As filed with the Securities and Exchange Commission on September 9, 2013

Registration No. 333-190643

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

AMENDMENT NO. 2
TO
FORM S-1
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

OPHTHOTECH CORPORATION

(Exact name of registrant as specified in its charter)

Delaware	**2834**	**20-8185347**
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification No.)

One Penn Plaza, 35th Floor
New York, New York 10119
(212) 845-8200
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

David R. Guyer, M.D.
Chief Executive Officer
Ophthotech Corporation
One Penn Plaza, 35th Floor
New York, New York 10119
(212) 845-8200
(Name, address, including zip code, and telephone number, including area code, of agent for service)

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Approximate date of commencement of proposed sale to the public: As soon as practicable after this Registration Statement is declared effective.

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. ☐

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

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐	Accelerated filer ☐	Non-accelerated filer ☒ (Do not check if a smaller reporting company)	Smaller reporting company ☐

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities To Be Registered	Amount to be Registered [1]	Proposed Maximum Offering Price Per Share [2]	Proposed Maximum Aggregate Offering Price [2]	Amount of Registration Fee [3][4]
Common Stock, $0.001 par value per share	6,578,000	$19.00	$124,982,000	$17,048

(1) Includes 858,000 shares of common stock the underwriters have the option to purchase.
(2) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(a) under the Securities Act of 1933, as amended.
(3) Calculated pursuant to Rule 457(a) based on an estimate of the proposed maximum aggregate offering price.
(4) A registration fee of $11,594 was previously paid in connection with the Registration Statement, and the additional amount of $5,454 is being paid herewith.

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

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PROSPECTUS (Subject to Completion)
Dated September 9, 2013

5,720,000 Shares

COMMON STOCK

Ophthotech Corporation is offering 5,720,000 shares of common stock. This is our initial public offering and no public market currently exists for our shares. We anticipate that the initial public offering price of our common stock will be between $16.00 and $19.00 per share.

We have applied to list our common stock on The NASDAQ Global Market under the symbol “OPHT”.

We are an emerging growth company as that term is used in the Jumpstart Our Business Startups Act of 2012 and, as such, have elected to comply with certain reduced public company reporting requirements for this prospectus and future filings.

Investing in our common stock involves risks. See “Risk Factors” beginning on page 11.

PRICE $ A SHARE

	Price to Public	Underwriting Discounts and Commissions [1]	Proceeds to Ophthotech
Per Share	$	$	$
Total	$	$	$

(1) The underwriters will receive compensation in addition to underwriting discounts and commissions. See “Underwriters.”

Our existing principal stockholders and their affiliated entities have indicated an interest in purchasing an aggregate of approximately $25 million in shares of our common stock in this offering at the initial public offering price. However, because indications of interest are not binding agreements or commitments to purchase, these stockholders may determine to purchase fewer shares than they indicate an interest in purchasing or not to purchase any shares in this offering. It is also possible that these stockholders could indicate an interest in purchasing more shares of our common stock. In addition, the underwriters could determine to sell fewer shares to any of these stockholders than the stockholders indicate an interest in purchasing or not to sell any shares to these stockholders.

We have granted the underwriters an option to purchase up to 858,000 additional shares of our common stock to cover over-allotments. The underwriters can exercise this option at any time within 30 days after the date of this prospectus.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities, or passed on the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

The underwriters expect to deliver the shares of common stock to purchasers on , 2013.

Morgan Stanley **J.P. Morgan**

Leerink Swann **Stifel**

, 2013

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Neither we nor the underwriters have authorized anyone to provide you with information other than that contained in this prospectus or in any free writing prospectus prepared by or on behalf of us or to which we have referred you. We and the underwriters take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give to you. We are offering to sell, and seeking offers to buy, shares of our common stock only in jurisdictions where offers and sales are permitted. The information contained in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or any sale of our common stock. Our business, financial condition, results of operations and prospects may have changed since that date.

No action is being taken in any jurisdiction outside the United States to permit a public offering of our common stock or possession or distribution of this prospectus in that jurisdiction. Persons who come into possession of this prospectus in jurisdictions outside the United States are required to inform themselves about and to observe any restrictions as to this offering and the distribution of this prospectus applicable to that jurisdiction.

PROSPECTUS SUMMARY

This summary highlights information contained elsewhere in this prospectus. This summary does not contain all of the information you should consider before investing in our common stock. You should read this entire prospectus carefully, especially the "Risk Factors" section and our financial statements and the related notes appearing at the end of this prospectus, before making an investment decision.

Our Company Overview

Ophthotech is a biopharmaceutical company specializing in the development of novel therapeutics to treat diseases of the eye. Our most advanced product candidate is Fovista, which we are developing for use in combination with anti-VEGF drugs that represent the current standard of care for the treatment of wet age-related macular degeneration, or wet AMD. We have completed a large Phase 2b clinical trial in which 1.5 mg of Fovista administered in combination with one of the standard of care drugs, Lucentis, demonstrated statistically significant superiority compared to Lucentis monotherapy based on the primary endpoint of mean change in visual acuity from baseline at 24 weeks, providing a 62% comparative benefit from baseline. We have initiated a pivotal Phase 3 clinical program to evaluate the safety and efficacy of Fovista combination therapy for the treatment of newly diagnosed wet AMD patients compared to current standard of care monotherapy. We have begun treating patients in the United States in two of three Phase 3 clinical trials in this program, both of which are evaluating the safety and efficacy of 1.5mg of Fovista administered in combination with Lucentis. We expect to have initial, top-line data from our Phase 3 clinical program available in 2016. If the results of this Phase 3 clinical program are favorable, we plan to submit applications for marketing approval for Fovista in both the United States and the European Union before the end of 2016.

Wet AMD is a serious disease of the central portion of the retina, known as the macula, which is responsible for detailed central vision and color perception. It is characterized by abnormal new blood vessel formation and growth, referred to as neovascularization, which results in blood vessel leakage, retinal distortion and scar formation. If untreated, the progressive retinal damage results in rapid, irreversible and severe vision loss. Wet AMD is the leading cause of blindness in patients over the age of 55 in the United States and the European Union. In the United States, according to a study on the burden of AMD published in 2006 in the peer reviewed journal *Current Opinion in Ophthalmology*, there are approximately 1,250,000 cases of wet AMD. According to AMD Alliance International, approximately 200,000 new cases of wet AMD arise in the United States each year. The percentage of individuals with wet AMD increases substantially with age, and we expect that the number of cases of wet AMD will increase with growth of the elderly population in the United States.

The current standard of care for wet AMD is monotherapy administration of drugs that target vascular endothelial growth factor, or VEGF, one of several proteins involved in neovascularization. The anti-VEGF market for the treatment of wet AMD consists predominantly of two drugs that are approved for marketing and primarily prescribed for the treatment of wet AMD, Lucentis and Eylea, and off-label use of the cancer therapy Avastin. In 2012, annual worldwide sales of Lucentis and Eylea for all indications totaled approximately $4.8 billion. Avastin was used off-label to treat approximately 60% of Medicare beneficiaries in 2008 who received anti-VEGF therapy for wet AMD. Retinal specialists in the largest markets in the European Union use off-label Avastin to treat approximately 27% of patients with wet AMD.

