shares to be purchased on such Option Closing Date as the number of Firm Shares set forth in Schedule I hereto opposite the name of such Underwriter bears to the total number of Firm Shares.

The Company hereby agrees that, without the prior written consent of Morgan Stanley & Co. Incorporated on behalf of the Underwriters, it will not, during the period ending 90 days after the date of the Prospectus Supplement, (i) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of, directly or indirectly, any shares of Common Stock or any securities convertible into or exercisable or exchangeable for Common Stock or (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Common Stock, whether any such transaction described in clause (i) or (ii) above is to be settled by delivery of Common Stock or such other securities, in cash or otherwise. The foregoing sentence shall not apply to (A) the Shares to be sold hereunder, (B) the issuance by the Company of shares of Common Stock upon the exercise of an option or warrant or the conversion of a security outstanding on the date hereof of which the Underwriters have been advised in writing or (C) the grant by the Company of options to purchase shares of Common Stock under the Company's 2000 Equity Incentive Plan as in effect on the date hereof or the Company's 2000 Non-Employee Directors' Stock Option Plan as in effect on the date hereof. The Company agrees to take all necessary action so that all existing trading plans or other arrangements pursuant to Rule 10b5-1 under the Securities Exchange Act of 1934 entered into by the executive officers of the Company relating to the Common Stock are suspended, and remain suspended, at all times during the period commencing on the date hereof and ending 90 days after the date of the Prospectus.

3. Terms of Public Offering. The Company is advised by you that the Underwriters propose to make a public offering of their respective portions of the Shares as soon after the Registration Statement and this Agreement have become effective as in your judgment is advisable. The Company is further advised by you that the Shares are to be offered to the public initially at $5.25 a share (the "PUBLIC OFFERING PRICE") and to certain dealers selected by you at a price that represents a concession not in excess of $.20 a share under the Public Offering Price.

4. Payment and Delivery. Payment for the Firm Shares shall be made to the Company by wire transfer of immediately available funds against delivery of such Firm Shares for the respective accounts of the several Underwriters at 10:00 a.m., New York City time, on July 29, 2003, or at such other time on the same or such other date, not later than August 5, 2003, as shall be designated in writing by you. The time and date of such payment are hereinafter referred to as the "CLOSING DATE."

Payment for any Additional Shares shall be made to the Company by wire transfer of immediately available funds against delivery of such Additional Shares for the respective accounts of the several Underwriters at 10:00 a.m., New York City time, on the date specified in the corresponding notice described in Section 2 or at such other time on the same or on such other date, in any event not later than September 8, 2003, as shall be designated in writing by you.

The Firm Shares and Additional Shares shall be registered in such names and in such denominations as you shall request in writing not later than one full business day prior to the Closing Date or the applicable Option Closing Date, as the case may be. The Firm Shares and Additional Shares shall be delivered to you on the Closing Date or an Option Closing Date, as the case may be, for the respective accounts of the several Underwriters, with any transfer taxes payable in connection with the transfer of the Shares to the Underwriters duly paid, against payment of the Purchase Price therefor.

5. Conditions to the Underwriters' Obligations. The obligations of the Company to sell the Shares to the Underwriters and the several obligations of the Underwriters to purchase and pay for the Shares on the Closing Date are subject to the condition that the Registration Statement shall have become effective not later than 2:00 p.m. (New York City time) on the date hereof.

The several obligations of the Underwriters are subject to the following further conditions:

(a) Subsequent to the execution and delivery of this Agreement and prior to the Closing Date, there shall not have occurred any change, or any development involving a prospective change, in the condition, financial or otherwise, or in the earnings, business or operations of the Company and its subsidiary, taken as a whole, from that set forth in the Prospectus (exclusive of any amendments or supplements thereto subsequent to the date of this Agreement) that, in your judgment, is material and adverse and that makes it, in your judgment, impracticable to market the Shares on the terms and in the manner contemplated in the Prospectus.

(b) The Underwriters shall have received on the Closing Date a certificate, dated the Closing Date and signed by an executive officer of the Company, to the effect that the representations and warranties of the Company contained in this Agreement are true and correct as of the Closing Date and that the Company has complied with all of the agreements and satisfied all of the conditions on its part to be complied with or satisfied hereunder on or before the Closing Date.

The officer signing and delivering such certificate may rely upon the best of his or her knowledge as to proceedings threatened.

(c) The Underwriters shall have received on the Closing Date an opinion of Vinson & Elkins, L.L.P., outside counsel for the Company, dated the Closing Date, to the effect that:

(i) the Company has been duly incorporated, is validly existing as a corporation in good standing under the laws of the State of Delaware, has the corporate power and authority to own its property and to conduct its business as described in the Prospectus and is duly qualified to transact business and is in good standing as a foreign corporation in the State of Texas;

(ii) the subsidiary of the Company has been duly incorporated, is validly existing as a corporation in good standing under the laws of the State of Delaware, has the corporate power and authority to own its property and to conduct its business as described in the Prospectus and is duly qualified to transact business and is in good standing as a foreign corporation in the State of New Jersey;

(iii) the authorized capital stock of the Company conforms as to legal matters to the description thereof contained in or incorporated into the Prospectus;

(iv) the shares of Common Stock outstanding prior to the issuance of the Shares have been duly authorized and are validly issued, fully paid and non-assessable;

(v) all of the issued shares of capital stock of the subsidiary of the Company have been duly and validly authorized and issued, are fully paid and non-assessable and are owned directly by the Company, free and clear of all liens, encumbrances, equities or claims;

(vi) the Shares have been duly authorized and, when issued, delivered and paid for in accordance with the terms of this Agreement, will be validly issued, fully paid and non-assessable, and the issuance of such Shares will not be subject to any preemptive or similar rights;

(vii) this Agreement has been duly authorized, executed and delivered by the Company;

(viii) the execution and delivery by the Company of, and the performance by the Company of its obligations under, this Agreement will not contravene any provision of applicable law or the certificate of incorporation or by-laws of the Company or any agreement or other instrument binding upon the Company or its subsidiary that is set forth in a schedule to such opinion (which schedule shall include the agreements or other instruments filed as exhibits to the Registration Statement), or, to such counsel's knowledge, any judgment, order or decree of any governmental body, agency or court having jurisdiction over the Company or its subsidiary, and no consent, approval, authorization or order of, or qualification with, any governmental body or agency is required for the performance by the Company of its obligations under this Agreement (other than such consents, approvals, authorizations, orders and qualifications as have been obtained under the Securities Act), except that such counsel expresses no opinion with respect to (A) the securities or Blue Sky laws of the various states in connection with the offer and sale of the Shares or (B) the rules and regulations of the NASD (other than those relating to the Nasdaq National Market);

(ix) the statements relating to legal matters or documents (A) incorporated into the Prospectus regarding the capital stock of the Company, (B) included in the Prospectus under the captions "Management's Discussion and Analysis of Financial Condition and Result of Operations - Liquidity and Capital Resources," "Business - Alliances, Collaborations and Licenses - Drug Discovery Alliances," "- LexVision Collaborations," "- Target Validation Collaborations," and "- Technology Licenses," and "Business - Properties,", (C) included in the Company's Proxy Statement for the Annual Meeting of Stockholders held on April 30, 2003 under the caption "Executive Compensation - Employment Agreements", (D) included in the Prospectus under the caption "Underwriters" and (E) included in the Registration Statement in Item 15, in each case, fairly summarize in all material respects such matters or documents;

(x) such counsel does not know of any legal or governmental proceedings pending or threatened to which the Company or its subsidiary is a party or to which any of the properties of the Company or its subsidiary is subject that are required to be described in the Registration Statement or the Prospectus and are not so described or of any statutes, regulations, contracts or other documents that are required to be described in the Registration Statement or the Prospectus or to be filed as

exhibits to the Registration Statement that are not described or filed as required;

(xi) the Company is not, and after giving effect to the offering and sale of the Shares and the application of the proceeds thereof as described in the Prospectus will not be, required to register as an "investment company" as such term is defined in the Investment Company Act of 1940, as amended; and

(xii) nothing has come to the attention of such counsel that causes such counsel to believe that (A) any document filed pursuant to the Exchange Act and incorporated by reference in the Registration Statement and the Prospectus (except for the financial statements and financial schedules and other financial and statistical data included therein, as to which such counsel need not express any belief) did not comply when so filed as to form in all material respects with the requirements of the Securities Act, the Exchange Act and the applicable rules and regulations of the Commission thereunder; (B) the Registration Statement or the Prospectus (except for the financial statements and financial schedules and other financial and statistical data included therein, as to which such counsel need not express any belief) do not comply as to form in all material respects with the requirements of the Securities Act and the applicable rules and regulations of the Commission thereunder, (C) the Registration Statement or the prospectus included therein (except for the financial statements and financial schedules and other financial and statistical data included therein, as to which such counsel need not express any belief) at the time the Registration Statement became effective contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading or (D) the Prospectus (except for the financial statements and financial schedules and other financial and statistical data included therein, as to which such counsel need not express any belief) as of its date or as of the Closing Date contained or contains an untrue statement of a material fact or omitted or omits to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(d) The Underwriters shall have received on the Closing Date an opinion of Lance K. Ishimoto, Esq., patent counsel for the Company, dated the Closing Date, in form and substance reasonably satisfactory to the Underwriters and their counsel.

(e) The Underwriters shall have received on the Closing Date an opinion of Hale and Dorr LLP, counsel for the Underwriters, dated the Closing Date, (i) to the effect that the statements relating to legal matters or documents included in the Prospectus under the caption "Underwriters" fairly summarize in all material respects such matters or documents and (ii) covering the matters referred to in clauses (B), (C) and (D) of Section 5(c)(xii) above.

With respect to Section 5(c)(xii) above, Vinson & Elkins L.L.P. may state that their beliefs are based upon their participation in the preparation of the Registration Statement and Prospectus and any amendments or supplements thereto and documents incorporated by reference and review and discussion of the contents, thereof, and review and discussion of the contents thereof, but are without independent check or verification, except as specified. With respect to clauses (B), (C) and (D) of Section 5(c)(xii), Hale and Dorr LLP may state that their beliefs are based upon their participation in the preparation of the Registration Statement and Prospectus and any amendments or supplements thereto (other than documents incorporated by reference) and upon review and discussion of the contents thereof (including documents incorporated by reference), but are without independent check or verification except as specified.

The opinions of Vinson & Elkins L.L.P. and Lance K. Ishimoto, Esq. described in Sections 5(c) and 5(d) above shall be rendered to the Underwriters at the request of the Company and shall so state therein.

(f) The Underwriters shall have received, on each of the date hereof and the Closing Date, a letter dated the date hereof or the Closing Date, as the case may be, in form and substance satisfactory to the Underwriters, from Ernst & Young LLP, independent public accountants, containing statements and information of the type ordinarily included in accountants' "comfort letters" to underwriters with respect to the financial statements and certain financial information contained in or incorporated by reference into the Registration Statement and the Prospectus; provided that the letter delivered on the Closing Date shall use a "cut-off date" not earlier than the date hereof.

(g) The "lock-up" agreements, each substantially in the form of Exhibit A hereto, between you and certain shareholders, officers and directors of the Company relating to sales and certain other dispositions of shares of Common Stock or certain other securities, delivered to you on or before the date hereof, shall be in full force and effect on the Closing Date.

The several obligations of the Underwriters to purchase Additional Shares hereunder are subject to the delivery to you on the applicable Option Closing Date of such documents as you may reasonably request with respect to the good standing of the Company, the due authorization and issuance of the Additional Shares to be sold on such Option Closing Date and other matters related to the issuance of such Additional Shares.

6. Covenants of the Company. In further consideration of the agreements of the Underwriters herein contained, the Company covenants with each Underwriter as follows:

(a) To furnish to you, without charge, five signed copies of the Registration Statement (including exhibits thereto and documents incorporated by reference) and for delivery to each other Underwriter a conformed copy of the Registration Statement (without exhibits thereto but including documents incorporated by reference) and to furnish to you in New York City, without charge, prior to 5:00 p.m. New York City time on the business day next succeeding the date of this Agreement and during the period mentioned in Section 6(c) below, as many copies of the Prospectus, any documents incorporated by reference, and any supplements and amendments thereto or to the Registration Statement as you may reasonably request.

(b) Before amending or supplementing the Registration Statement or the Prospectus, to furnish to you a copy of each such proposed amendment or supplement and not to file any such proposed amendment or supplement to which you reasonably object unless advised in writing by outside counsel reasonably acceptable to you that the filing of such amendment or supplement is required by law, and to file with the Commission within the applicable period specified in Rule 424(b) under the Securities Act any prospectus required to be filed pursuant to such Rule.

(c) If, during such period after the first date of the public offering of the Shares as in the opinion of counsel for the Underwriters the Prospectus is required by law to be delivered in connection with sales by an Underwriter or dealer, any event shall occur or condition shall exist as a result of which it is necessary to amend or supplement the Prospectus in order to make the statements therein, in the light of the circumstances when the Prospectus is delivered to a purchaser, not misleading, or if, in the opinion of counsel for the Underwriters, it is necessary to amend or supplement the Prospectus to comply with applicable law, forthwith to prepare, file with the Commission and furnish, at its own expense, to the Underwriters and to the dealers (whose names and addresses you will

furnish to the Company) to which Shares may have been sold by you on behalf of the Underwriters and to any other dealers upon request, either amendments or supplements to the Prospectus so that the statements in the Prospectus as so amended or supplemented will not, in the light of the circumstances when the Prospectus is delivered to a purchaser, be misleading or so that the Prospectus, as amended or supplemented, will comply with law.

(d) To endeavor to qualify the Shares for offer and sale under the securities or Blue Sky laws of such jurisdictions as you shall reasonably request.

(e) To make generally available to the Company's security holders and to you as soon as practicable an earnings statement of the Company and its subsidiary covering a period of at least 12 months beginning after the effective date of the Registration Statement (as defined in Rule 158(c) under the Act) that satisfies the provisions of Section 11(a) of the Securities Act and the rules and regulations of the Commission thereunder.

(f) Whether or not the transactions contemplated in this Agreement are consummated or this Agreement is terminated, to pay or cause to be paid all expenses incident to the performance of its obligations under this Agreement, including: (i) the fees, disbursements and expenses of the Company's counsel and the Company's accountants in connection with the registration and delivery of the Shares under the Securities Act and all other fees or expenses in connection with the preparation and filing of the Registration Statement, any preliminary prospectus, the Prospectus and amendments and supplements to any of the foregoing, including all printing costs associated therewith, and the mailing and delivering of copies thereof to the Underwriters and dealers, in the quantities hereinabove specified, (ii) all costs and expenses related to the transfer and delivery of the Shares to the Underwriters, including any transfer or other taxes payable thereon, (iii) the cost of printing or producing any Blue Sky or Legal Investment memorandum in connection with the offer and sale of the Shares under state securities laws and all expenses in connection with the qualification of the Shares for offer and sale under state securities laws as provided in Section 6(d) hereof, including filing fees and the reasonable fees and disbursements of counsel for the Underwriters in connection with such qualification and in connection with the Blue Sky or Legal Investment memorandum, (iv) all filing fees and the reasonable fees and disbursements of counsel to the Underwriters incurred in connection with the review and qualification of the offering of the Shares by the National Association of Securities Dealers, Inc., (v) all costs and expenses incident to listing the Shares on The NASDAQ National Market, (vi) the cost of

printing certificates representing the Shares, (vii) the costs and charges of any transfer agent, registrar or depositary, (viii) the costs and expenses of the Company relating to investor presentations on any "road show" undertaken in connection with the marketing of the offering of the Shares, including, without limitation, expenses associated with the production of road show slides and graphics, fees and expenses of any consultants engaged in connection with the road show presentations with the prior approval of the Company, travel and lodging expenses of the representatives and officers of the Company and any such consultants, and the cost of any aircraft chartered in connection with the road show, (ix) the document production charges and expenses associated with printing this Agreement and (x) all other costs and expenses incident to the performance of the obligations of the Company hereunder for which provision is not otherwise made in this Section. It is understood, however, that except as provided in this Section, Section 7 entitled "Indemnity and Contribution", and the last paragraph of Section 9 below, the Underwriters will pay all of their costs and expenses, including fees and disbursements of their counsel, stock transfer taxes payable on resale of any of the Shares by them and any advertising expenses connected with any offers they may make.

7. Indemnity and Contribution.

(a) The Company agrees to indemnify and hold harmless each Underwriter, each person, if any, who controls any Underwriter within the meaning of either Section 15 of the Securities Act or Section 20 of the Exchange Act, and each affiliate of any Underwriter within the meaning of Rule 405 under the Securities Act, from and against any and all losses, claims, damages and liabilities (including, without limitation, any legal or other expenses reasonably incurred in connection with defending or investigating any such action or claim) caused by any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement or any amendment thereof, any preliminary prospectus or the Prospectus (as amended or supplemented if the Company shall have furnished any amendments or supplements thereto), or caused by any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, except insofar as such losses, claims, damages or liabilities are caused by any such untrue statement or omission or alleged untrue statement or omission based upon information relating to any Underwriter furnished to the Company in writing by such Underwriter through you expressly for use therein; provided, however, that with respect to any preliminary prospectus, the foregoing indemnity agreement shall not inure to the benefit of any Underwriter from whom the persons asserting any such losses, claims, damages or liabilities purchased Shares, to any person controlling such Underwriter or any affiliate of such Underwriter, if a copy of the Prospectus (as then amended or supplemented if the Company shall

have furnished any amendments or supplements thereto) was not sent or given by or on behalf of such Underwriter to such person, if required by law so to have been delivered, at or prior to the written confirmation of the sale of the Shares to such person, and if the Prospectus (as so amended or supplemented) would have cured the defect giving rise to such losses, claims, damages or liabilities, unless such failure to send or give a copy of the Prospectus is the result of noncompliance by the Company with Section 6(a), 6(b) or 6(c).

(b) Each Underwriter agrees, severally and not jointly, to indemnify and hold harmless the Company, its directors, its officers who sign the Registration Statement and each person, if any, who controls the Company within the meaning of either Section 15 of the Securities Act or Section 20 of the Exchange Act to the same extent as the foregoing indemnity from the Company to such Underwriter, but only with reference to information relating to such Underwriter furnished to the Company in writing by such Underwriter through you expressly for use in the Registration Statement, any preliminary prospectus, the Prospectus or any amendments or supplements thereto.