The use of anti-VEGF drugs has significantly improved visual outcomes for patients with wet AMD who have been treated with these drugs as compared to untreated patients. However, persistent retinal distortion and scar tissue formation limit visual benefit from anti-VEGF monotherapy, and a significant unmet medical need remains. For example, based on results of third-party clinical trials, after one year of treatment with an anti-VEGF drug, approximately 18% to 22% of newly diagnosed wet AMD patients have lost additional vision, defined as the loss of the ability to read one or more letters on a standardized chart of vision testing, and

approximately 62% to 75% of newly diagnosed wet AMD patients have not achieved an ability to read an additional 15 or more letters on the standardized chart of vision testing. In addition, in 2013, the peer reviewed journal *Ophthalmology* published the results of an uncontrolled study of patients who had received two years of treatment with an anti-VEGF agent in clinical trials and then received additional anti-VEGF therapy at physician's discretion for two more years. When assessed at their last evaluation in this study, approximately 46% of such patients had lost additional vision, defined as the loss of the ability to read one or more letters on a standardized chart of vision testing. Moreover, in 2013, *Ophthalmology* published the results of a separate follow-up study of a cohort of these same patients. When assessed approximately three years after completing their participation in the prior study, approximately one-third had poor outcomes, defined as the loss of the ability to read 15 or more letters on a standardized chart of vision testing, according to the study conclusions. In addition, approximately 57% of such patients had lost additional vision, defined as the loss of the ability to read one or more letters on a standardized chart of vision testing, compared to baseline prior to receiving therapy in the original clinical trials, and approximately 37% had visual acuity at the level of legal blindness, defined as visual acuity of 20/200 or worse. The study authors noted that wet AMD patients remain at risk for substantial visual decline.

We believe that the administration of Fovista in combination with anti-VEGF drugs in patients with wet AMD may disrupt abnormal new blood vessels and cause the regression of neovascularization more effectively than anti-VEGF monotherapy. Fovista binds to and inhibits a protein known as platelet derived growth factor, or PDGF, causing the stripping of pericytes, which are cells that cover the outside of newly formed blood vessels. The pericytes support and stabilize newly formed blood vessels and provide a local source of VEGF and other survival signals to endothelial cells located inside the newly formed blood vessels. After the pericytes are stripped from the new blood vessels, the endothelial cells are left unprotected and are highly vulnerable to the effects of anti-VEGF therapy. We believe that Fovista may provide meaningful added benefit in the treatment of wet AMD regardless of the co-administered anti-VEGF drug.

We completed a large, multi-dose Phase 2b clinical trial in newly diagnosed wet AMD patients in 2012 in which a combination of 1.5 mg of Fovista and Lucentis demonstrated statistically significant superiority compared to Lucentis monotherapy based on the primary endpoint of mean change in visual acuity from baseline at 24 weeks. Patients receiving the combination of 1.5 mg of Fovista and Lucentis gained a mean of 10.6 letters from baseline on a standardized chart of vision testing compared to a mean gain of 6.5 letters from baseline for patients receiving Lucentis monotherapy, representing a 62% comparative benefit from baseline. Based on retrospective analyses of commonly evaluated parameters used in wet AMD trials, Fovista combination therapy resulted in improved visual outcome, with more patients experiencing vision gain and fewer patients experiencing vision loss, in a broad range of patient groups in this trial compared to Lucentis monotherapy. We also observed improved visual outcomes in a previously completed, uncontrolled Phase 1 clinical trial of Fovista administered in combination with Lucentis. In August 2013, we initiated our pivotal Phase 3 clinical program that will consist of three separate Phase 3 clinical trials evaluating Fovista administered in combination with anti-VEGF drugs in newly diagnosed wet AMD patients. Our Phase 3 clinical program builds on and incorporates significant aspects from the design of our Phase 2b clinical trial.

We have retained worldwide commercialization rights to Fovista. If Fovista receives marketing approval, we plan to commercialize it in the United States with our own focused, specialty sales force. We believe that retinal specialists in the United States, who perform most of the medical procedures involving diseases of the back of the eye, are sufficiently concentrated that we will be able to effectively promote Fovista to these specialists with a sales and marketing group of fewer than 100 people. We expect to utilize a variety of types of collaboration, distribution and other marketing arrangements with one or more third parties to commercialize Fovista in markets outside the United States.

We are led by a team of experienced pharmaceutical industry executives and recognized experts in retinal disease. Our management team includes our co-founder and Chief Executive Officer, David Guyer, M.D., and our co-founder and President, Samir Patel, M.D. Dr. Guyer and Dr. Patel were co-founders and senior executives of Eyetech Pharmaceuticals, Inc., which was acquired by OSI Pharmaceuticals, Inc. in 2005. While at Eyetech Pharmaceuticals, Dr. Guyer and Dr. Patel were responsible for the clinical development and commercialization of Macugen, the first anti-VEGF drug approved for the treatment of wet AMD. While at Eyetech Pharmaceuticals, they also were responsible for the preclinical development of Fovista, the rights to which we subsequently acquired from OSI (Eyetech), Inc. pursuant to a divestiture agreement prior to initiation of any clinical development. We believe that our senior management provides us with significant capabilities in the development and commercialization of novel therapies to treat diseases of the eye.

Our Strategy

Our goal is to become a leading biopharmaceutical company focused on developing and commercializing novel therapeutics to treat diseases of the eye, with a particular focus on diseases of the back of the eye. The key elements of our strategy to achieve this goal are:

- *Complete clinical development of and seek marketing approval for Fovista administered in combination with anti-VEGF drugs for wet AMD.* In August 2013, we initiated a pivotal Phase 3 clinical program evaluating Fovista administered in combination with anti-VEGF drugs for the treatment of newly diagnosed wet AMD patients. Based on our estimates regarding patient enrollment, we expect to have initial, top-line data from this Phase 3 clinical program available in 2016. Our Phase 3 clinical trials will continue thereafter in accordance with the protocols for these trials. In May 2013, we entered into a royalty purchase and sale agreement, or royalty agreement, with Novo A/S for a financing of up to $125 million to fund a substantial portion of our planned Phase 3 clinical program for Fovista in return for the sale to Novo A/S of royalty interests in future worldwide sales of Fovista. We received approximately $42 million of this royalty financing in May 2013.
- *Maximize commercial potential of Fovista.* We have retained worldwide commercialization rights to Fovista. If Fovista receives marketing approval, we plan to commercialize it in the United States with our own focused, specialty sales force. We expect to utilize a variety of types of collaboration, distribution and other marketing arrangements with one or more third parties to commercialize Fovista in markets outside the United States.
- *Explore the use of Fovista in additional patient populations.* We are evaluating other neovascular ophthalmic conditions for which we believe Fovista treatment may be beneficial, including treatment of wet AMD in patients who do not respond adequately to anti-VEGF treatment, treatment of proliferative vitreoretinopathy, a complication associated with retinal detachment, and treatment of the retinal manifestations of von Hippel-Lindau disease, an inherited disease characterized by multiple benign and malignant tumors and cysts in the eye and other organs. If we initiate small, exploratory clinical trials for any such condition in 2014, we expect that initial data from such clinical trials could be available before the end of 2015.
- *Advance the development of other product candidates for the treatment of ophthalmic disease.* We are evaluating further clinical development of our product candidate ARC1905 for the treatment of wet AMD. ARC1905 is a potent and selective inhibitor of complement factor C5, a protein that is associated with inflammation and that we believe is involved in the development of wet AMD. We anticipate that our development plans for ARC1905 will be directed toward a group of patients with wet AMD who have complement mediated inflammation and do not respond adequately to anti-VEGF monotherapy. We acquired rights to ARC1905 under an exclusive license agreement with Archemix Corp. We have conducted all of the preclinical research and clinical development of ARC1905 for the treatment of ophthalmic disease.

- *Opportunistically in-license or acquire products, product candidates and technologies.* We believe that our focus on diseases of the eye and our experienced management team will make us an attractive collaborator or acquirer for companies seeking to out-license or sell rights to products, product candidates or technologies in our area of focus. We generally expect that we will not engage in early stage research and drug discovery and will thus avoid the related costs and risks of these activities.

Potential for Fovista

We intend to seek a label for Fovista for the treatment of patients with wet AMD in combination with any anti-VEGF drug. We believe that Fovista may provide meaningful added benefit in the treatment of wet AMD regardless of the co-administered anti-VEGF drug.

- *Visual Acuity Benefit.* In our Phase 2b clinical trial, we observed a visual benefit in patients treated with the combination of 1.5 mg of Fovista and Lucentis that was evident early in and sustained over the course of treatment. The relative magnitude of visual benefit increased over the study period. We believe that these results suggest that Fovista may provide lasting benefit to patients when used as chronic therapy in combination with Lucentis.
- *Phase 3 Clinical Trials Build Upon and Incorporate Phase 2b Clinical Trial Design.* Two of the three Phase 3 clinical trials included in our Phase 3 clinical program will evaluate the safety and efficacy of Fovista administered in combination with Lucentis. We believe that the following aspects of our two Phase 3 clinical trials of Fovista administered in combination with Lucentis may reduce the risk that we will have unexpected outcomes in these two clinical trials:
  - We have made no meaningful changes to the inclusion and exclusion criteria in these Phase 3 clinical trials from those we used in our Phase 2b clinical trial.
  - We are not changing the primary endpoint, mean change in visual acuity from baseline, that we used in our Phase 2b clinical trial. However, we will assess mean change in visual acuity from baseline in these Phase 3 clinical trials at 12 months, instead of at 24 weeks as in our Phase 2b clinical trial.
  - We are further improving our ability to detect any statistically significant differences in outcomes between the treatment and control arms of our Phase 3 clinical trials by substantially increasing both the number of patients who will receive 1.5 mg of Fovista administered in combination with Lucentis and the number of patients who will receive Lucentis monotherapy as compared to our Phase 2b clinical trial.
  - We are using a dose of Fovista that exhibited a favorable safety profile in our Phase 2b clinical trial.

  To support our efforts to seek a broad label for Fovista, we plan to include a third Phase 3 clinical trial to evaluate the safety and efficacy of Fovista administered in combination with each of Avastin or Eylea compared to Avastin or Eylea monotherapy.
- *Potential to Enhance Efficacy of Current Standard of Care Regardless of Anti-VEGF Drug Administered.* Based on results of third-party clinical trials, after one year of treatment with an anti-VEGF drug, approximately 18% to 22% of newly diagnosed wet AMD patients have lost additional vision, defined as the loss of the ability to read one or more letters on a standardized chart of vision testing, and approximately 62% to 75% of such patients have not achieved an ability to read an additional 15 or more letters on the standardized chart of vision testing. Based on its proposed mechanism of action, we believe that Fovista may provide meaningful added benefit in the treatment of wet AMD regardless of the co-administered anti-VEGF drug.

Risks Associated with Our Business

Our business is subject to a number of risks of which you should be aware before making an investment decision. These risks are discussed more fully in the "Risk Factors" section of this prospectus immediately following this prospectus summary. These risks include the following:

- Clinical trials of Fovista or any of our other product candidates may not be successful. The results of our Phase 2b clinical trial may not be predictive of the results of our Phase 3 clinical program due, in part, to the fact that we have no clinical data on Fovista combination therapy in any clinical trial longer than 24 weeks, that we have no clinical data on the effects of Fovista when administered in combination with Avastin or Eylea and that we plan to conduct our Phase 3 clinical trials at many clinical centers that were not included in our Phase 2b clinical trial. The U.S. Food and Drug Administration, the European Medicines Agency, or EMA, or other regulatory authorities may require us to conduct additional nonclinical studies or require us to modify our proposed Phase 3 clinical program to receive clearance to initiate such program or to continue such program once initiated, which may result in our incurring increased expense or delay in the completion of such program. The EMA has requested additional information and justification for aspects of our trial protocols in connection with our seeking scientific advice from the EMA regarding our Phase 3 clinical program.
- We currently depend heavily on the success of Fovista. Our ability to generate product revenues, which may not occur for several years, if ever, will depend substantially on the successful development and commercialization of Fovista in combination with anti-VEGF drugs for the treatment of wet AMD and on our receipt of marketing approval with labeling that does not include significant patient population, administration or use restrictions. We are party to agreements, specifically an acquisition agreement with OSI (Eyetech), Inc., which agreement is now held by OSI Pharmaceuticals, Inc., a subsidiary of Astellas US, LLC, and license agreements with Archemix Corp. and Nektar Therapeutics that impose significant milestone payment obligations on us in connection with our achievement of specific clinical, regulatory and commercial milestones with respect to Fovista.
- If we are unable to obtain required marketing approvals for, commercialize, obtain and maintain patent protection for or gain market acceptance by physicians, patients and third-party payors of Fovista or any of our other product candidates, or experience significant delays in doing so, our business will be materially harmed and our ability to generate revenue will be materially impaired.
- The degree of market acceptance of Fovista or any other product candidate that we develop, if approved for commercial sale, will depend on availability of third-party coverage and adequate reimbursement, particularly by Medicare, given our target market for persons over age 55.
- We hold patents covering the composition of matter of Fovista and patents and pending patent applications covering methods of Fovista's use in combination with certain anti-VEGF drugs for the treatment of wet AMD in the United States and certain other jurisdictions. Our pending patent applications covering methods of Fovista's use in combination with certain anti-VEGF drugs may not result in patents being issued which protect our technology or products, in whole or in part, or which effectively prevent others from commercializing competitive technologies and products. Once our patents covering the composition of matter of Fovista in a particular jurisdiction, if any, expire, which is expected to occur in 2017 in the United States and 2018 in Europe and Japan, competitors will be able to offer and sell products containing the same active pharmaceutical ingredient in that jurisdiction so long as these competitors do not infringe any of our other patents covering Fovista or its method of use, do not violate the terms of any marketing or data exclusivity that may be granted to us by regulatory authorities and obtain any necessary marketing approvals from regulatory authorities.
- We have a limited operating history. We currently have no commercial products and we have not received marketing approval for any product candidate.
- We have incurred significant operating losses since inception. As of June 30, 2013, we had a deficit accumulated during the development stage of $144.2 million. We expect to incur significant expenses and increasing operating losses over the next several years and will need substantial additional funding.

Our future capital requirements will depend on many factors, including the progress and costs of our Phase 3 clinical program for Fovista.

- The expected funding under our royalty agreement with Novo A/S of approximately $83.3 million is subject to enrollment of specified numbers of patients in our Phase 3 clinical trials of Fovista and our satisfying additional closing conditions and other obligations. We are obligated to pay Novo A/S royalties at low to mid single-digit percentages of worldwide sales of Fovista, with the royalty percentage determined by the amount of funding provided by Novo A/S. If we fail to satisfy our diligence obligations or breach any other of our obligations under the royalty agreement with Novo A/S and fail to cure the breach within the applicable grace period, Novo A/S could seek to foreclose on the collateral, including Fovista intellectual property, securing our obligations. If Novo A/S successfully does so, we would lose our rights to develop and commercialize Fovista.

Our Corporate Information

We were incorporated under the laws of the State of Delaware on January 5, 2007 under the name Ophthotech Corporation. Our executive offices are located at One Penn Plaza, 35th Floor, New York, New York 10119, and our telephone number is (212) 845-8200. Our website address is www.ophthotech.com. The information contained on, or that can be accessed through, our website is not a part of this prospectus. We have included our website address in this prospectus solely as an inactive textual reference.