(c) In case any proceeding (including any governmental investigation) shall be instituted involving any person in respect of which indemnity may be sought pursuant to Section 7(a) or 7(b), such person (the "INDEMNIFIED PARTY") shall promptly notify the person against whom such indemnity may be sought (the "INDEMNIFYING PARTY") in writing and the indemnifying party, upon request of the indemnified party, shall retain counsel reasonably satisfactory to the indemnified party to represent the indemnified party and any others the indemnifying party may designate in such proceeding and shall pay the fees and disbursements of such counsel related to such proceeding. In any such proceeding, any indemnified party shall have the right to retain its own counsel, but the fees and expenses of such counsel shall be at the expense of such indemnified party unless (i) the indemnifying party and the indemnified party shall have mutually agreed to the retention of such counsel or (ii) the named parties to any such proceeding (including any impleaded parties) include both the indemnifying party and the indemnified party and representation of both parties by the same counsel would be inappropriate due to actual or potential differing interests between them. It is understood that the indemnifying party shall not, in respect of the legal expenses of any indemnified party in connection with any proceeding or related proceedings in the same jurisdiction, be liable for the fees and expenses of more than one separate firm (in addition to any local counsel) for all such indemnified parties and that all such fees and expenses shall be reimbursed as they are incurred. Such firm shall be designated in writing by Morgan Stanley & Co. Incorporated, in the case of parties indemnified pursuant to Section 7(a), and by the Company, in the case of parties indemnified pursuant to Section 7(b). The indemnifying party shall not be liable for any settlement of any proceeding effected without its written consent, but if settled with such consent or if there be a final judgment for the plaintiff, the indemnifying party agrees to indemnify the indemnified party from

and against any loss or liability by reason of such settlement or judgment. Notwithstanding the foregoing sentence, if at any time an indemnified party shall have requested an indemnifying party to reimburse the indemnified party for fees and expenses of counsel as contemplated by the second and third sentences of this paragraph, the indemnifying party agrees that it shall be liable for any settlement of any proceeding effected without its written consent if (i) such settlement is entered into more than 30 days after receipt by such indemnifying party of the aforesaid request and (ii) such indemnifying party shall not have reimbursed the indemnified party in accordance with such request prior to the date of such settlement. No indemnifying party shall, without the prior written consent of the indemnified party, effect any settlement of any pending or threatened proceeding in respect of which any indemnified party is or could have been a party and indemnity could have been sought hereunder by such indemnified party, unless such settlement includes an unconditional release of such indemnified party from all liability on claims that are the subject matter of such proceeding.

(d) To the extent the indemnification provided for in Section 7(a) or 7(b) is unavailable to an indemnified party or insufficient in respect of any losses, claims, damages or liabilities referred to therein, then each indemnifying party under such paragraph, in lieu of indemnifying such indemnified party thereunder, shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages or liabilities (i) in such proportion as is appropriate to reflect the relative benefits received by the Company on the one hand and the Underwriters on the other hand from the offering of the Shares or (ii) if the allocation provided by clause 7(d)(i) above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause 7(d)(i) above but also the relative fault of the Company on the one hand and of the Underwriters on the other hand in connection with the statements or omissions that resulted in such losses, claims, damages or liabilities, as well as any other relevant equitable considerations. The relative benefits received by the Company on the one hand and the Underwriters on the other hand in connection with the offering of the Shares shall be deemed to be in the same respective proportions as the net proceeds from the offering of the Shares (before deducting expenses) received by the Company and the total underwriting discounts and commissions received by the Underwriters, in each case as set forth in the table on the cover of the Prospectus, bear to the aggregate Public Offering Price of the Shares. The relative fault of the Company on the one hand and the Underwriters on the other hand shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company or by the Underwriters and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The Underwriters' respective obligations to contribute pursuant to this Section 7 are several in proportion to the respective number of Shares they have purchased hereunder, and not joint.

(e) The Company and the Underwriters agree that it would not be just or equitable if contribution pursuant to this Section 7 were determined by pro rata allocation (even if the Underwriters were treated as one entity for such purpose) or by any other method of allocation that does not take account of the equitable considerations referred to in Section 7(d). The amount paid or payable by an indemnified party as a result of the losses, claims, damages and liabilities referred to in the immediately preceding paragraph shall be deemed to include, subject to the limitations set forth above, any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this Section 7, no Underwriter shall be required to contribute any amount in excess of the amount by which the total price at which the Shares underwritten by it and distributed to the public were offered to the public exceeds the amount of any damages that such Underwriter has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The remedies provided for in this Section 7 are not exclusive and shall not limit any rights or remedies which may otherwise be available to any indemnified party at law or in equity.

(f) The indemnity and contribution provisions contained in this Section 7 and the representations, warranties and other statements of the Company contained in this Agreement shall remain operative and in full force and effect regardless of (i) any termination of this Agreement, (ii) any investigation made by or on behalf of any Underwriter, any person controlling any Underwriter or any affiliate of any Underwriter or by or on behalf of the Company, its officers or directors or any person controlling the Company and (iii) acceptance of and payment for any of the Shares.

8. Termination. The Underwriters may terminate this Agreement by notice given by you to the Company, if after the execution and delivery of this Agreement and prior to the Closing Date (i) trading generally shall have been suspended or materially limited on, or by, as the case may be, any of the New York Stock Exchange or The NASDAQ National Market, (ii) trading of any securities of the Company shall have been suspended on any exchange or in any over-the-counter market, (iii) a material disruption in securities settlement, payment or clearance services in the United States shall have occurred, (iv) any moratorium on commercial banking activities shall have been declared by Federal or New York State authorities or (v) there shall have occurred any outbreak or escalation of hostilities, or any change in financial markets or any calamity or crisis that, in your judgment, is material and adverse and which, singly or together with any other event specified in this clause (v), makes it, in your judgment,

impracticable or inadvisable to proceed with the offer, sale or delivery of the Shares on the terms and in the manner contemplated in the Prospectus.

9. Effectiveness; Defaulting Underwriters. This Agreement shall become effective upon the execution and delivery hereof by the parties hereto.

If, on the Closing Date or an Option Closing Date, as the case may be, any one or more of the Underwriters shall fail or refuse to purchase Shares that it has or they have agreed to purchase hereunder on such date, and the aggregate number of Shares which such defaulting Underwriter or Underwriters agreed but failed or refused to purchase is not more than one-tenth of the aggregate number of the Shares to be purchased on such date, the other Underwriters shall be obligated severally in the proportions that the number of Firm Shares set forth opposite their respective names in Schedule I bears to the aggregate number of Firm Shares set forth opposite the names of all such non-defaulting Underwriters, or in such other proportions as you may specify, to purchase the Shares which such defaulting Underwriter or Underwriters agreed but failed or refused to purchase on such date; provided that in no event shall the number of Shares that any Underwriter has agreed to purchase pursuant to this Agreement be increased pursuant to this Section 9 by an amount in excess of one-ninth of such number of Shares without the written consent of such Underwriter. If, on the Closing Date, any Underwriter or Underwriters shall fail or refuse to purchase Firm Shares and the aggregate number of Firm Shares with respect to which such default occurs is more than one-tenth of the aggregate number of Firm Shares to be purchased, and arrangements satisfactory to you and the Company for the purchase of such Firm Shares are not made within 36 hours after such default, this Agreement shall terminate without liability on the part of any non-defaulting Underwriter or the Company; provided, however, that in any such case either you or the Company shall have the right to postpone the Closing Date, but in no event for longer than seven days, in order that the required changes, if any, in the Registration Statement and in the Prospectus or in any other documents or arrangements may be effected. If, on an Option Closing Date, any Underwriter or Underwriters shall fail or refuse to purchase Additional Shares and the aggregate number of Additional Shares with respect to which such default occurs is more than one-tenth of the aggregate number of Additional Shares to be purchased on such Option Closing Date, the non-defaulting Underwriters shall have the option to (i) terminate their obligation hereunder to purchase the Additional Shares to be sold on such Option Closing Date or (ii) purchase not less than the number of Additional Shares that such non-defaulting Underwriters would have been obligated to purchase in the absence of such default. Any action taken under this paragraph shall not relieve any defaulting Underwriter from liability in respect of any default of such Underwriter under this Agreement.

If this Agreement shall be terminated by the Underwriters, or any of them, because of any failure or refusal on the part of the Company to comply with the

terms or to fulfill any of the conditions of this Agreement, or if for any reason the Company shall be unable to perform its obligations under this Agreement, the Company will reimburse the Underwriters or such Underwriters as have so terminated this Agreement with respect to themselves, severally, for all out-of-pocket expenses (including the fees and disbursements of their counsel) reasonably incurred by such Underwriters in connection with this Agreement or the offering contemplated hereunder.

10. Counterparts. This Agreement may be signed in two or more counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

11. Applicable Law. This Agreement shall be governed by and construed in accordance with the internal laws of the State of New York.

12. Headings. The headings of the sections of this Agreement have been inserted for convenience of reference only and shall not be deemed a part of this Agreement.

Very truly yours,

LEXICON GENETICS INCORPORATED

By: /s/ ARTHUR T. SANDS

Name: Arthur T. Sands
Title: President & CEO

Accepted as of the date hereof

Morgan Stanley & Co. Incorporated
UBS Securities LLC
CIBC World Markets Corp.
Punk, Ziegel & Company, L.P.

Acting severally on behalf of themselves and
the several Underwriters named in
Schedule I hereto.

By: Morgan Stanley & Co. Incorporated

By: /s/ MARSHALL SMITH

Name: Marshall Smith
Title: Executive Director

SCHEDULE I

NUMBER OF FIRM SHARES TO BE UNDERWRITER PURCHASED	
Morgan Stanley & Co. Incorporated	5,000,000
UBS Securities LLC	2,500,000
CIBC World Markets Corp.	1,500,000
Punk, Ziegel & Company, L.P.	1,000,000
Total:	10,000,000

EXHIBIT A

[FORM OF LOCK-UP LETTER]

_____, 2003

Morgan Stanley & Co. Incorporated
UBS Securities LLC
CIBC World Markets Corp.
Punk, Ziegel & Company, L.P.
c/o Morgan Stanley & Co. Incorporated
1585 Broadway
New York, NY 10036

Dear Sirs and Mesdames:

The undersigned understands that Morgan Stanley & Co. Incorporated ("MORGAN STANLEY") proposes to enter into an Underwriting Agreement (the "UNDERWRITING AGREEMENT") with Lexicon Genetics Incorporated, a Delaware corporation (the "COMPANY"), providing for the public offering (the "PUBLIC OFFERING") by the several Underwriters, including Morgan Stanley (the "UNDERWRITERS"), of up to 12,000,000 shares (the "SHARES") of the Common Stock, par value $0.001 per share, of the Company (the "COMMON STOCK").

To induce the Underwriters that may participate in the Public Offering to continue their efforts in connection with the Public Offering, the undersigned hereby agrees that, without the prior written consent of Morgan Stanley on behalf of the Underwriters, it will not, during the period commencing on the date hereof and ending 90 days after the date of the final prospectus supplement relating to the Public Offering (the "PROSPECTUS"), (1) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of, directly or indirectly, any shares of Common Stock or any securities convertible into or exercisable or exchangeable for Common Stock or (2) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Common Stock, whether any such transaction described in clause (1) or (2) above is to be settled by delivery of Common Stock or such other securities, in cash or otherwise. The foregoing sentence shall not apply to (a) the sale of any Shares to the Underwriters pursuant to the Underwriting Agreement, (b) transactions relating to shares of Common

Stock or other securities acquired in open market transactions after the completion of the Public Offering or (c) the transfer of shares of Common Stock or other securities by the undersigned to his or her immediate family, to a trust the beneficiaries of which are the undersigned and/or members of his or her immediate family or to a corporation, partnership, limited partnership or limited liability company the stockholders, partners and members of which are the undersigned and/or members of his or her immediate family; provided, however, that it shall be a condition to any transfer described in clause (c) above that (i) the transferee execute and deliver to Morgan Stanley an agreement stating that the transferee is receiving and holding the Common Stock or other securities so transferred subject to the provisions of this Lock-Up Agreement, (ii) there shall be no further transfer of such Common Stock or other securities except in accordance with this Lock-Up Agreement and (iii) no filing by any party (transferor or transferee) under Section 16(a) of the Securities Exchange Act of 1934, as amended, shall be required or shall be made voluntarily in connection with such transfer (other than a filing on a Form 5 made after the expiration of the 90-day period referred to above). For purposes of this Lock-Up Agreement, "immediate family" shall mean spouse, lineal descendant, father, mother, brother or sister of the transferor.

In addition, the undersigned hereby waives any rights the undersigned may have to require registration of any shares of Common Stock or any security convertible into or exercisable or exchangeable for Common Stock in connection with, arising out of or relating to the Public Offering. The undersigned further agrees that, without the prior written consent of Morgan Stanley on behalf of the Underwriters, it will not, during the period commencing on the date hereof and ending 90 days after the date of the Prospectus, make any demand for or exercise any right with respect to, the registration of any shares of Common Stock or any security convertible into or exercisable or exchangeable for Common Stock, and hereby waives any and all rights the undersigned may have to require the Company to include shares of Common Stock in the registration statement filed by the Company on November 27, 2002 and to receive notice of the filing of such registration statement or the offering contemplated thereby. The undersigned also agrees and consents to the entry of stop transfer instructions with the Company's transfer agent and registrar against the transfer of the undersigned's shares of Common Stock except in compliance with the foregoing restrictions. The undersigned further agrees to suspend any existing trading plans or other arrangements pursuant to Rule 10b5-1 under the Securities Exchange Act of 1934, and agrees not to enter into any such plan or arrangement during the period commencing on the date hereof and ending 90 days after the date of the Prospectus.

The undersigned understands that the Company and the Underwriters are relying upon this Lock-Up Agreement in proceeding toward consummation of the Public Offering. The undersigned further understands that this Lock-Up

Agreement is irrevocable and shall be binding upon the undersigned's heirs, legal representatives, successors and assigns.

This Lock-Up Agreement shall terminate and have no further force or effect if the Public Offering is not consummated by July 31, 2003.

Whether or not the Public Offering actually occurs depends on a number of factors, including market conditions. Any Public Offering will only be made pursuant to an Underwriting Agreement, the terms of which are subject to negotiation between the Company and the Underwriters.

Very truly yours,

(Name)

(Address)

EXHIBIT 5.1

VINSON & ELKINS L.L.P.
2300 FIRST CITY TOWER
1001 FANNIN STREET
HOUSTON, TEXAS 77002-6760
TELEPHONE (713) 758-2222
FAX (713) 758-2346
www.velaw.com

July 24, 2003

Lexicon Genetics Incorporated
8800 Technology Forest Place
The Woodlands, Texas 77381

Ladies and Gentlemen:

We acted as counsel for Lexicon Genetics Incorporated, a Delaware corporation (the "Company"), in connection with the preparation of the prospectus dated December 6, 2002 and the prospectus supplement dated July 23, 2003 (the "Prospectus Supplement") with respect to the Registration Statement on Form S-3 (Registration No. 333-101549) (the "Registration Statement") filed by the Company with the Securities and Exchange Commission (the "Commission") under the Securities Act of 1933, as amended (the "Securities Act"), relating to the issuance and sale of up to 11,500,000 shares of the Company's common stock, par value $.001 per share (the "Shares"). The Shares are being offered, issued and sold in an underwritten public offering pursuant to an Underwriting Agreement by and among the Company and Morgan Stanley & Co. Incorporated, UBS Securities LLC, CIBC World Markets Corp. and Punk, Ziegel & Company, L.P. (the "Underwriting Agreement"). The Shares include up to 1,500,000 shares that may be issued solely to cover over-allotments, if any.

In our capacity as your counsel for the matter referred to above, we have examined or are familiar with the certificate of incorporation and bylaws of the Company, each as amended to date, and have examined the originals, or copies certified or otherwise identified, of the Underwriting Agreement and corporate records of the Company, including minute books of the Company as furnished to us by the Company, certificates of representatives of the Company, and other instruments and documents, as a basis for the opinions hereinafter expressed. In giving such opinions, we have relied upon certificates of officers of the Company with respect to the accuracy of the material factual matters contained in such certificates. In making our examination, we have assumed that all signatures on documents examined by us are genuine, that all documents submitted to us as originals are authentic and that all documents submitted to us as certified or photostatic copies conform to the original copies of such documents.

On the basis of the foregoing, and subject to the assumptions, limitations and qualifications set forth herein, we are of the opinion that the Shares, when issued and delivered against payment therefor as provided in the Underwriting Agreement, will be validly issued, fully paid and non-assessable.

This opinion is limited in all respects to the Constitution of the State of Delaware and the Delaware General Corporation law, as interpreted by the courts of the State of Delaware and the United States.

We hereby consent to the filing of this opinion as an exhibit to a Current Report on Form 8-K of the Company and to the incorporation by reference of this opinion into the Registration Statement. In giving this consent, we do not admit that we are within the category of persons whose consent is required under Section 7 of the Securities Act and the rules and regulations thereunder.

Very truly yours,

/s/ Vinson & Elkins L.L.P.

EXHIBIT 99.1

(LEXICON LOGO)

NEWS RELEASE

FOR IMMEDIATE RELEASE

LEXICON GENETICS ANNOUNCES

PRICING OF COMMON STOCK IN PUBLIC OFFERING

THE WOODLANDS, TEXAS, JULY 23, 2003 - Lexicon Genetics Incorporated (Nasdaq: LEXG) today announced the pricing of a public offering of 10.0 million shares of its common stock at $5.25 per share. Net proceeds to the company are expected to be approximately $49.0 million. All of the shares are being offered by Lexicon under an effective shelf registration statement previously filed with the Securities and Exchange Commission. The underwriters have a 30-day option to purchase up to an additional 1.5 million shares of common stock from Lexicon to cover over-allotments, if any.

The offering is being joint lead managed by Morgan Stanley & Co. Incorporated and UBS Securities LLC. CIBC World Markets Corp. and Punk, Ziegel & Company, L.P. are also serving as managing underwriters for the offering. Morgan Stanley is serving as sole bookrunner for the offering.

This press release shall not constitute an offer to sell or the solicitation of an offer to buy any securities. There shall not be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

The shares of common stock may only be offered by means of a prospectus. Copies of the final prospectus supplement and accompanying prospectus related to the offering may be obtained by contacting Morgan Stanley & Co. Incorporated, 1585 Broadway, New York, NY 10036 or UBS Securities LLC, 299 Park Avenue, New York, NY 10171.

ABOUT LEXICON GENETICS

Lexicon Genetics is a biopharmaceutical company focused on the discovery of breakthrough treatments for human disease. Lexicon is using proprietary gene knockout technology to systematically discover the physiological functions of genes in mice and to identify which corresponding human genes encode potential targets for therapeutic intervention. Lexicon focuses its discovery efforts in five therapeutic areas--metabolic disorders, cardiovascular disease, cancer, immune system disorders and neurological disorders.