In this prospectus, unless otherwise stated or the context otherwise requires, references to “Ophthotech,” “we,” “us,” “our” and similar references refer to Ophthotech Corporation. The trademarks, trade names and service marks appearing in this prospectus are the property of their respective owners.

Implications of Being an Emerging Growth Company

As a company with less than $1 billion in revenue during our last fiscal year, we qualify as an “emerging growth company” as defined in the Jumpstart Our Business Startups Act of 2012, or the JOBS Act, and we may remain an emerging growth company for up to five years. For so long as we remain an emerging growth company, we are permitted and intend to rely on exemptions from certain disclosure and other requirements that are applicable to other public companies that are not emerging growth companies. In particular, in this prospectus, we have provided only two years of audited financial statements and have not included all of the executive compensation related information that would be required if we were not an emerging growth company. Accordingly, the information contained herein may be different than the information you receive from other public companies in which you hold stock.

THE OFFERING

Common Stock Offered	5,720,000 shares
Common Stock to be Outstanding After This Offering	28,230,287 shares
Over-allotment Option	We have granted the underwriters an option for a period of 30 days to purchase up to 858,000 additional shares of our common stock to cover over-allotments.
Use of Proceeds	We intend to use the net proceeds from this offering to fund, and obtain initial, top-line data from, our Phase 3 clinical program for Fovista administered in combination with anti-VEGF drugs for the treatment of wet age-related macular degeneration; to fund pre-approval commercialization efforts for Fovista; to fund smaller, exploratory trials of Fovista for the treatment of additional indications and for use in other patient populations; to fund our other research and development programs; and for working capital and other general corporate purposes. See “Use of Proceeds” for more information.
Risk Factors	You should read the “Risk Factors” section of this prospectus for a discussion of factors to consider carefully before deciding to invest in shares of our common stock.
Directed Share Program	At our request, the underwriters have reserved 2.5% of the shares of common stock to be issued by us and offered by this prospectus for sale, at the initial public offering price, to directors, officers, employees, business associates and related persons of Ophthotech Corporation. The number of shares of common stock available for sale to the general public will be reduced to the extent these individuals purchase such reserved shares. Any reserved shares that are not so purchased will be offered by the underwriters to the general public on the same basis as the other shares offered by this prospectus.
Proposed NASDAQ Global Market Symbol	“OPHT”

The number of shares of our common stock to be outstanding after this offering is based on 1,469,798 shares of our common stock outstanding as of August 31, 2013 and 21,040,489 additional shares of our common stock issuable upon the automatic conversion of all outstanding shares of our preferred stock, including shares of our preferred stock issuable as accrued stock dividends, assuming the closing of this offering occurs on October 1, 2013.

The number of shares of our common stock to be outstanding after this offering excludes:

- 2,622,866 shares of our common stock issuable upon the exercise of stock options outstanding as of August 31, 2013, at a weighted-average exercise price of $6.51 per share;

- 739,317 additional shares of our common stock that are available for future issuance as of August 31, 2013 under our amended and restated 2007 stock incentive plan and that will become available for future issuance, as of the closing of this offering, under our 2013 stock incentive plan; and
- 101,209 shares of our common stock issuable upon the exercise of warrants outstanding as of August 31, 2013, at a weighted-average exercise price of $5.48 per share.

Unless otherwise indicated, all information in this prospectus assumes:

- no exercise of the outstanding options or warrants described above;
- no exercise by the underwriters of their option to purchase up to 858,000 additional shares of our common stock to cover over-allotments;
- the automatic conversion of all outstanding shares of our preferred stock, including shares of preferred stock issuable as accrued stock dividends, into an aggregate of 21,040,489 shares of our common stock upon the closing of this offering, assuming the closing occurs on October 1, 2013;
- the warrants outstanding as of August 31, 2013 to purchase an aggregate of 210,000 shares of our series A preferred stock, at an exercise price of $0.01 per share, instead become exercisable for 41,010 shares of our common stock, after giving effect to an adjustment to account for additional shares issuable as accrued stock dividends, at an exercise price of $0.059 per share, upon the closing of this offering, assuming the closing occurs on October 1, 2013;
- the warrants outstanding as of August 31, 2013 to purchase an aggregate of 355,900 shares of our series B preferred stock, at a weighted-average exercise price of $1.55 per share, instead become exercisable for 60,320 shares of our common stock, at a weighted average exercise price of $9.15 per share, upon the closing of this offering; and
- the restatement of our certificate of incorporation and the amendment and restatement of our bylaws upon the closing of this offering.

In addition, unless otherwise indicated, all information in this prospectus gives effect to a one-for-5.9000 reverse stock split of our common stock that became effective on September 9, 2013.

Our existing principal stockholders, Clarus Lifesciences II, L.P., SV Life Sciences, HBM Healthcare Investments (Cayman) Limited and Novo A/S, and their affiliated entities have indicated an interest in purchasing an aggregate of approximately $25 million in shares of our common stock in this offering at the initial public offering price. Assuming an initial public offering price of $17.50 per share, which is the midpoint of the price range set forth on the cover page of this prospectus, these stockholders would purchase an aggregate of 1,428,568 of the 5,720,000 shares offered in this offering based on these indications of interest. However, because indications of interest are not binding agreements or commitments to purchase, these stockholders may determine to purchase fewer shares than they indicate an interest in purchasing or not to purchase any shares in this offering. It is also possible that these stockholders could indicate an interest in purchasing more shares of our common stock. In addition, the underwriters could determine to sell fewer shares to any of these stockholders than the stockholders indicate an interest in purchasing or not to sell any shares to these stockholders.

SUMMARY FINANCIAL INFORMATION

You should read the following summary financial data together with our financial statements and the related notes appearing at the end of this prospectus and the "Selected Financial Data" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" sections of this prospectus. We have derived the statements of operations data for the years ended December 31, 2011 and 2012 from our audited financial statements included in this prospectus. We have derived the statements of operations data for the six months ended June 30, 2012, and 2013 and the balance sheet data as of June 30, 2013 from our unaudited financial statements included in this prospectus. The unaudited financial data include, in the opinion of our management, all adjustments, consisting of normal recurring adjustments, that are necessary for a fair statement of our financial position and results of operations for these periods. Our historical results for any prior period are not necessarily indicative of results to be expected in any future period, and our results for any interim period are not necessarily indicative of results to be expected for a full fiscal year.

	Year Ended December 31,		Six Months Ended June 30,	
	2011	2012	2012	2013
			(unaudited)	
	(In thousands, except share and per share data)			
Statement of Operations Data:				
Revenue	$ —	$ —	$ —	$ —
Operating expenses:				
Research and development	13,896	6,792	3,199	6,734
General and administrative	5,738	6,889	3,082	4,980
Total operating expenses	19,634	13,681	6,281	11,714
Loss from operations	(19,634)	(13,681)	(6,281)	(11,714)
Interest expense	—	(507)	(26)	(1,454)
Interest and other income	2	—	—	—
Foreign currency transaction loss	(23)	(8)	(2)	—
Loss on extinguishment of debt	—	—	—	(1,196)
Other loss	(7)	(366)	(269)	(261)
Net loss before income taxes expense	(19,662)	(14,562)	(6,578)	(14,625)
Income tax benefit	1,029	—	—	—
Net loss	(18,633)	(14,562)	(6,578)	(14,625)
Accretion of preferred stock dividends	(6,838)	(7,063)	(3,512)	(3,600)
Net loss attributable to common stockholders	$ (25,471)	$ (21,625)	$ (10,090)	$ (18,225)
Per share information:				
Net loss attributable to common stockholders per share, basic and diluted	$ (18.27)	$ (14.89)	$ (7.00)	$ (12.40)
Weighted-average shares outstanding—basic and diluted	1,394,476	1,452,496	1,442,420	1,469,978
Unaudited basic and diluted pro forma net loss attributable to common stockholders per share		$ (0.65)		$ (0.65)
Unaudited basic and diluted pro forma weighted-average shares outstanding		22,492,985		22,510,287

Pro forma basic and diluted net loss per common share is computed using a weighted-average number of common shares outstanding and gives effect to the automatic conversion of all outstanding shares of our preferred stock, including shares of our series C preferred stock that we issued and sold in August 2013 and additional shares of preferred stock that are issuable as accrued stock dividends, into an aggregate of 21,040,489 shares of our common stock upon the closing of this offering assuming the closing occurs on October 1, 2013. See Note 3 to our audited financial statements.

	As of June 30, 2013 (unaudited)		
	Actual	Pro Forma	Pro Forma As Adjusted
Balance Sheet Data:		(In thousands)	
Cash and cash equivalents	$ 39,854	$ 73,187	$ 163,180
Total assets	$ 40,150	$ 73,483	$ 163,476
Royalty purchase liability	$ 41,667	$ 41,667	$ 41,667
Preferred stock	$ 133,905	$ —	$ —
Additional paid in capital	$ —	$ 174,538	$ 264,525
Deficit accumulated during the development stage	$(144,236)	$(147,297)	$(147,297)
Total stockholders' equity (deficit)	$(141,234)	$ 27,263	$ 117,256

The unaudited pro forma balance sheet data set forth above give effect to:

- our issuance and sale in August 2013 of an aggregate of 13,333,333 shares of our series C preferred stock at a price per share of $2.50 for an aggregate purchase price of $33,333,333;
- the automatic conversion of all outstanding shares of our preferred stock, including shares of our series C preferred stock that we issued in August 2013 and shares of our preferred stock issuable as accrued stock dividends, into an aggregate of 21,040,489 shares of our common stock upon the closing of this offering, assuming the closing occurs on October 1, 2013; and
- the reclassification of warrant liability to additional paid-in capital as a result of outstanding warrants to purchase 210,000 shares of our series A preferred stock and 355,900 shares of our series B preferred stock instead becoming, in accordance with their terms, warrants to purchase an aggregate of 101,330 shares of our common stock, at a weighted average exercise price of $5.47 per share, upon the closing of this offering, assuming the closing occurs on October 1, 2013.

The pro forma as adjusted balance sheet data give further effect to our issuance and sale of 5,720,000 shares of common stock in this offering at an assumed initial public offering price of $17.50 per share, which is the midpoint of the price range set forth on the cover page of this prospectus, after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us.

A $1.50 increase (decrease) in the assumed initial public offering price of $17.50 per share, which is the mid-point of the price range set forth on the cover page of this prospectus, would increase (decrease) the pro forma as adjusted amount of each of cash and cash equivalents, total assets, additional paid in capital and total stockholders' equity by $8.0 million, assuming the number of shares of common stock offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting estimated underwriting discounts and commissions. Each increase or decrease of 1.0 million shares in the number of shares of common stock offered by us at the assumed initial public offering price would increase (decrease) the pro forma as adjusted amount of each of cash and cash equivalents, total assets and total stockholders' equity by $16.3 million, after deducting estimated underwriting discounts and commissions.

RISK FACTORS

Investing in our common stock involves a high degree of risk. Before investing in our common stock, you should consider carefully the risks described below, together with all of the other information contained in this prospectus, including our financial statements and the related notes appearing at the end of this prospectus. If any of the following risks occur, our business, prospects, operating results and financial condition could suffer materially. In such event, the market price of our common stock could decline, and you might lose all or part of your investment.

Risks Related to Our Financial Position and Need for Additional Capital

We have incurred significant operating losses since our inception. We expect to incur losses for at least the next several years and may never achieve or maintain profitability.

Since inception, we have incurred significant operating losses. Our net loss was $14.6 million for the six month period ended June 30, 2013, $14.6 million for the year ended December 31, 2012 and $18.6 million for the year ended December 31, 2011. As of June 30, 2013, we had a deficit accumulated during the development stage of $144.2 million. To date, we have not generated any revenues and have financed our operations primarily through private placements of our preferred stock, venture debt borrowings and our royalty purchase and sale agreement with Novo A/S. We have devoted substantially all of our financial resources and efforts to research and development. We expect to continue to incur significant expenses and increasing operating losses over the next several years. Our net losses may fluctuate significantly from quarter to quarter and year to year.

We anticipate that our expenses will increase substantially as compared to prior periods in connection with the initiation and completion of our pivotal Phase 3 clinical program for our lead product candidate, Fovista, administered in combination with anti-VEGF drugs for the treatment of wet AMD and our seeking marketing approval for Fovista for this indication in the United States, the European Union and other jurisdictions, and as a result of increased headcount, including management personnel to support our clinical and manufacturing activities, expanded infrastructure, increased legal, compliance, accounting and investor and public relations expenses associated with being a public company and increased insurance premiums, among other factors. We are party to agreements, specifically an acquisition agreement with OSI (Eyetech), Inc., or Eyetech, which agreement is now held by OSI Pharmaceuticals, Inc., or OSI Pharmaceuticals, a subsidiary of Astellas US, LLC, and license agreements with Archemix Corp., or Archemix, and Nektar Therapeutics, or Nektar, that impose significant milestone payment obligations on us in connection with our achievement of specific clinical, regulatory and commercial milestones with respect to Fovista. See “Business—Acquisition and License Agreements” for more information.

Our expenses also will increase if and as we:

- pursue the development of Fovista for the treatment of additional indications or for use in other patient populations or, if it is approved, seek to broaden the label for Fovista;
- pursue the clinical development of our product candidate ARC1905 for the treatment of wet AMD;
- in-license or acquire the rights to other products, product candidates or technologies for the treatment of ophthalmic diseases;
- seek marketing approval for any product candidates that successfully complete clinical trials;
- establish sales, marketing, distribution and outsourced manufacturing capabilities if we receive, or expect to receive, marketing approval for Fovista;
- maintain, expand and protect our intellectual property portfolio;
- hire additional clinical, quality control and scientific personnel; and

- add operational, financial and management information systems and personnel, including personnel to support our clinical, manufacturing and planned future commercialization efforts.

If we are required by the U.S. Food and Drug Administration, or FDA, or the European Medicines Agency, or EMA, to perform clinical trials or studies in addition to those we currently expect to conduct, or if there are any delays in completing the clinical trials of Fovista or the development of any of our other product candidates, our expenses could increase.

Our ability to become and remain profitable depends on our ability to generate revenue. We do not expect to generate significant revenue unless and until we obtain marketing approval for, and commercialize, Fovista, which we do not expect will occur before 2017, if ever. This will require us to be successful in a range of challenging activities, including:

- initiating and obtaining favorable results from our Phase 3 clinical program for Fovista;
- subject to obtaining favorable results from our Phase 3 clinical program, applying for and obtaining marketing approval for Fovista;
- establishing sales, marketing and distribution capabilities to effectively market and sell Fovista in the United States with our own specialty sales force targeting retinal specialists;
- establishing collaboration, distribution or other marketing arrangements with third parties to commercialize Fovista in markets outside the United States;
- protecting our rights to our intellectual property portfolio related to Fovista; and
- ensuring the manufacture of commercial quantities of Fovista.