SAFE HARBOR STATEMENT

This press release contains "forward-looking statements." These forward-looking statements are based on management's current assumptions and expectations and involve risks, uncertainties and other important factors. Information identifying such important factors is contained under "Factors Affecting Forward-Looking Statements" and "Business - Risk Factors" in Lexicon's Annual Report on Form 10-K for the year ended December 31, 2002, as filed with the Securities and Exchange Commission. Lexicon undertakes no obligation to update or revise any such forward-looking statements, whether as a result of new information, future events or otherwise.

# # #

CONTACT FOR LEXICON GENETICS:
Chas Schultz, Director
Investor Relations and Financial Analysis
281/863-3421

EXHIBIT 99.2

FIRST AMENDMENT
TO CERTAIN OPERATIVE AGREEMENTS

Dated as of September 17, 2001

among

LEXICON GENETICS INCORPORATED,
as the Construction Agent and as the Lessee,

WELLS FARGO BANK NORTHWEST, NATIONAL ASSOCIATION
(formerly First Security Bank, National Association)
not individually, except as expressly stated in the Operative Agreements,
but solely as the Owner Trustee under the Lexi Trust 2000-1,

THE VARIOUS BANKS AND OTHER LENDING INSTITUTIONS
WHICH ARE PARTIES TO THE PARTICIPATION AGREEMENT AND CERTAIN OTHER
OPERATIVE AGREEMENTS FROM TIME TO TIME,
as the Holders,

THE VARIOUS BANKS AND OTHER LENDING INSTITUTIONS
WHICH ARE PARTIES TO THE PARTICIPATION AGREEMENT AND
CERTAIN OTHER OPERATIVE AGREEMENTS FROM TIME TO TIME,
as the Lenders,

and

BANK OF AMERICA, N.A.,
as the Agent for the Lenders and,
respecting the Security Documents,
as the Agent for the Secured Parties

FIRST AMENDMENT
TO CERTAIN OPERATIVE AGREEMENTS

This FIRST AMENDMENT TO CERTAIN OPERATIVE AGREEMENTS (this "Amendment") dated as of September 17,2001, to by and among LEXICON GENETICS INCORPORATED, a Delaware corporation (the "Lessee" or the "Construction Agent"); WELLS FARGO BANK NORTHWEST, NATIONAL ASSOCIATION (formerly First Security Bank, National Association), a national banking association, not individually but solely as the Owner Trustee under the Lexi Trust 2000-1 (the "Owner Trustee" or the "Lessor"); the various banks and other lending institutions listed on the signature pages hereto (subject to the definition of Lender in Appendix A to the Participation Agreement referenced below, individually, a "Lenders" and collectively, the "Lenders"); the various banks and other lending institutions listed on the signature pages hereto as holders of certificates issued with respect to the Lexi Trust 2000-1 (subject to the definition of Holders in Appendix A to the Participation Agreement referenced below, individually, a "Holder") and collectively, the "Holders"); and BANK OF AMERICA, N.A. a national banking association, as the agent for the Lenders and, respecting the Security Documents, as the agent for the Lenders and the Holders, to the extent of their interests (in such capacity, the "Agent"). Capitalized terms used in this Amendment but not otherwise defined herein shall have the meanings set forth in Appendix A to the Participation Agreement (hereinafter defined).

W I T N E S S E T H

WHEREAS, the parties to this Amendment are parties to that certain Participation Agreement dated as of October 19, 2000 (the "Participation Agreement"), certain of the parties to this Amendment are parties to that certain Credit Agreement dated as of October 19, 2000 (the "Credit Agreement"), certain of the parties to this Amendment are parties to that certain Trust Agreement dated as of October 19, 2000 (the "Trust Agreement"), and certain of the parties to this Amendment are parties to the other Operative Agreements relating to a $45 million lease facility (the "Facility") that has been established in favor of the Lessee;

WHEREAS, the Lessee has requested certain modifications to the Participation Agreement, the Credit Agreement, the Trust Agreement and the other Operative Agreements to, among other things, increase the size of the Facility from $45 million to $50 million for the construction of a central plant at the Lessee's Montgomery County, Texas site and purchases of equipment related thereto;

WHEREAS, the Financing Parties have agreed to the requested modifications on the terms and conditions set forth herein;

NOW, THEREFORE, IN CONSIDERATION of the premises and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. Section 5.10(b) of the Participation Agreement is amended and restated in its entirety to read as follows:

(b) Maintenance of Borrowing Base. At all times, the Lessee shall maintain Class A Collateral represented by U.S. dollar denominated certificates of deposit of Bank of America, N.A. in accordance with the standard described in subsection (ii) below and shall furnish to the Agent an Officer's Certificate in the form of Exhibit L no later than the date that the Lessee is obligated to deliver the financial statements referenced in Sections 8.3A(a)(i) and 8.3A(a)(ii): (i) setting forth (A) the Lessee's calculation, in reasonable detail, of the Borrowing Base as of such date and (B) the Class A Collateral Percentage as of such date and (ii) confirming that, at all times, (A) prior to the Construction Period Termination Date, the amount of Class A Collateral represented by U.S. dollar denominated certificates of deposit of Bank of America, N.A. is not in excess of the Property Cost of all the Properties for which the Rent Commencement Date has occurred at such time and (B) after the Construction Period Termination Date, the amount of Class A Collateral represented by U.S. dollar denominated certificates of deposit of Bank of America, N.A. is greater than or equal to $5,000,000.

2. Section 5.12 of the Participation Agreement is deleted in its entirety and replaced with the words "[Intentionally Omitted]".

3. Section 5.16 of the Participation Agreement is amended and restated in its entirety to read as follows:

5.16 LIMITATION ON CERTIFICATE OF DEPOSIT COLLATERAL.

At any time prior to the Construction Period Termination Date, the Lessee shall not permit the aggregate amount of Class A Collateral represented by U.S. dollar denominated certificates of deposit of Bank of America, N.A. to be in excess of the Property Cost of all the Properties for which the Rent Commencement Date has occurred at such time.

4. Each of the following sections of the Participation Agreement is amended to delete the following references therefrom:

(a) "but subject to Section 5.12," in Section 5.2(f) of the Participation Agreement;

(b) "(subject to Section 5.12)" in Sections 5.3(hh) and 5.4(n) of the Participation Agreement; and

(c) "subject to Section 5.12," in Section 5.4(g) of the Participation Agreement.

5. A new Section 5.17 is added to the Participation Agreement to read as follows:

5.17 CONSOLIDATION OF EURODOLLAR LOANS AND EURODOLLAR HOLDER ADVANCES.

At no time after the end of the Consolidation Period shall more than a total of twelve (12) Eurodollar Loans and Eurodollar Holder Advances be outstanding at any one time. Notwithstanding anything to the contrary in any Operative Agreement, the parties hereto agree that, during the Consolidation Period, the Agent, in consultation with the Lessee, may, with respect to any Eurodollar Loan or Eurodollar Holder Advance maturing prior to the Completion of all Properties, cause the subsequent Interest Period for such Eurodollar Loan or Eurodollar Holder Advance to consist of such number of days as is necessary to consolidate such Eurodollar Loans and Eurodollar Holder Advances in order to comply with the preceding sentence; provided that (a) no such Interest Period may be less than thirty (30) days or more than ninety (90) days and (b) during the Consolidation Period, interest on each such Eurodollar Loan and Holder Yield on each such Eurodollar Holder Advance, as applicable, shall accrue at (i) an overseas interbank offered rate for Dollar deposits determined by the Agent from a recognized service or interbank quotation plus (ii) the Applicable Percentage.

6. Section 6.2 of the Participation Agreement is amended to add a new subsection (aa) at the end thereof, to read as follows:

(aa) (i) Each service contract with respect to the Planned Central Plant has a term of less than twenty-four months and (ii) the Planned Central Plant, and each item of Equipment in connection therewith, is of such a general nature and design that it can be built, installed, managed, repaired, improved and otherwise operated by any trained professional in the business of constructing and operating central plant facilities.

7. A new Section 8.2(i) is added to the Participation Agreement to read as follows:

(i) The Lessor authorizes the Agent at the expense of the Lessor to file fixture filings and/or financing statements with respect to any collateral under or pursuant to any Operative Agreement without the signature of the Lessor, in such form and in such filling offices as the Agent reasonably determines necessary or appropriate to perfect the security interests of the Agent under the applicable Operative Agreement.

8. A new Section 8.3(v) is added to the Participation Agreement to read as follows:

(v) The Lessee authorizes the Agent at the expense of the Lessee to file fixture fillings and/or financing statements with respect to any collateral under or pursuant to any Operative Agreement without the signature of the Lessee, in such form and in such filing offices as the Agent reasonably determines necessary or appropriate to perfect the security interests of the Agent under the applicable Operative Agreement.

9. Appendix A to the Participation Agreement is amended as follows:

(a) The definition of "Class A Collateral Percentage" is amended and restated in its entirety to read as follows:

"Class A Collateral Percentage" shall mean, at any time on and after June 29, 2001, the ratio (expressed as a percentage) of (a) the market value of Class A Collateral to (b) the sum of then current outstanding Loans plus the then current outstanding Holder Amounts.

(b) A new definition of "Consolidation Period" is added to read as follows:

"Consolidation Period" shall mean the period from September 21, 2001 to the later to occur of (x) the maturity of all Construction Advances made prior to the Completion of all Properties and (y) 90 days after the Completion of all Properties.

(c) The definition of "Equipment" is amended and restated in its entirety to read as follows:

"Equipment" shall mean equipment, apparatus, furnishings, fittings and personal property of every kind and nature whatsoever purchased, leased or otherwise acquired using the proceeds of the Loans or the Holder Advances by the Construction Agent, the Lessee or the Lessor and all improvements and modifications thereto and replacements thereof, whether or not now owned or hereafter acquired or now or subsequently attached to, contained in or used or usable in any way in connection with any operation of any Improvements, including but without limiting the generality of the foregoing, (a) all equipment described on Schedule 1 to the Participation Agreement and (b) all equipment described in any Appraisal including without limitation all heating, electrical, and mechanical equipment (including without limitation generators and other central plant equipment), lighting, switchboards, plumbing, ventilation, air conditioning and air-cooling apparatus, refrigerating, and incinerating equipment, escalators, elevators, loading and unloading equipment and systems, cleaning systems (including without limitation window cleaning apparatus), telephones, communication systems (including without limitation satellite dishes and antennae), televisions, computers, sprinkler systems and other fire prevention and extinguishing apparatus and materials, security systems, motors, engines, machinery, pipes, pumps, tanks, conduits, appliances, fittings and fixtures of every kind and description.

(d) The definition of "Non-Integral Equipment" is amended to add a proviso before the period at the end thereof, to read as follows:

; provided that no item of Equipment listed on Schedule 1 to the Participation Agreement shall at any time be deemed Non-Integral Equipment.

(e) The definition of "Permitted Facility" is amended to add the words", central plant associated therewith" immediately following the words "parking facility associated therewith" therein.

(f) The definition of "Structure" is amended to add the words", the Planned Central Plant" immediately following the words "the Planned Vivarium" therein.

(g) A new definition of "Planned Central Plant" is added to read as follows:

"Planned Central Plant" shall mean the central plant contemplated to be constructed by the Construction Agent on the real property identified in Lease Supplement No. 1 pursuant to the Operative Agreements.

10. A new Schedule 1 is added to the Participation Agreement in the form of Exhibit A to this Amendment.

CREDIT AGREEMENT

1. Schedule 2.1 of the Credit Agreement is hereby deemed amended and restated in its entirety to read as Schedule 2.1 attached hereto as EXHIBIT B.

TRUST AGREEMENT

1. Schedule I of the Trust Agreement is hereby deemed amended and restated in its entirety to read as Schedule I attached hereto as EXHIBIT C.

LEASE AGREEMENT

1. Subclause (x) of the second sentence of Section 11.2 of the Lease is amended to add the words "and are not a part or a component of the Planned Central Plant" immediately following the words "Section 11.1(a)".

COLLATERAL AGREEMENT

1. The first paragraph of Section 3.2 of the Collateral Agreement is amended to add the words "from time to time" immediately following the words "the Uniform Commercial Code as in effect" therein.

MISCELLANEOUS

1. This Amendment shall be effective upon satisfaction of the following conditions (with regard to delivery of any documents, agreements, instruments, UCC Amendments,

certificates, budgets or other items, each of the foregoing shall be in form and substance reasonably satisfactory to the Agent):

(a) (i) execution and delivery of this Amendment by the parties hereto and (ii) such other documents, agreements or instruments reasonably deemed necessary or advisable by the Agent;

(b) receipt by the Agent of an officer's certificate of the Lessee and the Construction Agent, dated as of the date hereof and in form and in substance reasonably satisfactory to the Agent, certifying that (i) each and every representation and warranty of the Lessee contained in the Operative Agreements to which is a party is true and correct on and as of the date hereof; (ii) no Default or Event of Default has occurred and is continuing under any Operative Agreement; (iii) each Operative Agreement to which the Lessee is a party in full force and effect with respect to it; and (iv) the Lessee has duly performed and complied with all covenants, agreements and conditions contained in any Operative Agreement required to be performed or complied with by it on or prior to the date hereof;

(c) receipt by the Agent of a secretary's certificate of the Lessee certifying (i) resolutions duly adopted by the Board of Directors of Lessee approving and authorizing the execution, delivery, and performance of this Amendment and (ii) the incumbency of the officer of the Lessee executing this Amendment;

(d) receipt by the Agent, for the ratable benefit of each Lender and each Holder, of an amendment fee equal to $50,000;

(e) receipt by the Agent of a duly completed and executed Requisition, together with supporting invoices, with respect to Advances, if any, to be funded on the closing date of this Amendment;

(f) receipt by the Agent of good standing certificates for the Lessee from the States of Texas and Delaware;

(g) receipt by the Agent of a good standing certificate for the Lessor from the Office of the Comptroller of the Currency;

(h) confirmation by the Agent of the appropriate funding of the Collateral Account as required in accordance with the Operative Agreements;

(i) payment by the Lessee of all reasonable costs and expenses of the Agent in connection with the preparation, execution and delivery of this Amendment, including without limitation the reasonable fees and expenses of Moore & Van Allen PLLC;

(j) receipt by the Agent of the following outstanding items with respect to each Property for which Completion has not occurred prior to the Property Closing Date therefore, to the extent not heretofore delivered by the Construction Agent to the Agent:

(i) a preliminary Construction Budget for such Property in accordance with Section 5.3(r) of the Participation Agreement;

(ii) the Construction Contract with respect to such Property in accordance with Section 5.3(hh) of the Participation Agreement; and

(iii) a comprehensive Construction Budget for all such Properties.

2. Except as modified hereby, all of the terms and provisions of the Operative Agreements (including all Schedules and Exhibits thereto) shall remain unmodified and in full force and effect.

3. This Amendment may be executed in any number of counterparts, each of which when so executed and delivered shall deemed an original and it shall not be necessary in making proof of this Amendment to produce or account for more than one such counterpart.

4. This Amendment shall be deemed to be a contract made under, and for all purposes shall be construed in accordance with, the laws of the State of North Carolina other than amendments of the Trust Agreement and the Collateral Agreement. With respect to the application of this Amendment to the Trust Agreement, this Amendment shall be deemed to be a contract made under, and for all purposes shall be construed in accordance with, the laws of the State of Utah. With respect to the application of this Amendment to the Collateral Agreement, this Amendment shall be deemed to be a contract made under, and for all purposes shall be construed in accordance with, the laws of the State of Taxas.

[The remainder of this page has been left blank intentionally.]

IN WITNESS WHEREOF, each of the parties hereto has caused counterpart of this Amendment to be duly executed and delivered as of the date first above written.

LEXICON GENETICS INCORPORATED, as the Construction Agent and as the Lessee

By: /s/ JULIA P. GREGORY

Name: Julia P. Gregory
Title: Executive Vice President and CFO

WELLS FARGO BANK NORTHWEST, NATIONAL ASSOCIATION (formerly First Security Bank, National Association), not individually, except as expressly stated herein, but solely as the Owner Trustee under the Lexi Trust 2000-1

By: /s/ VAL T. ORTON

Name: Val T. Orton

Title: Vice President

BANK OF AMERICA, N.A., as a Holder, as a Lender and as the Agent

By: /s/ CURTIS L. ANDERSON

Name: Curtis L. Anderson

Title: Senior Vice President

EXHIBIT A

Schedule 1 to Participation Agreement

Equipment

ITEM	MANUFACTURER	MODEL	SERIAL NOS.	QUANTITY
Chiller	York	YKGBFDH7-CWE0, CWE00		3
Coding Tower	Marley	NC8311-G		3
Pumps	Armstrong	4300-8x8x13		3
Pumps	Armstrong	4300-10x10x13		3
Pumps	Armstrong	4300-10x10x15		3
Generator	Mustang/Cat	3512B TA W/1500KW		2
HV Switchgear	Russelectric	Series RPCS, 5 Compartments		1
LV Switchgear	Cutler Hammer	Series DS Magnum, 5 Compartments		1
Transformers	ABB	MTR-2500		1
Transformers	ABB	MTR-1500		1
Transformers	ABB	MTR-750		1

EXHIBIT B

Schedule 2.1 to Credit Agreement

Name and Address of Lenders	Tranche A Commitment		Tranche B Commitment	
	Amount	Percentage	Amount	Percentage
Bank of America, N.A. 555 California Street, 12th Floor Mail Code: CA5-705-12-08 San Francisco, CA 94104-1502 Attention: Jouni Korhonen Telephone: (415) 622-7293 Telecopy: (415) 622-4057	$43,155,000.00	100%	$4,595,000.00	100%
TOTAL	$43,155,000.00	100%	$4,595,000.00	100%

EXHIBIT C

SCHEDULE I TO TRUST AGREEMENT

HOLDER COMMITMENTS

NAME OF HOLDER	HOLDER COMMITMENT AMOUNT	PERCENTAGE
Bank of America, N.A. 555 California Street, 12th Floor Mail Code: CA5-705-12-08 San Francisco, CA. 94104-1502 Attention: Jouni Korhonen Telephone: (415) 622-7293 Telecopy: (415) 622-4057	$2,250,000.00	100%
TOTAL	$2,250,000.00	100%

SECOND AMENDMENT
TO CERTAIN OPERATIVE AGREEMENTS

Dated as of February 17, 2002

among

LEXICON GENETICS INCORPORATED,
as the Construction Agent and as the Lessee,

WELLS FARGO BANK NORTHWEST, NATIONAL ASSOCIATION
(formerly First Security Bank, National Association)
not individually, except as expressly stated in the Operative Agreements,
but solely as the Owner Trustee under the Lexi Trust 2000-1,

THE VARIOUS BANKS AND OTHER LENDING INSTITUTIONS
WHICH ARE PARTIES TO THE PARTICIPATION AGREEMENT AND CERTAIN OTHER
OPERATIVE AGREEMENTS FROM TIME TO TIME,
as the Holders,

THE VARIOUS BANKS AND OTHER LENDING INSTITUTIONS
WHICH ARE PARTIES TO THE PARTICIPATION AGREEMENT AND
CERTAIN OTHER OPERATIVE AGREEMENTS FROM TIME TO TIME,
as the Lenders,

and

BANK OF AMERICA, N.A.,
as the Agent for the Lenders and,
respecting the Security Documents,
as the Agent for the Secured Parties

SECOND AMENDMENT
TO CERTAIN OPERATIVE AGREEMENTS

This SECOND AMENDMENT TO CERTAIN OPERATIVE AGREEMENTS (this "Amendment") dated as of February 17, 2002, is by and among LEXICON GENETICS INCORPORATED, a Delaware corporation (the "Lessee" or the "Construction Agent"); WELLS FARGO BANK NORTHWEST, NATIONAL ASSOCIATION (formerly First Security Bank, National Association), a national banking association, not individually but solely as the Owner Trustee under the Lexi Trust 2000-1 (the "Owner Trustee" or the "Lessor"); the various banks and other lending institutions listed on the signature pages hereto (subject to the definition of Lenders in Appendix A to the Participation Agreement referenced below, individually, a "Lender" and collectively, the "Lenders"); the various banks and other lending institutions listed on the signature pages hereto as holders of certificates issued with respect to the Lexi Trust 2000-1 (subject to the definition of Holders in Appendix A to the Participation Agreement referenced below, individually, a "Holder" and collectively, the "Holders"); and BANK OF AMERICA, N.A., a national banking association, as the agent for the Lenders and, respecting the Security Documents, as the agent for the Lenders and the Holders, to the extent of their interests (in such capacity, the "Agent"). Capitalized terms used in this Amendment but not otherwise defined herein shall have the meanings set forth in Appendix A to the Participation Agreement (hereinafter defined) and the Rules of Usage set forth in Appendix A to the Participation Agreement shall apply herein.