We may never succeed in these activities and, even if we do, may never generate revenues that are significant enough to achieve profitability. Even if we do achieve profitability, we may not be able to sustain or increase profitability on a quarterly or annual basis. Our failure to become and remain profitable would decrease the value of our company and could impair our ability to raise capital, expand our business, maintain our research and development efforts, diversify our product offerings or continue our operations. A decline in the value of our company could also cause you to lose all or part of your investment.

Our short operating history may make it difficult for you to evaluate the success of our business to date and to assess our future viability.

We are an early-stage company. We were incorporated and commenced active operations in 2007. Our operations to date have been limited to organizing and staffing our company, acquiring rights to product candidates, business planning, raising capital and developing Fovista and our other product candidates. We have not yet demonstrated our ability to successfully complete a large-scale, pivotal clinical trial, obtain marketing approval, manufacture at commercial scale, or arrange for a third party to do so on our behalf, or conduct sales, marketing and distribution activities necessary for successful product commercialization. Consequently, any predictions you make about our future success or viability may not be as accurate as they could be if we had a longer operating history.

In addition, as a new business, we may encounter unforeseen expenses, difficulties, complications, delays and other known and unknown factors. We will need to transition from a company with a product development focus to a company capable of supporting commercial activities. We may not be successful in such a transition.

We will need substantial additional funding. If we are unable to raise capital when needed, we could be forced to delay, reduce or eliminate our product development programs or commercialization efforts.

We expect our expenses to increase substantially as compared to prior periods in connection with our ongoing activities, particularly as we continue the development of and seek marketing approval for Fovista and,

possibly, other product candidates. Our expenses will increase if we suffer any delays in our Phase 3 clinical program for Fovista, including delays in receipt of regulatory clearance to begin our Phase 3 clinical trials or delays in enrollment of patients. If we obtain marketing approval for Fovista or any other product candidate that we develop, we expect to incur significant commercialization expenses related to product sales, marketing, distribution and manufacturing. Furthermore, upon the closing of this offering, we expect to incur additional costs associated with operating as a public company, hiring additional personnel and expanding our facilities. Accordingly, we will need to obtain substantial additional funding in connection with our continuing operations. If we are unable to raise capital when needed or on attractive terms, we could be forced to delay, reduce or eliminate our research and development programs or any future commercialization efforts.

We expect that the net proceeds from this offering, together with our existing cash and cash equivalents as of June 30, 2013, the $33.3 million in proceeds from our sale of series C preferred stock in August 2013 and expected future funding of $83.3 million under our royalty agreement with Novo A/S, will enable us to fund our operating expenses and capital expenditure requirements through the second quarter of 2016. We have based this estimate on assumptions that may prove to be wrong, and we could use our available capital resources sooner than we currently expect. This estimate assumes, among other things, that we receive the full financing amount available under our royalty agreement with Novo A/S on a timely basis. The royalty agreement with Novo A/S provides that we will use the remaining proceeds we received and future proceeds, if any, under the royalty agreement primarily to support clinical development and regulatory activities for Fovista and for certain other permitted purposes. We estimate that we will incur total costs, including clinical development related employee expenses and external research and development expenses, of approximately $175 million to obtain initial, top-line data from our Phase 3 clinical program for Fovista. We expect this data to be available in 2016. We expect that additional funds of approximately $50 million will be required to fund our other development programs and for general corporate purposes and working capital during the period from completion of this offering until we obtain initial, top-line data from our Phase 3 clinical program. Our Phase 3 clinical program for Fovista is expected to continue through at least 2017, and substantial expenditures to complete the Phase 3 clinical program will be required after the receipt of initial, top-line data. At this time, we cannot reasonably estimate the remaining costs necessary to complete the Phase 3 clinical program for Fovista, complete process development and manufacturing scale-up activities associated with Fovista and seek marketing approval after we obtain initial, top-line data, or the nature, timing or costs of the efforts necessary to complete the development of any other product candidate.

Our future capital requirements will depend on many factors, including:

- the progress, costs and results of our Phase 3 clinical program for Fovista;
- the costs and timing of process development and manufacturing scale-up activities associated with Fovista;
- the costs, timing and outcome of regulatory review of Fovista;
- the costs of commercialization activities for Fovista if we receive, or expect to receive, marketing approval, including the costs and timing of establishing product sales, marketing, distribution and outsourced manufacturing capabilities;
- subject to receipt of marketing approval, revenue received from commercial sales of Fovista, after milestone payments and royalties;
- the costs of developing Fovista for the treatment of additional indications or for use in other patient populations;
- our ability to establish collaborations on favorable terms, if at all;
- the scope, progress, results and costs of product development of ARC1905 and any other product candidates that we may develop;

- the extent to which we in-license or acquire rights to other products, product candidates or technologies; and
- the costs of preparing, filing and prosecuting patent applications, maintaining and protecting our intellectual property rights and defending against intellectual property-related claims.

Our commercial revenues, if any, will be derived from sales of Fovista or any other products that we successfully develop, none of which do we expect to be commercially available for several years, if at all. In addition, if approved, Fovista or any other product candidate that we develop or any product that we in-license may not achieve commercial success. Accordingly, we will need to obtain substantial additional financing to achieve our business objectives. Adequate additional financing may not be available to us on acceptable terms, or at all. In addition, we may seek additional capital due to favorable market conditions or strategic considerations, even if we believe that we have sufficient funds for our current or future operating plans.

If we fail to enroll patients in our Phase 3 clinical trials of Fovista as planned or fail to comply with our obligations in our royalty agreement with Novo A/S, we could lose access to funds that are important to our business, which may force us to delay or terminate the development of Fovista. In addition, a default under the royalty agreement with Novo A/S would permit Novo A/S to foreclose on the Fovista intellectual property.

In May 2013, we entered into a royalty purchase and sale agreement, or royalty agreement, with Novo A/S for a financing of up to $125 million in return for the sale to Novo A/S of royalty interests in worldwide sales of Fovista. We received approximately $42 million of this royalty financing in May 2013. We are obligated to pay Novo A/S royalties at low to mid single-digit percentages of worldwide sales of Fovista, with the royalty percentage determined by the amount of funding provided by Novo A/S.

We are subject to diligence and other obligations under our royalty agreement with Novo A/S. If we fail to enroll the specified numbers of patients in our Phase 3 clinical trials of Fovista and satisfy additional closing conditions under the royalty agreement or fail to satisfy our other obligations, Novo A/S will have no further obligation to pay additional funds to us under the royalty agreement. We would then need to raise substantial additional funding through public or private equity offerings, debt financings, corporate collaboration and licensing arrangements or other financing alternatives. If we are unable to raise capital when needed or on attractive terms, we could be forced to delay or terminate our research and development programs, including for Fovista, or any future commercialization efforts.

In addition, our obligations under our royalty agreement with Novo A/S are secured by collateral, which includes certain intellectual property rights, including all of our intellectual property rights relating to Fovista and regulatory approvals, if any, of Fovista. If we fail to satisfy our diligence obligations or breach any other of our obligations under the royalty agreement with Novo A/S and fail to cure the breach within any applicable grace period, Novo A/S could declare an event of default. In such event, Novo A/S could seek to foreclose on the collateral securing our obligations. If Novo A/S successfully does so, we would lose our rights to develop and commercialize Fovista.

Our obligations under our royalty agreement with Novo A/S and the pledge of our intellectual property rights in and regulatory approvals, if any, of Fovista as collateral under such agreement may limit our ability to obtain debt financing.

Raising additional capital may cause dilution to our stockholders, including purchasers of common stock in this offering, restrict our operations or require us to relinquish rights to our technologies or product candidates.

Until such time, if ever, as we can generate substantial product revenues, we expect to finance our cash needs through a combination of equity offerings, debt financings, collaborations, strategic alliances and

marketing, distribution or licensing arrangements. The expected funding pursuant to our royalty agreement with Novo A/S is subject to enrollment of specified numbers of patients in our Phase 3 clinical trials of Fovista and our satisfying additional closing conditions and other obligations. We do not have any other committed external source of funds. To the extent that we raise additional capital through the sale of equity or convertible debt securities, your ownership interest will be diluted, and the terms of these securities may include liquidation or other preferences that adversely affect your rights as a common stockholder. Debt financing and preferred equity financing, if available, may involve agreements that include covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, making capital expenditures or declaring dividends. Our pledge of assets, including intellectual property rights, as collateral to secure our obligations under our royalty agreement with Novo A/S may limit our ability to obtain debt financing.

If we raise additional funds through collaborations, strategic alliances or marketing, distribution or licensing arrangements with third parties, we may have to relinquish valuable rights to our technologies, future revenue streams, products or product candidates or grant licenses on terms that may not be favorable to us. If we are unable to raise additional funds through equity or debt financings when needed, we may be required to delay, limit, reduce or terminate our product development or future commercialization efforts or grant rights to develop and market products or product candidates that we would otherwise prefer to develop and market ourselves.

Risks Related to Product Development and Commercialization

We depend heavily on the success of our lead product candidate, Fovista, which we are developing to be administered in combination with anti-VEGF drugs for the treatment of patients with wet AMD. If we are unable to complete our Phase 3 clinical program and obtain marketing approvals for Fovista, or thereafter we fail to commercialize Fovista or experience significant delays in doing so, our business will be materially harmed.

We have invested a significant portion of our efforts and financial resources in the development of Fovista to be administered in combination with anti-VEGF drugs for the treatment of patients with wet AMD. There remains a significant risk that we will fail to successfully develop Fovista. The results of our Phase 2b clinical trial may not be predictive of the results of our Phase 3 clinical program due, in part, to the fact that we have no clinical data on Fovista combination therapy in any clinical trial longer than 24 weeks, that we have no clinical data on the effects of Fovista when administered in combination with Avastin or Eylea and that we plan to conduct our Phase 3 clinical trials at many clinical centers that were not included in our Phase 2b clinical trial.

We do not expect to have initial, top-line data from our Phase 3 clinical program for Fovista available until 2016. The timing of the availability of such top-line data and the completion of our Phase 3 clinical program is dependent, in part, on our ability to locate and enroll a sufficient number of eligible patients in our Phase 3 clinical program on a timely basis. The timing of the availability of initial, top-line data from our Phase 3 clinical trial evaluating the safety and efficacy of Fovista administered in combination with Avastin or Eylea may be subject to particular variability because we have no clinical experience testing Fovista administered in combination with Avastin or Eylea. If we ultimately obtain statistically significant, positive results from our Phase 3 clinical program, we do not expect to submit applications for marketing approval for Fovista until the end of 2016.

If we are not able to obtain data from our Phase 3 clinical trial evaluating Fovista administered in combination with each of Avastin or Eylea when data from our other two Phase 3 clinical trials evaluating Fovista administered in combination with Lucentis are available, we may nonetheless decide to proceed with submitting applications for marketing approval for Fovista administered only in combination with Lucentis. If we submit applications for marketing approval for Fovista only in combination with Lucentis, we may determine either to delay seeking approval of Fovista in combination with Avastin or Eylea until after regulatory authorities have considered and acted on our applications for Fovista in combination with Lucentis, or to amend our applications once data from our third Phase 3 clinical trial become available. If we were to delay seeking

approval of Fovista in combination with Avastin or Eylea pending regulatory action on our applications for Fovista in combination with Lucentis, the FDA or other regulatory authorities could defer taking action on our applications while data remain outstanding from our third Phase 3 clinical trial. Moreover, if we subsequently amend our applications for marketing approval when data from our third Phase 3 clinical trial become available, we may experience further delays in our application process. Additionally, we expect that our Phase 3 clinical trials will continue in accordance with their protocols after we submit applications for marketing approval, and the conclusions of those trials may yield data that are inconsistent with the initial data used to support our applications. As a result of these and other factors, we cannot accurately predict when or if Fovista will prove effective or safe in humans or will receive marketing approval. We do not know precisely the timing of clinical trials or marketing approvals for other product candidates.

Our ability to generate product revenues, which we do not expect will occur before 2017, if ever, will depend heavily on our obtaining marketing approval for and commercializing Fovista. The success of Fovista will depend on several factors, including the following:

- obtaining favorable results from clinical trials;
- making arrangements with third-party manufacturers and receiving regulatory approval of our manufacturing processes and our third-party manufacturers' facilities from applicable regulatory authorities;
- receipt of marketing approvals from applicable regulatory authorities for the use of Fovista in combination with anti-VEGF drugs for the treatment of wet AMD, particularly which anti-VEGF drugs are included in any such approval;
- launching commercial sales of Fovista, if and when approved, whether alone or in collaboration with others;
- acceptance of Fovista, if and when approved, by patients, the medical community and third-party payors;
- continued, widespread use of anti-VEGF therapies in the treatment of wet AMD in combination with which Fovista will be used;
- effectively competing with other therapies, including the existing standard of care;
- maintaining a continued acceptable safety profile of Fovista following approval;
- obtaining and maintaining patent and trade secret protection and regulatory exclusivity; and
- protecting our rights in our intellectual property portfolio.

Successful development of Fovista for the treatment of additional indications, if any, or for use in other patient populations and our ability, if it is approved, to broaden the label for Fovista will depend on similar factors.

If we do not achieve one or more of these factors in a timely manner or at all, we could experience significant delays or an inability to successfully commercialize Fovista in combination with anti-VEGF drugs for the treatment of wet AMD or for any additional indication, which would materially harm our business.

If clinical trials of Fovista or any other product candidate that we develop fail to demonstrate safety and efficacy to the satisfaction of the FDA, the EMA or other regulatory authorities or do not otherwise produce positive results, we may incur additional costs or experience delays in completing, or ultimately be unable to complete, the development and commercialization of Fovista or any other product candidate.

Before obtaining approval from regulatory authorities for the sale of any product candidate, we must complete preclinical development and then conduct extensive clinical trials to demonstrate the safety and efficacy of our product candidates in humans. Clinical testing is expensive, difficult to design and implement,

can take many years to complete and is uncertain as to outcome. A failure of one or more clinical trials can occur at any stage of testing. The outcome of preclinical testing and early clinical trials may not be predictive of the success of later clinical trials, and interim results of a clinical trial do not necessarily predict final results. Moreover, preclinical and clinical data are often susceptible to varying interpretations and analyses, and many companies that have believed their product candidates performed satisfactorily in preclinical studies and clinical trials have nonetheless failed to obtain marketing approval of their products.

Our Phase 2b clinical trial evaluated a combination of Fovista and Lucentis. In this trial, patients treated with a combination of 0.3 mg of Fovista and Lucentis did not achieve statistically significant superiority compared to Lucentis monotherapy based on the pre-specified primary endpoint of mean change in visual acuity from baseline at the 24 week timepoint. Although a combination of 1.5 mg of Fovista and Lucentis demonstrated statistically significant superiority in this trial compared to Lucentis monotherapy based on the pre-specified primary endpoint of mean change in visual acuity from baseline at the 24 week timepoint, we may nonetheless fail to achieve success in our Phase 3 clinical program involving a combination of 1.5 mg of Fovista and Lucentis for a variety of potential reasons.