WITNESSETH

WHEREAS, the parties to this Amendment are parties to that certain Participation Agreement dated as of October 19, 2000 as amended by the First Amendment to Certain Operative Agreements dated as of September 17, 2001 among the parties hereto (as amended, modified, extended, supplemented, restated and/or replaced from time to time in accordance with the terms thereof, the "Participation Agreement"), certain of the parties to this Amendment are parties to that certain Credit Agreement dated as of October 19, 2000, certain of the parties to this Amendment are parties to that certain Trust Agreement dated as of October 19, 2000, and certain of the parties to this Amendment are parties to the other Operative Agreements relating to a $50 million lease facility (the "Facility") that has been established in favor of the Lessee;

WHEREAS, the Lessee has requested certain modifications to the Credit Agreement and the Trust Agreement to, among other things, increase the size of the Facility from $50 million to $55 million for the construction and completion of the Properties;

WHEREAS, the Financing Parties have agreed to the requested modifications on the terms and conditions set forth herein;

NOW, THEREFORE, IN CONSIDERATION of the premises and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. Section 5.11 of the Participation Agreement is hereby amended and restated in its entirety to read as follows:

"5.11 FUNDING OF ESCROW ACCOUNT FOR PUNCH LIST ITEMS, RETAINAGE AND OTHER AMOUNTS NECESSARY FOR FINAL COMPLETION.

Prior to the submission by the Construction Agent of the Officer's Certificate referenced in Section 5.5(a) regarding Completion of a given Property, the Construction Agent shall submit a Requisition for a Construction Advance to cover all anticipated punch list items, retainage and other amounts necessary for Final Completion of the applicable Property. To the extent the conditions precedent set forth in Section 5.4 are satisfied or waived and prior to the termination of the Lender Commitments and the Holder Commitments for the applicable Property, the above-described Construction Advance shall be funded in accordance with the terms of the Operative Agreements into an escrow account in the name of and under the control of the Agent. Neither the Lessor, the Construction Agent nor the Lessee shall have any interest in the escrow account, its contents or any proceeds therefrom.

Thereafter, the Construction Agent shall request funding for punch list items, retainage or other amounts necessary for Final Completion regarding the applicable Property pursuant to Requisitions describing such punch list items, retainage or other amounts necessary for Final Completion and the amounts payable therefor. The Agent shall advance amounts from the escrow account regarding such funding requests to the extent the conditions precedent set forth in Section 5.4 are satisfied or waived at that time.

All amounts deposited in the escrow account from time to time shall constitute Advances for purposes of determining the Property Cost of the applicable Property (the "Prior Property") identified in the relevant Requisition from the date of such Advance by the Lenders and the Holders for deposit into the escrow account; provided, amounts deposited in the escrow account may be thereafter counted as Property Cost of another Property if (a) the Prior Property reaches Final Completion in accordance with the terms of the Operative Agreements, (b) there remains a positive balance in the escrow account regarding the Prior Property and (c) prior to the occurrence and continuation of any Default or Event of Default, the Construction Agent notifies the Agent in writing to re-allocate such positive balance in the escrow account from the Prior Property to a different Property which has not reached Completion at such time.

Upon the Payment Date immediately following the termination or expiration of the Lender Commitments, the remaining balance in the escrow account shall be allocated by the Agent in accordance with Section 8.7(b)(iv) and returned to the Lenders and the Holders in accordance with Section 2.6(c) of the

Credit Agreement and Section 3.3 of the Trust Agreement, respectively, and the amounts so returned shall reduce, in each case regarding the last Property to reach Final Completion, the Property Cost, the outstanding balance of Loans and the outstanding balance of Holder Amounts."

2. Section 6.1 of the Participation Agreement is hereby amended by adding the following provision as Section 6.1(n) thereof:

"(n) The Operative Agreements (including without limitation all Schedules and Exhibits thereto) represent the entire agreement among the Owner Trustee and the other parties thereto with respect to the subject matter thereof, and there are no other oral or side agreements with respect to such subject matter."

3. Section 6 of the Participation Agreement is hereby amended to include the following provision as Section 6.3 thereof:

"6.3 REPRESENTATIONS AND WARRANTIES OF THE HOLDERS. As of February 17, 2002, each Holder hereby represents and warrants to each of the other parties hereto as follows:

(a) Such Holder does not own ten percent (10%) or more of the common stock of the Lessee.

(b) Such Holder has not obtained any residual insurance policy with respect to the value of the Properties or, except as provided in the Operative Agreements, received from any party any guarantee of the residual value of the Properties.

(c) Such Holder has not pledged its ownership interest in the Trust to secure non-recourse financing, either to finance the Holder Advances at the time they were made or subsequently through such date.

(d) The Operative Agreements (including without limitation all Schedules and Exhibits thereto) represent all of the agreements among the parties thereto relating to the subject matter thereof. There are no other agreements or understandings to which such Holder is party or of which such Holder has actual knowledge which, in any way, modify, change or limit the Operative Agreements."

4. Section 8.3(q) of the Participation Agreement is hereby amended and restated in its entirety to read as follows:

"(q) If any credit facility, loan agreement or other financing arrangement in favor of the Lessee or any Affiliate of the Lessee, other than pursuant to Permitted Liens or the Operative Agreements, is ever secured by any collateral, the Secured Parties shall share on a pari-passu basis (based on the

respective amounts outstanding under the Operative Agreements relative to the amounts outstanding under any such credit facility, loan agreement or other financing arrangement) in all such collateral."

5. Section 8 of the Participation Agreement is hereby amended to include the following provision as Section 8.9 and Section 8.10 thereof:

"8.9 ADDITIONAL COVENANT OF THE HOLDERS. Only on a one time basis and only upon no less than ten (10) Business Days prior written request from the Lessee, each Holder hereby covenants and agrees on or prior to March 21, 2002 to deliver to the Lessee a certificate substantially in the form attached hereto as EXHIBIT O and made a part hereof for all purposes."

6. The definition of "Permitted Liens" set forth in Appendix A of the Participation Agreement is hereby amended to delete item (h) thereof in its entirety and the following item (h) shall be substituted in its place:

"(h) Liens securing purchase money and sale/leaseback Indebtedness (including Capitalized Leases) to the extent permitted under Section 8.3B(a)(vi) of the Participation Agreement, provided that any such Lien attaches only to the Subject Property (but not to any Property) financed or leased and such Lien attaches thereto concurrently with or within 90 days after the acquisition thereof in connection with the purchase money transactions and within 30 days after the closing of any sale/leaseback transaction;"

7. The Participation Agreement is hereby amended to include EXHIBIT A attached hereto as EXHIBIT O to the Participation Agreement as if it were initially attached to the Participation Agreement.

CREDIT AGREEMENT

1. Schedule 2.1 of the Credit Agreement is hereby amended and restated in its entirety to read as Schedule 2.1 attached hereto as EXHIBIT B.

TRUST AGREEMENT

1. Schedule I of the Trust Agreement is hereby amended and restated in its entirety to read as Schedule I attached hereto as EXHIBIT C.

MISCELLANEOUS

1. This Amendment shall be effective upon satisfaction of the following conditions (with regard to delivery of any documents, agreements, instruments, UCC Amendments,

certificates, budgets or other items, each of the forgoing shall be in form and substance reasonably satisfactory to the Agent):

(a) (i) execution and delivery of this Amendment by the parties hereto and (ii) such other documents, agreements or instruments reasonably deemed necessary or advisable by the Agent;

(b) receipt by the Agent of an officer's certificate of the Lessee and the Construction Agent, dated as of the date hereof and in form and in substance reasonably satisfactory to the Agent, certifying that (i) each and every representation and warranty of the Lessee contained in the Operative Agreements to which it is a party is true and correct on and as of the date hereof; (ii) no Default or Event of Default has occurred and is continuing under any Operative Agreement; (iii) each Operative Agreement to which the Lessee is a party is in full force and effect with respect to it; and (iv) the Lessee has duly performed and complied with all covenants, agreements and conditions contained in any Operative Agreement required to be performed or complied with by it on or prior to the date hereof;

(c) receipt by the Agent of a secretary's certificate of the Lessee certifying (i) the continued effectiveness of the resolutions duly adopted by the Board of Directors of the Lessee approving and authorizing the execution, delivery, and performance of amendments to the Operative Agreements, (ii) the continued effectiveness of the Certificate of Incorporation and Bylaws of the Lessee, and (iii) the incumbency or continued incumbency of the officer of the Lessee executing this Amendment;

(d) receipt by the Agent, for the ratable benefit of each Lender and each Holder, of an amendment fee equal to $50,000;

(e) deposit by the Lessee of the appropriate amount (if any) into the Collateral Account in accordance with Sections 5.4(m) and 5.10 of the Participation Agreement and confirmation by the Agent of the appropriate funding (if any) of the Collateral Account as required in accordance with such Sections 5.4(m) and 5.10; and

(f) payment by the Lessee of all reasonable costs and expenses of the Agent in connection with the preparation, execution and delivery of this Amendment, including without limitation the reasonable fees and expenses of Moore & Van Allen PLLC.

2. The notice address for the Agent, the Lender and the Holder for all Operative Agreements (including without limitation Section 12.2 of the Participation Agreement, Schedule I of the Trust Agreement, Schedule 2.1 of the Credit Agreement and Section 10 of the Security Agreement) shall be modified to read as follows:

Bank of America, N.A.
TX1-492-67-01
901 Main Street
Dallas, TX 75202-3714
Attention: Dan Penkar
Senior Vice President
Telephone: (214) 209-1178
Telecopy: (214) 209-3140

3. By its execution hereof, except as set forth in Schedule 1 to this Amendment, each of the Construction Agent and the Lessee represents, warrants and certifies to each Financing Party that as of the date hereof (a) a Construction Budget and Plans and Specifications with respect to each Property have been delivered to the Agent and such documents are true and accurate and no changes have been made or could reasonably be expected to be made which would affect the accuracy of such documents, (b) all Construction Contracts have been previously delivered to the Agent and have not been amended or modified, or such amendments or modifications have been previously provided to the Agent, (c) the Property Cost of each Property is within the applicable Construction Budget for such Property, (d) each Property is on schedule for Completion on the date set forth in the Plans and Specifications of such Property, but in all cases prior to the Construction Period Termination Date, (e) there are sufficient Available Commitments and Available Holder Commitments to cause the Completion of each Property as a Permitted Facility and otherwise in accordance with the terms and conditions of the Operative Agreements, and (f) all construction and Work with respect to each Property has been and is being done in a workmanlike manner.

4. Except as modified hereby, all of the terms and provisions of the Operative Agreements (including all Schedules and Exhibits thereto) shall remain unmodified and in full force and effect. Except as modified hereby, the Operative Agreements (including all Schedules and Exhibits thereto) represent the entire agreement between the parties hereto with respect to the subject matter thereof and there are no other oral or side agreements with respect to such subject matter.

5. This Amendment may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed an original and it shall not be necessary in making proof of this Amendment to produce or account for more than one such counterpart.

6. This Amendment shall be deemed to be a contract made under, and for all purposes shall be construed in accordance with, the laws of the State of North Carolina other than amendments of the Trust Agreement and the Collateral Agreement. With respect to the application of this Amendment to the Trust Agreement, this Amendment shall be deemed to be a contract made under, and for all purposes shall be construed in accordance with, the laws of the State of Utah. With respect to the application of this Amendment to the Collateral Agreement, this Amendment shall be deemed to be a contract made under, and for all purposes shall be construed in accordance with, the laws of the State of Texas.

IN WITNESS WHEREOF, each of the parties hereto has caused a counterpart of this Amendment to be duly executed and delivered as of the date first above written.

LEXICON GENETICS INCORPORATED, as the Construction Agent and as the Lessee

By: /s/ JULIA P. GREGORY

Name: Julia P. Gregory

Title: Executive Vice President and CFO

WELLS FARGO BANK NORTHWEST, NATIONAL ASSOCIATION

(formerly First Security Bank, National Association), not individually, except as expressly stated herein, but solely as the Owner Trustee under the Lexi Trust 2000-1

By: /s/ VAL T. ORTON

Name: Val T. Orton

Title: Vice President

BANK OF AMERICA, N.A., as a Holder, as a Lender and as the Agent

By: /s/ DANIEL H. PENKAR

Name: Daniel H. Penkar

Title: Senior Vice President

SCHEDULE 1

[Construction Matters]

None.

EXHIBIT A

EXHIBIT O TO PARTICIPATION AGREEMENT

FORM OF CONFIRMATION LETTER TO BE EXECUTED BY EACH OF THE HOLDERS

March , 2002

Bank of America, N.A.
901 Main Street
Dallas, Texas 75202-3714
Attention: Daniel Penkar
Senior Vice President

Dear Dan:

Arthur Andersen LLP ("Andersen") is now engaged in an audit of our financial statements. Your company, Bank of America, N.A. ("Bank of America"), made Holder Advances to the Lexi Trust 2000-1 (the "Trust"), of which Wells Fargo Bank Northwest, National Association (formerly First Security Bank, National Association), serves as Owner Trustee (the "Owner Trustee"), in connection with the transactions contemplated by (i) the Participation Agreement dated as of October 19, 2000 (the "Original Participation Agreement"), by and among Lexicon Genetics Incorporated ("Lexicon"), the Owner Trustee, the various banks and other lending institutions which are parties thereto, as lenders (the "Lenders"), the various banks and other lending institutions which are parties thereto, as holders (the "Holders") and Bank of America, as the agent for the Lenders and respecting the Security Documents, as the agent for the Secured Parties, and (ii) the Operative Agreements referred to therein (the "Original Operative Agreements"), in each case as amended by that certain First Amendment to Certain Operative Agreements dated as of September 17, 2001 (the "First Amendment") by and among the parties to the Original Participation Agreement and as further amended by that certain Second Amendment to Certain Operative Agreements dated as of February 17, 2002 (the "Second Amendment") by and among the parties to the Original Participation Agreement. The Original Participation Agreement, as amended by the First Amendment and the Second Amendment, is referred to herein as the "Participation Agreement." The Original Operative Agreements, as amended by First Amendment and the Second Amendment, are referred to herein as the "Operative Agreements." Capitalized terms used without definition herein shall have the meanings given to such terms in the Participation Agreement.

In connection with the foregoing, please confirm the following information:

- - Bank of America has made Holder Advances to the Trust in the aggregate amount of $ as of December 31, 2001.

- - Bank of America, in its capacity as Holder, has not obtained any residual insurance policy with respect to the value of the Properties or, except as provided in the Operative Agreements, received from any party any guarantee of the residual value of the Properties, except as described below.

- - Bank of America has not pledged its ownership interest in the Trust to secure non-recourse financing, either to finance the Holder Advances at the time they were made or subsequently through the date of this letter, except as described below:

- - Payments to Bank of America and/or its Affiliates from or on behalf of the Trust, from the inception of the Trust (October 19, 2000) through December 31, 2001 are as follows (if none, please indicate below):

Date of Payment	Nature of Payment	Amount of Payment

- - The Operative Agreements contain all of the agreements among the parties thereto relating to the subject matter thereof. There are no other agreements or understandings to which Bank of America is party or of which Bank of America has actual knowledge which, in any way, modify, change or limit the Operative Agreements.

- - If Bank of America has sold, transferred, or assigned part or all of its interest in the Trust, please provide such information below (if none, please indicate below).

Amount	Date	Name of buyer(s), transferee(s), or assignee(s)

Please state in the space below whether or not the above statements and information, including the amounts and terms, are in agreement with your records. If not, please furnish any information you may have that will assist in reconciling any differences.

Please return this confirmation directly to Andersen. A stamped, addressed envelope is enclosed for your convenience.

Very truly yours,

Lexicon Genetics Incorporated

By:

Julia P. Gregory
Executive Vice President and
Chief Financial Officer

To: Arthur Andersen LLP:

The above statements and information, including the amounts and terms, are in agreement with our records, with the following exceptions (If above information is correct, please confirm. If your understanding of anything described above differs in any respect, please explain):

- ---
- ---
- ---

By: _____ Date: _____

Daniel Penkar
Senior Vice President

EXHIBIT B

Schedule 2.1 to Credit Agreement

Name and Address of Lenders	Tranche A Commitment		Tranche B Commitment	
	Amount	Percentage	Amount	Percentage
Bank of America, N.A. TX1-492-67-01 901 Main Street Dallas, TX 75202-3714 Attention: Dan Penkar Senior Vice President Telephone: (214) 209-1178 Telecopy: (214) 209-3140	$47,470,500.00	100%	$5,054,500.00	100%
TOTAL	$47,470,500.00	100%	$5,054,500.00	100%

EXHIBIT C

SCHEDULE I TO TRUST AGREEMENT

HOLDER COMMITMENTS

Name of Holder	Holder Commitment	
	Amount	Percentage
Bank of America, N.A. TX1-492-67-01 901 Main Street Dallas, TX 75202-3714 Attention: Dan Penkar Senior Vice President Telephone: (214) 209-1178 Telecopy: (214) 209-3140	$2,475,000.00	100%
TOTAL	$2,475,000.00	100%

THIRD AMENDMENT
TO CERTAIN OPERATIVE AGREEMENTS

Dated as of August 7, 2002

among

LEXICON GENETICS INCORPORATED,
as the Construction Agent and as the Lessee,

WELLS FARGO BANK NORTHWEST, NATIONAL ASSOCIATION
(formerly First Security Bank, National Association)
not individually, except as expressly stated in the Operative Agreements,
but solely as the Owner Trustee under the Lexi Trust 2000-1,

THE VARIOUS BANKS AND OTHER LENDING INSTITUTIONS
WHICH ARE PARTIES TO THE PARTICIPATION AGREEMENT AND
CERTAIN OTHER OPERATIVE AGREEMENTS FROM TIME TO TIME,
as the Holders,

THE VARIOUS BANKS AND OTHER LENDING INSTITUTIONS
WHICH ARE PARTIES TO THE PARTICIPATION AGREEMENT AND
CERTAIN OTHER OPERATIVE AGREEMENTS FROM TIME TO TIME,
as the Lenders,

and

BANK OF AMERICA, N.A.,
as the Agent for the Lenders and,
respecting the Security Documents,
as the Agent for the Secured Parties

THIRD AMENDMENT
TO CERTAIN OPERATIVE AGREEMENTS

This THIRD AMENDMENT TO CERTAIN OPERATIVE AGREEMENTS (this "Amendment") dated as of August 7, 2002, is by and among LEXICON GENETICS INCORPORATED, a Delaware corporation (the "Lessee" or the "Construction Agent"); WELLS FARGO BANK NORTHWEST, NATIONAL ASSOCIATION (formerly First Security Bank, National Association), a national banking association, not individually but solely as the Owner Trustee under the Lexi Trust 2000-1 (the "Owner Trustee" or the "Lessor"); the various banks and other lending institutions listed on the signature pages hereto (subject to the definition of Lenders in Appendix A to the Participation Agreement referenced below, individually, a "Lender" and collectively, the "Lenders"); the various banks and other lending institutions listed on the signature pages hereto as holders of certificates issued with respect to the Lexi Trust 2000-1 (subject to the definition of Holders in Appendix A to the Participation Agreement referenced below, individually, a "Holder" and collectively, the "Holders"); and BANK OF AMERICA, N.A., a national banking association, as the agent for the Lenders and, respecting the Security Documents, as the agent for the Lenders and the Holders, to the extent of their interests (in such capacity, the "Agent"). Capitalized terms used in this Amendment but not otherwise defined herein shall have the meanings set forth in Appendix A to the Participation Agreement (hereinafter defined) and the Rules of Usage set forth in Appendix A to the Participation Agreement shall apply herein.

W I T N E S S E T H

WHEREAS, the parties to this Amendment are parties to that certain Participation Agreement dated as of October 19, 2000 as amended by the First Amendment to Certain Operative Agreements dated as of September 17, 2001 among the parties hereto and the Second Amendment to Certain Operative Agreements dated as of February 17, 2002 among the parties hereto (as amended, modified, extended, supplemented, restated and/or replaced from time to time in accordance with the terms thereof, the "Participation Agreement"), certain of the parties to this Amendment are parties to that certain Credit Agreement dated as of October 19, 2000 as amended by the First Amendment to Certain Operative Agreements dated as of September 17, 2001 among the parties hereto and the Second Amendment to Certain Operative Agreements dated as of February 17, 2002 among the parties hereto, certain of the parties to this Amendment are parties to that certain Trust Agreement dated as of October 19, 2000 as amended by the First Amendment to Certain Operative Agreements dated as of September 17, 2001 among the parties hereto and the Second Amendment to Certain Operative Agreements dated as of February 17, 2002 among the parties hereto, and certain of the parties to this Amendment are parties to the other Operative Agreements relating to a $55 million lease facility (the "Facility") that has been established in favor of the Lessee;

WHEREAS, the Lessee has requested certain modifications to the Participation Agreement to, among other things, amend the liquidity requirements of the Facility;

WHEREAS, the Financing Parties have agreed to the requested modifications on the terms and conditions set forth herein;

NOW, THEREFORE, IN CONSIDERATION of the premises and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

PARTICIPATION AGREEMENT

1. Section 8.3A(f) of the Participation Agreement is hereby amended and restated in its entirety to read as follows:

> "(f) Financial Covenant. The Consolidated Group shall at all times maintain Liquidity in an amount greater than or equal to (a) from the Initial Closing Date to the Final Completion Date, $45,000,000 and (b) on and after the Final Completion Date, $30,000,000. The Consolidated Group shall not permit any amount necessary to satisfy the Liquidity requirements of the previous sentence to be subject to any Lien or used as security or as a pledge for any obligation."

2. Appendix A-7 of the Participation Agreement is amended as follows:

(a) The definition of "Cash Equivalents" is hereby amended and restated in its entirety to read as follows:

> "`Cash Equivalents' shall mean (a) securities issued or directly and fully guaranteed or insured by the United States or any agency or instrumentality thereof (provided that the full faith and credit of the United States is pledged in support thereof) having maturities of (i) not more than twelve months from the date of acquisition, or (ii) more than twelve months from the date of acquisition, but in such case under this subsection (ii) shall be valued at the market price thereof (which shall not in any event exceed $10,000,000 in the aggregate and shall be marked to market on the last Business Day of each calendar month), (b) Dollar denominated certificates of deposit of (i) any Lender or the Holder, or (ii) any domestic commercial bank of recognized standing (y) having capital and surplus in excess of $750,000,000 and (z) whose short-term commercial paper rating from S&P is at least A-1 or the equivalent thereof or from Moody's is at least P-1 or the equivalent thereof (any such bank being an "Approved Bank"), in each case with maturities of not more than twelve months from the date of acquisition, (c) commercial paper and variable or fixed rate notes issued by any Approved Bank (or by the parent company thereof) or any variable rate notes issued by, or guaranteed by, any domestic corporation rated A-1 (or the equivalent thereof) or better by S&P or P-1 (or the equivalent thereof) or better by Moody's and maturing within twelve months from the date of acquisition, (d) the common or preferred Capital Stock of any Person listed on a national securities exchange, (e) the commercial paper or notes (including medium term notes) or bonds of any Person having an unexpired remaining term and duration to maturity from each

point of calculation not to exceed twelve months from the date of its inclusion as Cash Equivalents (i) whose short-term credit rating from S&P is at least A-1 or the equivalent thereof or from Moody's is at least P-1 or the equivalent thereof or from Fitch is at least F-1 or the equivalent thereof, or (ii) whose long-term credit rating from S&P is at least A or the equivalent thereof or from Moody's is at least A-2 or the equivalent thereof or from Fitch is at least A or the equivalent thereof, (f) the municipal bonds and/or notes of any Person having an unexpired remaining term and duration to maturity from each point of calculation not to exceed twelve months from the date of its inclusion as Cash Equivalents whose rating from S&P is at least AA- or the equivalent thereof or from Moody's is at least Aa3 or the equivalent thereof, (g) asset-backed securities of any Person having an unexpired remaining term and duration to maturity from each point of calculation not to exceed twelve months from the date of its inclusion as Cash Equivalents whose rating is at least AAA or the equivalent thereof by two of three rating agencies and (h) AAA-rated money market mutual funds; provided that all Cash Equivalents shall be of a type eligible to be held with a Federal Reserve Bank or the Depository Trust Company."

MISCELLANEOUS

1. This Amendment shall be effective upon satisfaction of the following conditions (with regard to delivery of any documents, agreements, instruments, UCC Amendments, certificates, budgets or other items, each of the forgoing shall be in form and substance reasonably satisfactory to the Agent):

(a) (i) execution and delivery of this Amendment by the parties hereto and (ii) such other documents, agreements or instruments reasonably deemed necessary or advisable by the Agent;

(b) receipt by the Agent of an officer's certificate of the Lessee and the Construction Agent, dated as of the date hereof and in form and in substance reasonably satisfactory to the Agent, certifying that (i) each and every representation and warranty of the Lessee contained in the Operative Agreements to which it is a party is true and correct on and as of the date hereof; (ii) no Default or Event of Default has occurred and is continuing under any Operative Agreement; (iii) each Operative Agreement to which the Lessee is a party is in full force and effect with respect to it; and (iv) the Lessee has duly performed and complied with all covenants, agreements and conditions contained in any Operative Agreement required to be performed or complied with by it on or prior to the date hereof;

(c) receipt by the Agent of a secretary's certificate of the Lessee certifying (i) the continued effectiveness of the resolutions duly adopted by the Board of Directors of the Lessee approving and authorizing the execution, delivery and performance of amendments to the Operative Agreements, (ii) the continued effectiveness of the

Certificate of Incorporation and Bylaws of the Lessee, and (iii) the incumbency or continued incumbency of the officer of the Lessee executing this Amendment;

(d) deposit by the Lessee of the appropriate amount (if any) into the Collateral Account in accordance with Sections 5.4(m) and 5.10 of the Participation Agreement and confirmation by the Agent of the appropriate funding (if any) of the Collateral Account as required in accordance with such Sections 5.4(m) and 5.10; and

(e) payment by the Lessee of all reasonable costs and expenses of the Agent in connection with the preparation, execution and delivery of this Amendment, including without limitation the reasonable fees and expenses of Moore & Van Allen PLLC.

2. By its execution hereof, each of the Construction Agent and the Lessee represents, warrants and certifies to each Financing Party that as of the date hereof (a) a Construction Budget and Plans and Specifications with respect to each Property have been delivered to the Agent and such documents are true and accurate and no changes have been made or could reasonably be expected to be made which would affect the accuracy of such documents, (b) all Construction Contracts have been previously delivered to the Agent and have not been amended or modified, or such amendments or modifications have been previously provided to the Agent, (c) the Property Cost of each Property is within the applicable Construction Budget for such Property, (d) each Property is on schedule for Completion on the date set forth in the Plans and Specifications of such Property, but in all cases prior to the Construction Period Termination Date, (e) there are sufficient Available Commitments and Available Holder Commitments to cause the Completion of each Property as a Permitted Facility and otherwise in accordance with the terms and conditions of the Operative Agreements, and (f) all construction and Work with respect to each Property has been and is being done in a workmanlike manner.

3. Except as modified hereby, all of the terms and provisions of the Operative Agreements (including all Schedules and Exhibits thereto) shall remain unmodified and in full force and effect. Except as modified hereby, the Operative Agreements (including all Schedules and Exhibits thereto) represent the entire agreement between the parties hereto with respect to the subject matter thereof and there are no other oral or side agreements with respect to such subject matter.

4. This Amendment may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed an original and it shall not be necessary in making proof of this Amendment to produce or account for more than one such counterpart.

5. This Amendment shall be deemed to be a contract made under, and for all purposes shall be construed in accordance with, the laws of the State of North Carolina other than amendments of the Trust Agreement and the Collateral Agreement. With respect to the application of this Amendment to the Trust Agreement, this Amendment shall be deemed to be a contract made under, and for all purposes shall be construed in accordance with, the laws of the State of Utah. With respect to the application of this Amendment to the Collateral Agreement, this Amendment shall be deemed to be a contract made under, and for all purposes shall be construed in accordance with, the laws of the State of Texas.

IN WITNESS WHEREOF, each of the parties hereto has caused a counterpart of this Amendment to be duly executed and delivered as of the date first above written.

LEXICON GENETICS INCORPORATED, as the Construction Agent and as the Lessee

By: /S/ JULIA P. GREGORY

Name: Julia P. Gregory

Title: Executive Vice President and CFO

WELLS FARGO BANK NORTHWEST, NATIONAL ASSOCIATION (formerly First Security Bank, National Association), not individually, except as expressly stated herein, but solely as the Owner Trustee under the Lexi Trust 2000-1

By: /s/ VAL T. ORTON

Name: Val T. Orton

Title: Vice President

BANK OF AMERICA, N.A., as a Holder, as a Lender and as the Agent

By: /s/ DANIEL H. PENKAR

Name: Daniel H. Penkar

Title: Senior Vice President

FOURTH AMENDMENT
TO CERTAIN OPERATIVE AGREEMENTS

Dated as of December 20, 2002

among

LEXICON GENETICS INCORPORATED,
as the Construction Agent and as the Lessee,

WELLS FARGO BANK NORTHWEST, NATIONAL ASSOCIATION
(formerly First Security Bank, National Association)
not individually, except as expressly stated in the Operative Agreements,
but solely as the Owner Trustee under the Lexi Trust 2000-1,

THE VARIOUS BANKS AND OTHER LENDING INSTITUTIONS
WHICH ARE PARTIES TO THE PARTICIPATION AGREEMENT AND CERTAIN OTHER
OPERATIVE AGREEMENTS FROM TIME TO TIME,
as the Holders,

THE VARIOUS BANKS AND OTHER LENDING INSTITUTIONS
WHICH ARE PARTIES TO THE PARTICIPATION AGREEMENT AND
CERTAIN OTHER OPERATIVE AGREEMENTS FROM TIME TO TIME,
as the Lenders,

and

BANK OF AMERICA, N.A.,
as the Agent for the Lenders and,
respecting the Security Documents,
as the Agent for the Secured Parties

FOURTH AMENDMENT
TO CERTAIN OPERATIVE AGREEMENTS

This FOURTH AMENDMENT TO CERTAIN OPERATIVE AGREEMENTS (this "Amendment") dated as of December 20, 2002, is by and among LEXICON GENETICS INCORPORATED, a Delaware corporation (the "Lessee" or the "Construction Agent"); WELLS FARGO BANK NORTHWEST, NATIONAL ASSOCIATION (formerly First Security Bank, National Association), a national banking association, not individually but solely as the Owner Trustee under the Lexi Trust 2000-1 (the "Owner Trustee" or the "Lessor"); the various banks and other lending institutions listed on the signature pages hereto (subject to the definition of Lenders in Appendix A to the Participation Agreement referenced below, individually, a "Lender" and collectively, the "Lenders"); the various banks and other lending institutions listed on the signature pages hereto as holders of certificates issued with respect to the Lexi Trust 2000-1 (subject to the definition of Holders in Appendix A to the Participation Agreement referenced below, individually, a "Holder" and collectively, the "Holders"); and BANK OF AMERICA, N.A., a national banking association, as the agent for the Lenders and, respecting the Security Documents, as the agent for the Lenders and the Holders, to the extent of their interests (in such capacity, the "Agent"). Capitalized terms used in this Amendment but not otherwise defined herein shall have the meanings set forth in Appendix A to the Participation Agreement (hereinafter defined) and the Rules of Usage set forth in Appendix A to the Participation Agreement shall apply herein.

W I T N E S S E T H

WHEREAS, the parties to this Amendment are parties to that certain Participation Agreement dated as of October 19, 2000, as amended by the First Amendment to Certain Operative Agreements dated as of September 17, 2001 (the "First Amendment") among the parties hereto, the Second Amendment to Certain Operative Agreements dated as of February 17, 2002 (the "Second Amendment") among the parties hereto and the Third Amendment to Certain Operative Agreements dated as of August 7, 2002 (the "Third Amendment") among the parties hereto (as amended, modified, extended, supplemented, restated and/or replaced from time to time in accordance with the terms thereof, the "Participation Agreement"), certain of the parties to this Amendment are parties to that certain Credit Agreement dated as of October 19, 2000, as amended by the First Amendment, the Second Amendment and the Third Amendment, certain of the parties to this Amendment are parties to that certain Trust Agreement dated as of October 19, 2000, as amended by the First Amendment, the Second Amendment and the Third Amendment and certain of the parties to this Amendment are parties to the other Operative Agreements relating to a $55 million lease facility (the "Facility") that has been established in favor of the Lessee;

WHEREAS, the Lessee has requested certain modifications to the Participation Agreement to, among other things, amend the liquidity requirements of the Facility;

WHEREAS, the minimum liquidity requirements required as of the Final Completion Date as specified in Section 8.3A(f)(b) of the Participation Agreement were modified from $35,000,000 to $30,000,000 pursuant to the Third Amendment and are being further modified from $30,000,000 to $12,000,000 pursuant to this Amendment;

WHEREAS, the Financing Parties have agreed to the requested modifications on the terms and conditions set forth herein;

NOW, THEREFORE, IN CONSIDERATION of the premises and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

PARTICIPATION AGREEMENT

1. Section 8.3A(f) of the Participation Agreement is hereby amended and restated in its entirety to read as follows:

> "(f) Financial Covenant. The Consolidated Group shall at all times maintain Liquidity in an amount greater than or equal to (a) from the Initial Closing Date to the Final Completion Date, $45,000,000 and (b) on and after the Final Completion Date, $12,000,000. The Consolidated Group shall not permit any amount necessary to satisfy the Liquidity requirements of the previous sentence to be subject to any Lien or used as security or as a pledge for any obligation. At the Initial Closing Date, the requirement regarding Liquidity on and after the Final Completion Date (as referenced in this Section 8.3A(f)(b)) was $35,000,000. Pursuant to the Third Amendment to Certain Operative Agreements dated as of August 7, 2002 among the parties to this Agreement, the requirement regarding Liquidity on and after the Final Completion Date (as referenced in this Section 8.3A(f)(b)) was reduced to $30,000,000. The requirement regarding Liquidity on and after the Final Completion Date (as referenced in this Section 8.3A(f)(b)) is now $12,000,000, as such is referenced in the first sentence of this paragraph."

2. Appendix A-4 and A-5 of the Participation Agreement are amended as follows:

> (a) The definition of "Applicable Percentage" is hereby amended and restated in its entirety to read as follows:
>
> ""Applicable Percentage" shall mean for each Eurodollar Loan and each Eurodollar Holder Advance, the rate per annum set forth below opposite the corresponding Class A Collateral Percentage determined as of the most recent Calculation Date:

CLASS A COLLATERAL PERCENTAGE	APPLICABLE PERCENTAGE FOR EURODOLLAR LOANS	APPLICABLE PERCENTAGE FOR EURODOLLAR HOLDER ADVANCES	APPLICABLE PERCENTAGE FOR UNUSED FEES
> or = 75%	.20%	.95%	.20%
> or = 50% BUT < 75%	.25%	1.00%	.2375%
> or = 25% BUT < 50%	.30%	1.05%	.2375%
< 25%	.35%	1.10%	.2375%

The Applicable Percentage for Eurodollar Loans and Eurodollar Holder Advances shall be determined and adjusted quarterly on the date (the "Calculation Date") by which the Officer's Certificate is required to be delivered to the Agent in accordance with the provisions of Section 5.10(b) of the Participation Agreement; provided, however, that (x) the Applicable Percentage for each Eurodollar Loan and Eurodollar Holder Advance from the Initial Closing Date until the next occurring Calculation Date shall be determined based on the Class A Collateral Percentage determined as of the date of such Advance, (y) if the Lessee fails to provide the Officer's Certificate referenced in Section 5.10(b) of the Participation Agreement to the Agent on or before any Calculation Date, the Applicable Percentage for Eurodollar Loans shall be .35%, the Applicable Percentage for Eurodollar Holder Advances shall be 1.10% from such Calculation Date until such time that the Officer's Certificate referenced in Section 5.10(b) and the Applicable Percentage for Unused Fees shall be .2375% of the Participation Agreement is provided to the Agent, whereupon the Applicable Percentage shall be determined as specified above. Each Applicable Percentage shall be effective from one Calculation Date until the next Calculation Date. Any adjustment in the Applicable Percentage shall be applicable to all existing Eurodollar Loans and Eurodollar Holder Advances, as well as to any new Eurodollar Loans and Eurodollar Holder Advances made or issued."

MISCELLANEOUS

1. This Amendment shall be effective upon satisfaction of the following conditions (with regard to delivery of any documents, agreements, instruments, UCC Amendments, certificates, budgets or other items, each of the forgoing shall be in form and substance reasonably satisfactory to the Agent):

(a) (i) execution and delivery of this Amendment by the parties hereto and (ii) such other documents, agreements or instruments reasonably deemed necessary or advisable by the Agent;

(b) receipt by the Agent of an officer's certificate of the Lessee and the Construction Agent, dated as of the date hereof and in form and in substance reasonably satisfactory to the Agent, certifying that (i) each and every representation and warranty of

the Lessee contained in the Operative Agreements to which it is a party is true and correct on and as of the date hereof; (ii) no Default or Event of Default has occurred and is continuing under any Operative Agreement; (iii) each Operative Agreement to which the Lessee is a party is in full force and effect with respect to it; and (iv) the Lessee has duly performed and complied with all covenants, agreements and conditions contained in any Operative Agreement required to be performed or complied with by it on or prior to the date hereof;

(c) receipt by the Agent of a secretary's certificate of the Lessee certifying (i) the continued effectiveness of the resolutions duly adopted by the Board of Directors of the Lessee approving and authorizing the execution, delivery and performance of amendments to the Operative Agreements, (ii) the continued effectiveness of the Certificate of Incorporation and Bylaws of the Lessee, and (iii) the incumbency or continued incumbency of the officer of the Lessee executing this Amendment;

(d) deposit by the Lessee of the appropriate amount (if any) into the Collateral Account in accordance with Sections 5.4(m) and 5.10 of the Participation Agreement and confirmation by the Agent of the appropriate funding (if any) of the Collateral Account as required in accordance with such Sections 5.4(m) and 5.10; and

(e) payment by the Lessee of all reasonable costs and expenses of the Agent in connection with the preparation, execution and delivery of this Amendment, including without limitation the reasonable fees and expenses of Moore & Van Allen PLLC.

2. Except as modified hereby, all of the terms and provisions of the Operative Agreements (including all Schedules and Exhibits thereto) shall remain unmodified and in full force and effect. Except as modified hereby, the Operative Agreements (including all Schedules and Exhibits thereto) represent the entire agreement between the parties hereto with respect to the subject matter thereof and there are no other oral or side agreements with respect to such subject matter.

3. This Amendment may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed an original and it shall not be necessary in making proof of this Amendment to produce or account for more than one such counterpart.

4. This Amendment shall be deemed to be a contract made under, and for all purposes shall be construed in accordance with, the laws of the State of North Carolina other than amendments of the Trust Agreement and the Collateral Agreement. With respect to the application of this Amendment to the Trust Agreement, this Amendment shall be deemed to be a contract made under, and for all purposes shall be construed in accordance with, the laws of the State of Utah. With respect to the application of this Amendment to the Collateral Agreement, this Amendment shall be deemed to be a contract made under, and for all purposes shall be construed in accordance with, the laws of the State of Texas.

IN WITNESS WHEREOF, each of the parties hereto has caused a counterpart of this Amendment to be duly executed and delivered as of the date first above written.

LEXICON GENETICS INCORPORATED, as the Construction Agent and as the Lessee

By: /S/ JULIA P. GREGORY

Name: Julia P. Gregory

Title: Executive Vice President and CFO

WELLS FARGO BANK NORTHWEST, NATIONAL ASSOCIATION (formerly First Security Bank, National Association), not individually, except as expressly stated herein, but solely as the Owner Trustee under the Lexi Trust 2000-1

By: /s/ VAL T. ORTON

Name: Val T. Orton

Title: Vice President

BANK OF AMERICA, N.A., as a Holder, as a Lender and as the Agent

By: /s/ DANIEL H. PENKAR

Name: Daniel H. Penkar

Title: Senior Vice President

Exhibit 99.3

FIRST AMENDMENT OF LEASE AGREEMENT

THIS FIRST AMENDMENT OF LEASE AGREEMENT (hereinafter referred to as this "Amendment"), made as of the 16th day of January, 2003, by and between TOWNSEND PROPERTY TRUST LIMITED PARTNERSHIP, a limited partnership organized and existing under the law of Maryland doing business in New Jersey as TPT Limited Partnership (hereinafter referred to as the "Landlord") and LEXICON PHARMACEUTICALS (NEW JERSEY), INC., a corporation organized and existing under the law of Delaware (hereinafter referred as the "Tenant"),

WITNESSETH, THAT WHEREAS by a Lease Agreement dated May 23, 2002, by and between the Landlord and the Tenant, (hereinafter referred to as the "Lease"), the Landlord has leased to the Tenant all of that real property in Hopewell Township, Mercer County, New Jersey, which is described therein; and

WHEREAS the parties hereto desire by this Amendment to amend the provisions of the Lease.

NOW, THEREFORE, FOR AND IN CONSIDERATION of the mutual entry into this Amendment by the parties hereto, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged by each party hereto, the parties hereto hereby agree as follows:

Section 1. Amendment of Lease. The provisions of the Lease are hereby amended in the following manner:

A. The parties agree that anything in Sections 1 (e) (i) or (ii) to the contrary notwithstanding, Landlord shall not be obligated to proceed with the subdivision of the Land from the balance of the east side of the Campus, it being understood and agreed by the parties that, as of the date hereof, there are no plans to provide for such subdivision. Landlord hereby authorizes Tenant to file (in Tenant's sole discretion) its own separate subdivision plan solely for the subdivision of the Land from the balance of the east side of the Campus (unless otherwise mutually agreed by Landlord and Tenant), at Tenant's sole cost and expense, as of the date hereof through any time prior to the commencement of the Third Lease Year.

B. The parties hereby confirm that the Commencement Date of the Term, pursuant to Section 2 (a) of the Lease, shall be May 24, 2002 and the Expiration Date shall be May 31, 2012, subject to extension or early termination in accordance with the terms of the Lease.

C. The Base Rental schedule set forth in Section 3 (a) of the Lease is hereby deleted in its entirety and replaced with the following, however the balance of Section 3(a) shall remain unchanged:

- ----------

--- Lease
Month Annual
Base Rental
Rent P.S.F.
Monthly Base
Rental Sq.
Ft. Rent
Paid - -----

-------- *1
- 2 $0 $0 $0
0 - --------

----- **3 $
577,621.32
$11.32
$48,135.11
51,032 - ---

***4 - 7
$1,155,242.55
$22.64
$96,270.21
51,032 - ---

---------- 8
- 36
$1,720,458.41
$22.64
$143,371.53
76,000 - ---

----
37 - 72
$1,834,458.41
$24.14
$152,871.53
76,000 - ---

---

73 - 108	
$1,956,058.41	
$25.74	
$163,004.87	
76,000 - ---	
109 - 120	
$2,085,258.41	
$27.44	
$173,771.53	
76,000 - ---	

* The parties agree that for purposes of the Base Rental Schedule month number 1 shall mean June, 2002. The parties further agree that for the partial month beginning on the Commencement Date through May 31, 2002 as well as for months 1 and 2 of the Term, Base Rental only shall be abated. Notwithstanding such abatement of Base Rental, Additional Rent shall be due and payable by Tenant beginning on the Commencement Date.

** The Monthly Base Rental for Lease Month 3 is $48,135.11 as a result of the abatement of rent until August 16, 2002 pursuant to Section 4(g) of the Lease.

*** Tenant paid $91,432.33 to Landlord pursuant to the second paragraph of Section 3(a) of the Lease, which was applied by Landlord to the Monthly Base Rental for Lease Month 4.

D. The parties agree that (i) a valid Certificate of Occupancy for the Building was delivered to Tenant on August 16, 2002 in accordance with Section 4 (g) of the Lease, (ii) the Base Rental abatement for months 1 and 2 of the Term and the reduced Base Rental for month 3 of the Term, set forth in Subsection 1(c) above, is Tenant's sole remedy for Landlord's failure to deliver the Certificate of Occupancy by June 15, 2002, and (iii) Tenant is not entitled to any further abatement or reduction of Rent in connection with Landlord's delivery of the Certificate of Occupancy, beyond that set forth herein.

Section 2. Effect of this Amendment. Except as is hereinabove set forth, the provisions of the Lease shall hereafter remain in full force and effect. Capitalized terms used but not defined herein shall have the meaning given them in the Lease.

Section 3. Representations. The Landlord and the Tenant hereby represent and warrant to each other that, as of the date hereof, it (a) is the sole legal and beneficial owner of all of the right, title and interest reserved by it (in the case of the Landlord) or granted to it (in the case of the Tenant) by the provisions of the Lease, (b) except with respect to Landlord's lenders, has not sold, transferred or encumbered any or all of such right, title or interest, and (c) has the full and sufficient right at law and in equity to execute and deliver this Amendment as the owner of such right, title and interest, without the necessity of obtaining any other person's consent thereto or joinder therein.

IN WITNESS WHEREOF, each party hereto has executed and ensealed this Amendment or caused it to be executed and ensealed on its behalf by its duly authorized representatives, as of the day and year first above written.

WITNESS:

TOWNSEND PROPOERTY TRUST LIMITED PARTNERSHIP, doing business in New Jersey as TPT Limited Partnership

By: DWT A II, LLC, its general partner

/s/ Maria S. Rubi

By: /s/ David Townsend (SEAL)

Name: David Townsend

Title: Vice President

LEXICON PHARMACEUTICALS (NEW JERSEY), INC.

/s/ Jeffrey L. Wade

By: /s/ Julia P. Gregory (SEAL)

Name: Julia P. Gregory

Title: Vice President and Treasurer

ASSIGNMENT AND AMENDMENT AGREEMENT

This ASSIGNMENT AND AMENDMENT AGREEMENT (this "Agreement") is made as of the 20th day of May, 2003, by and among Townsend Property Trust Limited Partnership, a Maryland limited partnership, doing business in New Jersey as TPT Limited Partnership ("Assignor"); Hopewell Property, LLC, a Delaware limited liability company ("Assignee"); Lexicon Pharmaceuticals (New Jersey), Inc., a Delaware corporation ("Tenant"); the Princeton Bio-Technology Center Condominium Association, Inc., a New Jersey nonprofit corporation (the "Association"); and Lexicon Genetics Incorporated, a Delaware corporation ("Guarantor").

RECITALS:

WHEREAS, Assignor and Tenant entered into that certain Lease Agreement dated as of May 23, 2002 (the "Original Lease") pursuant to which Assignor leased to Tenant, and Tenant leased from Assignor, approximately nineteen (19) acres of land with the building containing approximately 76,000 rentable square feet of space (the "Building") and other improvements located thereon known as 350 Carter Road, Hopewell, New Jersey (the "Original Premises"), which is part of an approximately 192 acre tract of land being Block 40, Lot 14 of Hopewell Township, Mercer County, New Jersey (the "Business Campus"); and

WHEREAS, the Original Lease was amended by that certain First Amendment of Lease Agreement (the "Lease Amendment") between Tenant and Assignor dated January 16, 2003 (the Original Lease, as amended by the Lease Amendment, is referred to herein as the "Lease");

WHEREAS, Guarantor has guaranteed Tenant's obligations under the Lease pursuant to a Guaranty dated May 23, 2002 (the "Guaranty"); and

WHEREAS, Assignor has submitted the Business Campus to the provisions of the New Jersey Condominium Act pursuant to that certain Master Deed of even date herewith (the "Master Deed") creating the condominium to be known as Princeton Bio-Technology Center Condominium (the "Condominium"), a copy of which Master Deed is attached hereto as Exhibit C; and

WHEREAS, the Association is the organization by and through which the affairs of the Condominium are administered; and

WHEREAS, the "Units," the "Common Elements" and the "Limited Common Elements" (as each such term is defined in the Master Deed) of the Condominium are shown on the Condominium Plat prepared by Langan Engineering dated February 27, 2003, attached hereto as Exhibit A (the "Condo Plat"); and

WHEREAS, Unit No. 1 of the Condominium ("Unit 1") includes (i) the Building and such other structures and appurtenances within Unit 1 which are not Common Elements or Limited Common Elements; (ii) an "Undivided Interest" (as defined in the Master Deed) in the Common Elements of the Condominium, as more particularly described in the Master Deed; and

(iii) a "Limited Common Elements Interest" (as defined in the Master Deed) in the Limited Common Elements designated for use by Unit 1 in the Master Deed; and

WHEREAS, Assignor has conveyed Unit 1 to Assignee; and

WHEREAS, in connection with the conveyance of Unit 1 to Assignee, Assignor desires to assign to Assignee, and Assignee desires to assume, the rights and obligations of Assignor under (i) the Lease, (ii) the Guaranty, (iii) that certain Confidentiality Agreement (the "Confidentiality Agreement") between Assignor, Tenant and Guarantor, and (iv) that certain Irrevocable Standby Letter of Credit No. 3050053 issued by Bank of America in favor of Assignor on July 9, 2002 in an amount not to exceed $430,114.59 (the "Letter of Credit"); and

WHEREAS, Guarantor desires to join in this Agreement for the purpose of consenting to the assignment of the Lease, Guaranty, Confidentiality Agreement and Letter of Credit by Assignor to Assignee; and

WHEREAS, the Association desires to join in this Agreement for the purposes of evidencing its consent to the terms and conditions of Sections 5 (u), 5 (h) and 6 (a) of this Agreement; and

WHEREAS, Assignee and Tenant desire to amend the Lease to reflect the creation of the Condominium, to substitute Unit 1 for the Original Premises as the "Premises" thereunder, and in certain other respects, all as more particularly set forth in this Agreement.

NOW, THEREFORE, for and in consideration of the sum of Ten Dollars ($10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to legally bind themselves and their respective successors, transferees, and assigns, Assignor, Assignee, Tenant, the Association and Guarantor hereby agree as follows:

1. Defined Terms. Capitalized terms used, but not defined, herein, shall have the meaning given to such terms in the Lease.

2. Assignment. Effective as of the date of this Agreement, Assignor hereby assigns, and Assignee hereby assumes, all of Assignor's right, title and interest in the Lease, Guaranty, Confidentiality Agreement and Letter of Credit. Tenant and Guarantor hereby consent to the foregoing assignment and assumption and agree to perform their respective obligations under the Lease, Guaranty, Confidentiality Agreement and Letter of Credit for the benefit of Assignee. Assignor hereby expressly agrees to continue to be bound by the terms of the Confidentiality Agreement, notwithstanding such assignment.

3. Assignor Estoppel. Assignor hereby represents and warrants to Assignee and Tenant that (a) the Lease as amended by this Agreement is in full force and effect; (b) the Lease has not been amended prior to this Agreement, and, except as otherwise contemplated herein, Assignor has not assigned the Lease; (c) there are no defaults existing on the part of the Tenant under the Lease; (d) Assignor has received no notices of default from Tenant and, to the best of Assignor's knowledge, no condition exists which, with the giving of notice, the passage

of time, or both, would constitute an Event of Default under the Lease; and (e) the Commencement Date under the Lease was May 24, 2002.

4. Tenant Estoppel. Tenant hereby represents and warrants to Assignee that (a) the Lease as amended by this Agreement is in full force and effect; (b) the Lease has not been amended prior to this Agreement and Tenant has not assigned the Lease nor sublet any portion of the Premises; (c) there are no defaults existing on the part of the Assignor under the Lease; (d) Tenant has received no notices of default from Assignor and, to the best of Tenant's knowledge, no condition exists which, with the giving of notice, the passage of time, or both, would constitute an Event of Default under the Lease; and (e) the Commencement Date under the Lease was May 24, 2002.

5. Amendments to Lease. Tenant and Assignor hereby amend the Lease in the following respects:

(a) Hopewell Property, LLC, a Delaware limited liability company with an address at 210 West Pennsylvania Avenue, Suite 700, Towson, Maryland 21204, is hereby substituted for Townsend Property Trust Limited Partnership as the "Landlord" under the Lease.

(b) The two WHEREAS paragraphs under the heading "Witnesseth:" in the introductory section of the Lease are hereby deleted and replaced with the following:

"WHEREAS, Landlord is the owner of Unit 1 ("Unit 1") of the Princeton Bio-Technology Center Condominium (the "Condominium") created under Master Deed dated May ___, 2003 (the "Master Deed") by Townsend Property Trust Limited Partnership, a Maryland limited partnership doing business in New Jersey as TPT Limited Partnership (the "Declarant") which Condominium covers that certain land located in Hopewell Township, Mercer County, New Jersey as more particularly described in Exhibit A attached hereto, with the buildings and other improvements thereon and shown on the Condominium Plat prepared by Langan Engineering dated February 27, 2003, attached hereto as Exhibit B (the "Condo Plat"); and

WHEREAS, Landlord desires to lease to Tenant and Tenant desire to lease from Landlord, Unit 1, all as more particularly set forth below."

(c) Paragraph 1(a) of the Lease is hereby deleted and replaced by the following:

"Landlord hereby rents and leases to Tenant, and Tenant hereby rents and leases from Landlord, Unit 1 (the "Premises"). The Premises consists of: (i) the Building containing 76,000 rentable square feet ("RSF") known as 350 Carter Road, Hopewell, New Jersey (the "Building"); (ii) the land within Unit 1 containing approximately 21.196 acres and shown as Unit No. 1 on the Condo Plat (the "Land"); (iii) any utility facilities or lines located on the Land and serving exclusively the Building; (iv) the driveways, walkways, parking areas, and related improvements now located on the Land; and (v) the right to use any appurtenances, rights, privileges and easements, if any, benefiting the Land or Building, except to

the extent limited by the terms of this Lease. Landlord and Tenant hereby agree that the Building contains 76,000 RSF. The phrase "east side of the campus" and the word "Campus" as used in this Lease shall refer to the portion of the Condominium consisting of, in the aggregate, approximately 191.719 acres of land as described on Exhibit B, comprised of 21.196 acres in Unit 1 of the Condominium, 63.411 acres in Unit 2 of the Condominium, 31.317 acres in Unit 3 of the Condominium, 9.740 acres in Unit 4 of the Condominium, 29.234 acres in Unit 5 of the Condominium, and 36.821 acres designated on the Condo Plat as Common Element."

(d) The first sentence of Paragraph 1(b) of the Lease is hereby deleted in its entirety.

(e) Paragraph 1(d)(i) of the Lease is hereby amended by deleting the first sentence thereof and replacing it with the following:

"Landlord specifically reserves the right to sell or ground lease the Premises and any other portion of or Unit in the Condominium owned by Landlord without the consent of Tenant."

(f) Paragraph 1(e)(ii) of the Lease is hereby deleted and replaced with the following:

"(ii) Solely in conjunction with the exercise of Tenant's purchase option pursuant to Paragraph 39 of this Lease, Tenant shall have the right, at any time prior to the commencement of the Third Lease Year, to file a subdivision plan for the subdivision of the Premises from the balance of the Condominium ("Tenant's Subdivision Plan"). For the purpose of this Paragraph, "Final Approval" shall mean that all required governmental approvals of the Tenant's Subdivision Plan have been granted and all appeal periods associated therewith have expired without appeal being filed (or, if an appeal is filed, upon the full and final determination of such appeal).

(g) Paragraph 3(f)(i) of the Lease is hereby amended by replacing the word "Landlord" in the second sentence with the word "Association"

(h) Paragraph 3(f)(ii) of the Lease is hereby amended by deleting the first sentence and replacing it by the following:

"Until such time as such utilities are provided directly to Tenant by the local utility or municipality or a private utility company, Landlord agrees to cause the Association to operate, maintain, repair, and replace the Utility Facilities in compliance with applicable Laws and to cause to be provided to the Building (in compliance with all applicable Laws):"

(i) Paragraph 3(h)(i) of the Lease is hereby deleted and replaced by the following:

"Until such time as the Premises are separately assessed, Tenant shall pay to Landlord as Additional Rent Tenant's Tax Share for each Tax Year (defined below)."

(j) Paragraph 3(h)(iii)(D) of the Lease is hereby deleted and replaced by the following:

"(D) "Tenant's Land Tax Proportionate Share" shall be 9.98% for the period from the Commencement Date to the date the Condo Plat is filed in the office of the Clerk of Mercer County, New Jersey; and 11.06% for the period from and after such filing date."

(k) Paragraph 3(h)(v) of the Lease is hereby amended by deleting the phrase "subdivided from the balance of the east side of the Campus and the Premises becomes a separate tax parcel" in the first two lines thereof, and inserting in lieu thereof the words "separately assessed."

(l) Paragraph 3(i)(i) of the Lease is hereby amended by deleting the following at the beginning thereof:

"At such time as the Premises are subdivided from the balance of the east side of the Campus and real estate taxes are separately assessed for the Land and Building,"

and replacing it with the following:

"At such time as the Premises are separately assessed for real estate taxes,".

(m) Paragraph 3(i)(iv) of the Lease is hereby amended by deleting the first two lines thereof and replacing them with the following":

"After such time as the Premises are separately assessed for real estate taxes, Tenant".

(n) Paragraph 8(f) of the Lease is hereby amended by replacing the phrase "services or utilities provided by Landlord" in two places in the first sentence with the phase "services or utilities provided by the Association" and by replacing the phrase "utilities or services provided by Landlord" in the third sentence with the phrase "services or utilities provided by the Association".

(o) Paragraph 12(c) of the Lease is hereby deleted and replaced with the following:

"(c) Landlord's right to any award made in any condemnation proceeding, action or ruling relating to the Premises shall be subject to the right of the holder of any mortgage or deed of trust encumbering the Premises to apply such award toward the reduction of any indebtedness secured by the Premises."

(p) Paragraph 16(b) of the Lease is hereby amended by deleting the word "Campus" in the fifth sentence thereof and replacing it with "Premises."

(q) Paragraph 30 of the Lease is hereby amended by deleting the first sentence thereof and replacing it with the following:

"Landlord's liability to Tenant with respect to this Lease shall be limited solely to Landlord's interest in the Premises and any other Units in the Condominium owned by Landlord."

(r) Paragraph 33(a) of the Lease is hereby amended by deleting the third sentence thereof and replacing it with the following:

"Notwithstanding the foregoing, in the event Tenant purchases the Premises pursuant to the Purchase Option or the Right of First Refusal, the Notice of Lease shall continue to be effective with respect to (i) the Expansion Right (to the extent it remains in effect at the time Tenant purchases the Premises), and (ii) the Parking Easement, to the extent that the Parking Lot (or the Replacement Lot, as the case may be) is not located on the Premises."

Landlord and Tenant shall execute, contemporaneously with this Agreement, an amended and restated notice of lease amending and restating the original Notice of Lease recorded in connection with the Lease, which shall be recorded in the Office of the Clerk of Mercer County.

(t)Paragraph 34(d) is hereby amended by deleting in the first sentence thereof the phrase "after Final Approval."

(u)Paragraphs 39(a)(iv), 39(a)(v), and 39(a)(vi)of the Lease are hereby deleted and replaced with the following:

"(iv) such utility easements and service agreements as may be entered into between Tenant and the Association for the provision, use, operation, maintenance, and repair of the Utility Facilities owned by the Association; (v) the Parking Easement and any parking agreements as may be entered into between Tenant and the owner of Unit 2 of the Condominium for the use, maintenance, repair, and replacement of the Parking Lot; (vi) such facts as an accurate survey will disclose; and (vii) real estate taxes assessed but not yet due and payable. Notwithstanding the foregoing, the Lease shall not be subject to the Master Deed. If the Tenant exercises the purchase option pursuant to this Paragraph 39, the Association and Tenant shall execute and record an easement agreement reasonably acceptable to the parties providing for, inter alia, to the extent the Premises are not served by public utilities, the provision of utility service to the Premises from the Utility Facilities, the operation, repair and maintenance of the Utility Facilities and the allocation of the costs associated therewith. The provisions of said easement agreement shall bind the Premises and the Association."

(v)Paragraph 39(c) of the Lease is hereby deleted and replaced with the following:

"(c) If Landlord sells the Premises, Landlord agrees to obtain from such transferee for the benefit of Tenant a written acknowledgement by such transferee of both the Option to Purchase and Tenant's right to elect to file a subdivision plan as set forth in this Lease."

(w)The first sentence of Paragraph 42(a) of the Lease is hereby deleted and replaced with the following:

"During Lease Years 1 through 5 of the Term, Landlord, in its capacity as owner of Unit 2 of the Condominium, will, if requested in writing by Tenant, negotiate in good faith the terms and conditions of the development, and leasing by Tenant, of one or more additional building(s) (the "Expansion Building(s)") to be constructed on Unit 2 of the Condominium (the "Expansion Parcel").".

(x)Exhibits A and B of the Lease are hereby deleted and replaced by Exhibits A and B attached to this Agreement.

6. Miscellaneous.

(a) Tenant, by its execution of this Agreement, shall not be deemed to have agreed or consented to be subject to the Master Deed or any other Condominium document and in the case of any inconsistencies or conflicts between the terms and conditions contained in the Lease (as amended hereby) and the terms and conditions contained in the Master Deed or any other Condominium document (including, but not limited to, the bylaws of the Association), the terms and conditions contained in the Lease (as amended hereby) shall control.

(b) This Agreement shall be governed and construed under the laws the State of New Jersey.

(c) This Agreement may be executed in counterparts and all counterparts together shall constitute a single Agreement.

(d) The Lease, as amended hereby, and the obligations of Landlord and Tenant thereunder, remain in full force and effect.

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

ASSIGNOR:

Townsend Property Trust Limited Partnership

By: DWT A II, LLC, a Delaware limited liability company, its sole general partner

By: /s/ DAVID TOWNSEND

Name: David Townsend
Title: Vice President

ASSIGNEE:

Hopewell Property, LLC

By: /s/ DAVID TOWNSEND

Name: David Townsend
Title: Vice President

TENANT:

Lexicon Pharmaceuticals (New Jersey), Inc.

By: /s/ JULIA P. GREGORY

Name: Julia P. Gregory
Title: Vice President and Treasurer

ATTEST:

/s/ JEFFREY L. WADE

Authorized Signature

its: Vice President and Secretary

Jeffrey L. Wade

(type name and title of signatory)

GUARANTOR:

Lexicon Genetics Incorporated

By: /s/ JULIA P. GREGORY

Name: Julia P. Gregory
Title: Executive Vice President and CFO

ATTEST:

/s/ JEFFREY L. WADE

Authorized Signature

its: Executive Vice President and General

Counsel

Jeffrey L. Wade

(type name and title of signatory)

THE ASSOCIATION:

Princeton Bio-Technology Center Condominium
Association, Inc.

By: /s/ DAVID TOWNSEND

Name: David Townsend
Title: Executive Board

ATTEST:

/s/ MARIA S. RUBI

Authorized Signature

its: _____

Maria S. Rubi

(type name and title of signatory)

EXHIBIT A

Legal Description of Land Subjected To
The Condominium

EXHIBIT B

Subdivision Plat

11

EXHIBIT C

Master Deed

12

AMENDED AND RESTATED MEMORANDUM OF LEASE

THIS AMENDED AND RESTATED MEMORANDUM OF LEASE (this "Memorandum of Lease") is made and entered into by and between the parties hereto, to evidence their execution of a certain lease dated as of May 23, 2002, as amended by First Amendment of Lease Agreement dated as of January 16, 2003, and as further amended by a certain Assignment and Amendment Agreement dated as of the date hereof (collectively, the "Lease").

WITNESSETH:

1. TERMINATION OF PRIOR MEMORANDUM OF LEASE. The Memorandum of Lease (the "Prior Memorandum of Lease") between Lexicon Pharmaceuticals (New Jersey), Inc. and Townsend Property Trust Limited Partnership, doing business in New Jersey as TPT Limited Partnership (the "Prior Landlord"), dated as of May 23, 2002 and recorded with the Office of the Clerk/Register in Mercer County, is hereby amended and restated in its entirety as provided herein and the parties hereto desire to remove and replace of record the Prior Memorandum of Lease with this Memorandum of Lease.

2. LANDLORD. The name of the Landlord is HOPEWELL PROPERTY, LLC, a Delaware limited liability company ("Landlord"), whose address is c/o Townsend Capital, LLC, 210 West Pennsylvania Avenue, Suite 700, Towson, Maryland 21204.

3. TENANT. The name of the Tenant is LEXICON PHARMACEUTICALS (NEW JERSEY), INC., a Delaware corporation ("Tenant"), whose address is 350 Carter Road, Princeton, New Jersey 08540.

4. PREMISES. The "Premises" consist of approximately 21.196 acres of land shown as Unit No. 1 on the Condominium Plan attached hereto as Exhibit B (the "Land"), which is a unit in that certain condominium known as the Princeton Bio-Technology Center Condominium, which consists of approximately 191.719 acres of land as described by metes and bounds in Exhibit A hereto (the "Condominium") and being Block 40, Lot 14 of Hopewell Township, Mercer County, New Jersey, along with the approximately 76,000 square foot office building located on the Land and known as the "Education Building," 350 Carter Road, Hopewell, New Jersey. The affairs of the Condominium are administered by the Princeton Bio-Technology Center Condominium Association, a New Jersey nonprofit corporation (the "Association").

5. LEASE TERM. The term of this Lease (the "Lease Term") commenced on May 24, 2002 (the "Commencement Date"), and expires on May 31, 2012, provided that if Tenant elects to receive the Additional T. I. Allowance (as defined in the Lease), the Lease Term

shall be extended through the date that is the tenth anniversary of the date Landlord funds the Additional T. I. Allowance, subject to sooner termination as provided in the Lease or extension as provided in the Lease as described below.

6. EXTENSION OPTIONS. Tenant has two (2) consecutive options to extend the Lease Term for five (5) years each.

7. OPTION TO PURCHASE.

(a) Tenant has the option to purchase (the "Purchase Option") the Premises during the period commencing on the Commencement Date and ending on the last day of the calendar month in which the third anniversary of the Commencement Date falls (the "Purchase Option Period"), but Tenant may not exercise the Purchase Option unless Final Approval (as defined in the Lease) has been obtained for the subdivision of the Premises from the balance of the Condominium. The Purchase Option Period will be extended for a period commencing on the first day of the calendar month immediately following the calendar month in which the third anniversary of the Commencement Date falls and ending on the date that is one hundred twenty (120) days following such date if Tenant elects to file a subdivision plan for the subdivision of the Premises from the balance of the Condominium as described in Subparagraph 1(e)(ii) of the Lease. Furthermore, prior to Landlord's mortgagee commencing foreclosure proceedings or accepting a deed in lieu of foreclosure for the Premises and/or the Expansion Parcel (as hereinafter defined), Tenant has the option to exercise the Purchase Option to purchase both the Premises and the Expansion Parcel.

(b) Conclusive evidence that the Purchase Option has teminated shall include an instrument (the "Option/Right Termination") in the form attached hereto as Exhibit D signed by Tenant and recorded in the Mercer County Recorded of Deeds Office (the "Recorder's Office") stating that the Purchase Option has been terminated. Tenant hereby unconditionally constitutes and appoints Landlord (and any transferee of Landlord's interest in the Premises) as its true and lawful attorney and agent for the sole purposes, except as otherwise set forth herein, of executing and recording the Option/Right Termination on Tenant's behalf upon the termination of the Purchase Option. Tenant acknowledges that the foregoing power granted to Landlord (and any transferee of Landlord's interest in the Premises) is coupled with an interest and shall not be revocable by Tenant in any manner or for any reason, including Tenant's dissolution, and any individual or entity may rely on this appointment.

8. RIGHT OF FIRST REFUSAL.

(a) Tenant has the right of first refusal ("Right of First Refusal") during the period (the "ROFR Period") commencing on the first day of the calendar month immediately following the calendar month in which the third anniversary of the Commencement Date falls and ending on the last day of the calendar month in which the tenth anniversary of the Commencement Date falls, with respect to any third party offer for the purchase of the Premises, or of property including the Premises, which Landlord intends to accept (not including a deed in lieu of foreclosure, a foreclosure sale, or sale by operation of law).

(b) A sale or ground lease by Landlord of the Premises (or of a larger portion of the Condominium including the Premises) which is consummated prior to the ROFR Period shall be expressly subject to Tenant's Right of First Refusal.

(c) If Tenant fails pursuant to the terms and conditions of the Lease to purchase the Premises or a larger parcel including the Premises that is offered to Tenant pursuant to the terms of the Lease during the ROFR Period, then the Right of First Refusal shall terminate; provided, however, that in the event the property in question is a larger parcel including the Premises, the Right of First Refusal with respect to the Premises shall survive the sale of such larger parcel and be binding on the purchaser of such larger parcel for the balance of the ROFR Period.

(d) Conclusive evidence that the Right of First Refusal has terminated shall include an Option/Right Termination in the form attached hereto as Exhibit D signed by Tenant and recorded in the Recorder's Office stating that the Right of First Refusal has been terminated. Tenant hereby unconditionally constitutes and appoints Landlord (and any transferee of Landlord's interest in the Premises) as its true and lawful attorney and agent for the sole purpose, except as otherwise set forth herein, of executing and recording the Option/Right Termination on Tenant's behalf upon the termination of the Right of First Refusal. Tenant acknowledges that the foregoing power granted to Landlord (and any transferee of Landlord's interest in the Premises) is coupled with an interest and shall not be revocable by Tenant in any manner or for any reason, including Tenant's dissolution, and any individual or entity may rely on this appointment.

9. EXPANSION RIGHT.

(a) Tenant has the following rights under the Lease (collectively, the "Expansion Right"):

(i) During the period commencing on the Commencement Date and ending on the last day of the calendar month in which the fifth anniversary of the Commencement Date falls, Landlord agrees to reserve sufficient "floor area ratio" (as such term is used in Hopewell Township's land use and development ordinances) ("FAR") on the portion of the Condominium shown on Exhibit B hereto as Unit No. 2 (the "Expansion Parcel") in order to develop one or more buildings (the "Expansion Building(s)") for Tenant, and Landlord agrees during such time period, upon written notice from Tenant, to negotiate in good faith, the development, and leasing by Tenant, of the Expansion Building(s). During the portion of such period commencing on the Commencement Date and ending on the last day of the calendar month in which the third anniversary of the Commencement Date falls, Landlord's obligation to reserve FAR and to negotiate in good faith the development, and leasing by Tenant, of the Expansion Building(s) on the Expansion Parcel shall be limited to 150,000 rentable square feet in the aggregate. During the portion of such period commencing on the third anniversary of the Commencement Date and ending on the last day of the calendar month in which the fifth anniversary of the Commencement Date falls, Landlord's obligation to reserve FAR and to negotiate in good faith the development, and leasing by Tenant, of the Expansion Building(s) on the Expansion Parcel shall be limited to 100,000 rentable square feet in the aggregate.

(ii) If Landlord and Tenant conduct a negotiation with respect to the development of Expansion Building(s) during the period commencing on the Commencement Date and ending on the last day of the calendar month in which the fifth anniversary of the Commencement Date falls and, notwithstanding the good faith attempts of the parties to reach agreement, (1) no agreement is reached and negotiations are terminated by either party (the date of the termination being referred to herein as the "Negotiation Termination Date"), or (2) no agreement is reached by the last day of such period; or (3) Tenant does not request in writing to Landlord to negotiate with respect to the development, and leasing by Tenant, of an Expansion Building prior to the end of the last day of such period, then, effective upon the earlier of the Negotiation Termination Date or the last day of such period, Tenant shall have no further right to require Landlord to negotiate for the development, and leasing by Tenant, of an Expansion Building; provided, however, that for the balance of the Lease Term, Landlord shall notify Tenant prior to developing the last available 100,000 RSF of FAR for the Expansion Parcel and Tenant shall have the right, within ten (10) business days of receiving said notice, to notify Landlord in writing ("Tenant's Negotiation Notice") that Tenant desires to negotiate in good faith with Landlord for the development, and lease by Tenant, of an Expansion Building not to exceed 100,000 RSF, and if Tenant so notifies Landlord, Landlord and Tenant shall promptly commence good faith negotiations regarding the terms of such development and leasing; and if, notwithstanding the good faith efforts of Landlord and Tenant, (A) no such agreement is reached and negotiations are terminated by either party, or (B) no such agreement is reached on or before the date which is forty five (45) days from the date Landlord receives Tenant's Negotiation Notice, then Tenant's Expansion Right shall expire and be null and void and Tenant shall have no further Expansion Right under the Lease.

(b) A sale or ground lease by Landlord of the Expansion Parcel (or of a larger portion of the Condominium including the Expansion Parcel) which is consummated during the Lease Term while the Expansion Right is still effective shall be expressly subject to Tenant's Expansion Right.

(c) Conclusive evidence that Tenant's Expansion Right has terminated shall include an Option/Right Termination in the form attached hereto as Exhibit D signed by Tenant and recorded in the Recorder's Office stating that Tenant's Expansion Right has been terminated. Tenant hereby unconditionally constitutes and appoints Landlord (and any transferee of Landlord's interest in the Expansion Parcel) as its true and lawful attorney and agent for the sole purpose, except as otherwise set forth herein, of executing and recording the Option/Right Termination on Tenant's behalf upon the termination of Tenant's Expansion Right. Tenant acknowledges that the foregoing power granted to Landlord (and any transferee of Landlord's interest in the Expansion Parcel) is coupled with an interest and shall not be revocable by Tenant in any manner or for any reason, including Tenant's dissolution, and any individual or entity may rely on this appointment.

10. UTILITY SERVICE.

(a) Landlord is obligated under the terms of the Lease, and the Association, has agreed, to operate, maintain, repair and replace certain Utility Facilities (as defined in the Lease) in order to supply the Premises with utility services until such time as, with respect to each particular type of such utility service, such utility service is provided directly to

the Premises by the local utility or municipality or a private utility company, and subject to Tenant's obligation to pay its pro rata cost of such utility service as set forth in the Lease (collectively, "Tenant's Utility Rights/Obligations").

(b) Certain of the Utility Facilities are located on the Premises and certain of the Utility Facilities are located on other portions of the Condominium off the Premises. A sale or ground lease by Landlord of the Land or any other portion of the Condominium (including a sale or ground lease by Prior Landlord of any portions not owned by Landlord) that includes any Utility Facilities serving the Premises shall be expressly subject to Tenant's Utility Rights/Obligations, and the parties to any such transaction shall execute and record the Utility Easement (as defined in the Lease). A sale of the Premises to Tenant pursuant to the exercise of Tenant's Purchase Option shall be expressly subject to Landlord, the Association and Tenant executing and recording an easement agreement reasonably acceptable to the parties and Tenant providing for, inter alia, to the extent the Premises are not served by public utilities, the provision of utility service to the Premises from the Utility Facilities, the operation, repair and maintenance of the Utility Facilities and the allocation of the costs associated therewith. The provisions of said easement agreement shall (i) be binding on the Premises and the Association, and (ii) be consistent with Paragraph 3(f) of the Lease so that Tenant has the same rights and benefits and obligations provided under the Lease (and no additional obligations or expenses) related thereto.

11. PARKING RIGHTS.

(a) During the Lease Term, including any extensions thereof, Tenant has the right to use the parking lot located on Unit 2 of the Condominium (but not on the Premises) as identified on Exhibit B attached hereto (the "Parking Lot"), until such time (if any) that the Parking Lot is replaced by the Replacement Lot (as defined in the Lease), at which time Tenant shall have the exclusive right to use the Replacement Lot and no further right to use the Parking Lot. Tenant's rights and obligations under the Lease with respect to the Parking Lot and Replacement Lot shall be referred to herein as "Tenant's Parking Rights/Obligations."

(b) A sale or ground lease by Landlord of all or any portion of the Condominium (including a sale or ground lease by Prior Landlord of any portions not owned by Landlord) that includes the Parking Lot or Replacement Lot shall expressly be subject to Tenant's Parking Rights/Obligations with respect thereto including, but not limited to, the obligations of the parties to such transaction to execute and record the Parking Easement (as defined in the Lease).

12. TERMINATION. This Memorandum of Lease shall terminate and cease to be effective upon the termination of the Lease. Conclusive evidence that the Lease has terminated shall include an instrument in the form attached hereto as Exhibit C (the "Termination Notice") signed by Tenant and recorded with the Recorder's Office stating that the Lease has been terminated. Upon termination of this Lease, the Purchase Option, Right of First Refusal and Tenant's Expansion Right shall each automatically terminate. Notwithstanding the foregoing, a termination of the Lease in connection with the purchase of the Premises pursuant to the Purchase Option or Right of First Refusal by Lexicon Pharmaceuticals (New Jersey), Inc., or an Affiliated Entity (as defined in the Lease) or a Permitted Assignee (as defined in the Lease) of

Lexicon Pharmaceuticals (New Jersey), Inc. shall not extinguish the Expansion Right (to the extent still effective under the terms of the Lease at the time of such purchase of the Premises) and the Expansion Right (to the extent still effective under the terms of the Lease at the time of such purchase of the Premises) shall continue to bind the Expansion Parcel and such purchaser pursuant to the terms of the Lease following such purchase and termination of the Lease for so long as the Premises is owned by Lexicon Pharmaceuticals (New Jersey), Inc., or an Affiliated Entity (as defined in the Lease) or a Permitted Assignee (as defined in the Lease) of Lexicon Pharmaceuticals (New Jersey), Inc. Tenant hereby unconditionally constitutes and appoints Landlord (and any transferee of Landlord's interest in the Lease) as its true and lawful attorney and agent for the sole purpose, except as otherwise set forth herein, of executing and recording the Termination Notice on Tenant's behalf upon the termination of the Lease. Tenant acknowledges that the foregoing power granted to Landlord (and any transferee of Landlord's interest in the Lease) is coupled with an interest and shall not be revocable by Tenant in any manner or for any reason, including Tenant's dissolution, and any individual or entity may rely on this appointment.

13. INCORPORATION OF LEASE. Reference is made to the Lease for the remaining terms and provisions thereof, all of which are incorporated herein by reference.

14. COUNTERPARTS. This Memorandum of Lease may be signed in one or more counterparts, all of which when taken together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties have executed this Amended and Restated Memorandum of Lease as of the 20th day of May, 2003.

LANDLORD:

HOPEWELL PROPERTY, LLC

By: /s/ DAVID TOWNSEND

Name: David Townsend
Title: Vice President

TENANT:

LEXICON PHARMACEUTICALS
(NEW JERSEY), INC.

By: /s/ JULIA P. GREGORY

Name: Julia P. Gregory
Title: Vice President and Treasurer

PRIOR LANDLORD:

TOWNSEND PROPERTY TRUST
LIMITED PARTNERSHIP, DOING
BUSINESS IN NEW JERSEY AS TPT LIMITED
PARTNERSHIP

By: DWT A II, LLC, ITS GENERAL PARTNER

By: /s/ DAVID TOWNSEND

Name: David Townsend
Title: Vice President

PRINCETON BIO-TECHNOLOGY
CENTER CONDOMINIUM
ASSOCIATION

By: /s/ DAVID TOWNSEND

Name: David Townsend
Title: Vice President

STATE OF MARYLAND

COUNTY OF _____

I, the undersigned, a notary public in and for the county and state aforesaid, hereby certify that _____, the _____ of DWT A II, LLC, general partner of Townsend Property Trust Limited Partnership, personally appeared before me, and that such member, being authorized to do so, executed the foregoing instrument for the purposes therein contained by signing the name of said company as general partner of said partnership as such member.

Given under my hand and official seal on _____, 2003.

_____
Notary Public

My commission expires: _____

STATE OF MARYLAND

COUNTY OF _____

I, the undersigned, a notary public in and for the county and state aforesaid, hereby certify that _____, the _____ of Hopewell Property, LLC, personally appeared before me, and that such _____, being authorized to do so, executed the foregoing instrument for the purposes therein contained by signing the name of said limited liability company as such _____.

Given under my hand and official seal on _____, 2003.

_____
Notary Public

My commission expires: _____

STATE OF MARYLAND

COUNTY OF _____

I, the undersigned, a notary public in and for the county and state aforesaid, hereby certify that _____, the _____ of the Princeton Bio-Technology Center Condominium, personally appeared before me, and that such officer, being authorized to do so, executed the foregoing instrument for the purposes therein contained by signing the name of said corporation as such officer.

Given under my hand and official seal on _____, 2003.

_____
Notary Public

My commission expires: _____

STATE OF NEW JERSEY

COUNTY OF _____

I, the undersigned, a notary public in and for the county and state aforesaid, hereby certify that _____, the _____ of Lexicon Pharmaceuticals (New Jersey), Inc., personally appeared before me and that such officer, being authorized to do so, executed the foregoing instrument for purposes therein contained by signing the name of the corporation as such officer.

Given under my hand and official seal on _____, 2003.

_____
Notary Public

My commission expires: _____

Mail to: Mark S. DePillis, Esquire
Ballard Spahr Andrews & Ingersoll, LLP
1735 Market Street, 51st Floor
Philadelphia, Pennsylvania 19103

EXHIBIT A

Legal Description of Real Estate Comprising Condominium

EXHIBIT B

Condominium Plan Showing Land, Expansion Parcel and Condominium

EXHIBIT C

FORM OF LEASE TERMINATION NOTICE

THIS TERMINATION OF LEASE ("Termination") is made as of this _____ day of _____, 20___, by and between _____ ("Landlord") and _____ ("Tenant").

WHEREAS, [Hopewell Property, LLC (as successor to Townsend Property Limited Partnership)] [Landlord], as landlord, and [Lexicon Pharmaceuticals (New Jersey), Inc.] [Tenant], as tenant, entered into that certain Lease Agreement dated May __, 2002, as amended by First Amendment of Lease Agreement dated as of January 16, 2003, and as further amended by a certain Assignment and Amendment Agreement dated as of _____, 2003 (collectively, the "Lease") with respect to the Land described in Exhibit A hereto and the Building and other improvements thereon located at 350 Carter Road, Hopewell, New Jersey [explain any lease assignments or amendments here], which Lease is evidenced by an Amended and Restated Memorandum of Lease dated _____, 2003 and recorded in the Office of the Clerk of Mercer County, New Jersey (the "Recorder's Office") in Book ___, Page ___ (the "Memorandum").

[See Article 33 regarding survival of certain rights]

WHEREAS, the Lease (including, but not limited to, the Purchase Option, Right of First Refusal and Expansion Right, as each such term is defined in the Lease) has terminated.

WHEREAS, this Termination is entered into for the purpose of setting forth upon the public record that the Lease (including, but not limited to, the Purchase Option, Right of First Refusal and Expansion Right, as each such term is defined in the Lease) is terminated and null and void and the Memorandum is of no further force and effect.

NOW THEREFORE, for good and valuable consideration, each to the other in hand paid, the parties hereto, intending to be legally bound hereby, agree as follows:

1. The Lease (including, but not limited to, the Purchase Option, Right of First Refusal and Expansion Right, as each such term is defined in the Lease) is hereby terminated and released and the Memorandum is of no further force or effect.

2. The parties hereto acknowledge that this Termination is intended to be recorded in the Recorder's Office.

IN WITNESS WHEREOF, the parties hereto have executed this Termination as of the day and year first above written.

LANDLORD:

[NAME OF LANDLORD]

By: _____
Name:
Title:

TENANT:
[NAME OF TENANT]

By: _____
Name:
Title:

STATE OF _____

COUNTY OF _____

I, the undersigned, a notary public in and for the county and state aforesaid, hereby certify that _____, the _____ of _____, personally appeared before me, and that such officer, being authorized to do so, executed the foregoing instrument for the purposes therein contained by signing the name of said company as such officer.

Given under my hand and official seal on _____, 20___.

_____
Notary Public
My commission expires: _____

STATE OF _____

COUNTY OF _____

I, the undersigned, a notary public in and for the county and state aforesaid, hereby certify that _____, the _____ of _____, personally appeared before me and that such officer, being authorized to do so, executed the foregoing instrument for purposes therein contained by signing the name of the corporation as such officer.

Given under my hand and official seal on _____, 20___.

_____
Notary Public
My commission expires: _____

EXHIBIT "A"

LEGAL DESCRIPTION

C-4

EXHIBIT D

FORM OF OPTION/RIGHT TERMINATION

THIS OPTION TERMINATION ("Termination") is made as of this _____ day of _____, 20___, by and between _____ ("Landlord") and _____ ("Tenant").

WHEREAS, [Hopewell Property, LLC (as successor to Townsend Property Limited Partnership)] [Landlord], as landlord, and [Lexicon Pharmaceuticals (New Jersey), Inc.] [Tenant], as tenant, entered into that certain Lease Agreement dated May __, 2002, as amended by First Amendment of Lease Agreement dated as of January 16, 2003, and as further amended by a certain Assignment and Amendment Agreement dated as of _____, 2003 (collectively, the "Lease") with respect to the Land described in Exhibit A hereto and the Building and other improvements thereon located at 350 Carter Road, Hopewell, New Jersey [explain any lease assignments or amendments here], which Lease is evidenced by an Amended and Restated Memorandum of Lease dated _____, 2003 and recorded in the Office of the Clerk of Mercer County, New Jersey (the "Recorder's Office") in Book ___, Page ___ (the "Memorandum").

WHEREAS, the Lease includes a [Purchase Option] [Right of First Refusal] [Expansion Right] (as such term is defined in the Lease) in favor of Tenant (the "Right"), which right is referenced in the Memorandum.

WHEREAS, the Right has terminated.

WHEREAS, this Termination is entered into for the purpose of setting forth upon the public record that the Right is terminated and null and void.

NOW THEREFORE, for good and valuable consideration, each to the other in hand paid, the parties hereto, intending to be legally bound hereby, agree as follows:

1. The Right is hereby terminated and released and of no further force or effect.

2. The parties hereto acknowledge that this Termination is intended to be recorded in the Recorder's Office.

IN WITNESS WHEREOF, the parties hereto have executed this Termination as of the day and year first above written.

LANDLORD:

[NAME OF LANDLORD]

By: _____
Name:
Title:

TENANT:
[NAME OF TENANT]

By: _____
Name:
Title:

STATE OF _____

COUNTY OF _____

I, the undersigned, a notary public in and for the county and state aforesaid, hereby certify that _____, the _____ of _____, personally appeared before me, and that such officer, being authorized to do so, executed the foregoing instrument for the purposes therein contained by signing the name of said company as such officer.

Given under my hand and official seal on _____, 20___.

_____
Notary Public
My commission expires: _____

STATE OF _____

COUNTY OF _____

I, the undersigned, a notary public in and for the county and state aforesaid, hereby certify that _____, the _____ of _____, personally appeared before me and that such officer, being authorized to do so, executed the foregoing instrument for purposes therein contained by signing the name of the corporation as such officer.

Given under my hand and official seal on _____, 20___.

_____
Notary Public
My commission expires: _____

EXHIBIT "A"

LEGAL DESCRIPTION

D-4

[HOPEWELL PROPERTY LLC LETTERHEAD]

July 2, 2003

BY FACSIMILE (609) 448-8299
and FEDERAL EXPRESS

Mr. Mike Messinger
Lexicon Pharmaceuticals
350 Carter Road
Princeton, NJ 08540

Re: 350 Carter Road, Hopewell, NJ

Dear Mike:

This letter shall confirm that the $2,000,000 Additional T.I. Allowance was wired to Lexicon Pharmaceuticals (New Jersey), Inc. ("Lexicon"), on the morning of June 30, 2003. Pursuant to Section 5(h) of the Lease by and between Lexicon and Hopewell Property, LLC dated May 23, 2002 (as amended, the "Lease"), effective as of June 30, 2003 (a) the Expiration Date for the initial Term of the Lease is extended to June 30, 2013 and (b) the Annual Base Rental and Monthly Base Rental amounts for the balance of the initial Term of the lease are as follows:

Lease Year	Annual Base Rent	Monthly Base Rent	Sq. Ft. Rent P.S.F. Rent Paid -
June 30, 2003-May 31, 2005 (balance of Lease Year 2 after rent change - Lease Year 3)	$2,064,738.41	$172,061.53	$27.17 76,000 - ---
June 1, 2005-May 31, 2008 (Lease Years 4-6)	$2,178,738.41	$181,561.53	$28.67 76,000 - ---
June 1,			

2008-May 31, 2011 (Lease Years 7-9)	
$2,300,338.41	
$30.27	
$191,694.87	
76,000 - ---	

- June 1, 2011-June 30, 2013 (Lease Year 10- Expiration Date)	
$2,429,538.41	
$31.97	
$202,461.53	
76,000 - ---	

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Please begin paying in the new Monthly Base Rent amounts beginning with your rent payment for the month of July, 2003. In addition, please remit payment in the amount of $956.33, which is the prorated Monthly Base Rent increase amount for June 30, 2003, the effective date of such increases.

For your convenience, with respect to the Option Purchase Price I have noted below the corresponding actual dates for the Lease Years set forth in Exhibit F to the Lease:

Time Period	Price
Lease Year 2: June 1, 2003 - May 31, 2004	$13,430,000 plus unamortized amounts of the Tenant Improvement Allowance and the Additional T.I. Allowance actually received by Tenant
Lease Year 3: June 1, 2004 - May 31, 2005	$13,750,000 plus unamortized amounts of the Tenant Improvement Allowance and the Additional T.I. Allowance actually received by Tenant

Should you have any questions please do not hesitate to call me or our asset manager, Dianna Wilhelm. All capitalized terms used but not defined in this letter shall have the meaning given them in the Lease.

Very truly yours,

/s/ Maria Sequeira Rubi

Maria Sequeira Rubi

MSR/lms

CC: David Townsend
Dianna Wilhelm
Steven M. Cohen, Esquire
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