- The primary endpoint of mean change in visual acuity in our Phase 2b clinical trial was measured 24 weeks after the first dose of Fovista. The primary endpoint of mean change in visual acuity in our Phase 3 clinical program will be measured 12 months after the first dose of Fovista. We have no clinical data on Fovista combination therapy in any clinical trial longer than 24 weeks. If the positive results we observed at 24 weeks in our Phase 2b clinical trial are not observed at 12 months, we likely will not receive marketing approval for Fovista.
- Retrospective subgroup analyses that we performed on the results of our Phase 2b clinical trial may not be predictive of the results of our Phase 3 clinical program. Although we believe that the retrospective analyses further support the results from our primary endpoint and our proposed mechanism of action, retrospective analyses performed after unblinding trial results can result in the introduction of bias and are given less weight by regulatory authorities than pre-specified analyses.
- We plan to conduct our Phase 3 clinical trials at many clinical centers that were not included in our Phase 2b clinical trial. The introduction of new centers, and the resulting involvement of new treating physicians, can introduce additional variability into the conduct of the trials in accordance with their protocols and may result in greater variability of patient outcomes, which could adversely affect our ability to detect statistically significant differences between patients treated with 1.5 mg of Fovista administered in combination with an anti-VEGF drug and anti-VEGF drug monotherapy.
- Our Phase 3 clinical program involves two Phase 3 clinical trials testing a combination of 1.5 mg of Fovista and Lucentis for the treatment of wet AMD and one trial testing a combination of 1.5 mg of Fovista with each of Avastin or Eylea for the treatment of wet AMD. We have no clinical efficacy data on the effects of Fovista when administered in combination with Avastin or Eylea for the treatment of patients with wet AMD. Avastin is not approved for such use.

Fovista administered in combination with Lucentis was generally well tolerated in our Phase 1 and Phase 2b clinical trials. However, the results of these clinical trials may not be predictive of the results of our Phase 3 clinical program for Fovista due, in part, to the fact that we have no clinical safety data on patient exposure to Fovista administered in combination with any anti-VEGF drug for longer than 24 weeks and that we have no clinical safety data on the effects of Fovista when administered in combination with Avastin or Eylea.

In general, the FDA and similar regulatory authorities outside the United States require two adequate and well controlled clinical trials demonstrating effectiveness for marketing approval. If a combination of 1.5 mg of Fovista and Lucentis fails to achieve superiority over Lucentis monotherapy with statistical significance on the primary endpoint of mean change in visual acuity from baseline at 12 months in both of our Phase 3 clinical trials evaluating the safety and efficacy of this combination, we likely will not receive marketing approval for Fovista even if the combination of 1.5 mg of Fovista with Avastin or Eylea achieves superiority over Avastin or Eylea

monotherapy with statistical significance on the primary endpoint in one of our Phase 3 clinical trials. There are a variety of other possible outcomes of our Phase 3 clinical trials. As described below, positive outcomes in one or more of our Phase 3 clinical trials may not be sufficient for the FDA or similar regulatory authorities outside the United States to grant marketing approval for Fovista.

- If a combination of 1.5 mg of Fovista and Lucentis achieves superiority over Lucentis monotherapy with statistical significance on the primary endpoint in only one of our Phase 3 clinical trials and the combination of 1.5 mg of Fovista with Avastin or Eylea does not achieve superiority over Avastin or Eylea monotherapy with statistical significance on the primary endpoint in our other Phase 3 clinical trials, we likely will not receive marketing approval for Fovista.
- If a combination of 1.5 mg of Fovista and Lucentis achieves superiority over Lucentis monotherapy with statistical significance on the primary endpoint in only one of our Phase 3 clinical trials and the combination of 1.5 mg of Fovista with Avastin or Eylea achieves superiority over Avastin or Eylea monotherapy with statistical significance on the primary endpoint in our other Phase 3 clinical trial, the FDA or similar regulatory authorities outside the United States may nonetheless not grant marketing approval for Fovista.
- Even if a combination of 1.5 mg of Fovista and an anti-VEGF drug achieves superiority over an anti-VEGF drug monotherapy with statistical significance on the primary endpoint in two or all three of our Phase 3 clinical trials, the FDA or similar regulatory authorities outside the United States may nonetheless not grant marketing approval for Fovista if such regulatory authorities do not believe that the benefits offered by Fovista administered in combination with an anti-VEGF drug are clinically meaningful or that such benefits outweigh the observed or potential risks.

In the United States, Avastin and Eylea are two of the most widely used anti-VEGF drugs for the treatment of wet AMD. If a combination of 1.5 mg of Fovista with Avastin or Eylea does not achieve superiority over Avastin or Eylea monotherapy with statistical significance on the primary endpoint of mean change in visual acuity from baseline at 12 months in our Phase 3 clinical program, our ability to successfully commercialize Fovista in combination with any anti-VEGF drug could be harmed materially. In addition, any failure of Fovista administered in combination with Avastin or Eylea to achieve superiority over Avastin or Eylea monotherapy with statistical significance on the primary endpoint could cause the FDA or similar regulatory authorities outside the United States to require additional clinical trials or other research before granting marketing approval of Fovista for use in combination with any anti-VEGF drug, including Lucentis, for the treatment of patients with wet AMD.

The protocols for our Phase 3 clinical trials and other supporting information are subject to review by the FDA and regulatory authorities outside the United States. The FDA is not obligated to comment on our protocols within any specified time period or at all or to affirmatively clear or approve our Phase 3 clinical program. We have submitted the protocols for our Phase 3 clinical trials to the FDA and have initiated two of the trials in our Phase 3 clinical program in the United States, both of which are evaluating the safety and efficacy of Fovista administered in combination with Lucentis, without waiting for any such comments. The FDA or other regulatory authorities may request additional information, require us to conduct additional non-clinical trials or require us to modify our proposed Phase 3 clinical program, including its endpoints, patient enrollment criteria or selection of anti-VEGF drugs, to receive clearance to initiate such program or to continue such program once initiated. The FDA, the EMA or other regulatory authorities may be more likely to request any such modification with respect to our Phase 3 clinical trial evaluating the safety and efficacy of Fovista administered in combination with Avastin or Eylea because we have no clinical data on the effects of Fovista when administered in combination with Avastin or Eylea. For example, the EMA has informed us in connection with our seeking scientific advice from the EMA regarding our Phase 3 clinical program that we should provide full justification of our proposal to initiate, at the Phase 3 clinical trial stage, previously untested combinations of Fovista with other anti-VEGF therapies, discuss the implications of including Avastin in one of our trials given that it is not licensed for use in wet AMD and discuss the need to conduct toxicity studies with Fovista administered in combination with Avasin or Eylea prior to initiating our corresponding Phase 3 clinical trial. The EMA also has

requested that we provide further justification for additional aspects of the trial design for each of our Phase 3 clinical trials. Any modifications to our Phase 3 clinical program may result in our incurring increased expense or in a delay in the enrollment or completion of such program. We may not receive clearance from regulatory authorities in jurisdictions outside of the United States to initiate our Phase 3 clinical program in those jurisdictions on a timely basis, or at all.

If we are required to conduct additional clinical trials or other testing of Fovista or any other product candidate that we develop beyond those that we contemplate, if we are unable to successfully complete clinical trials of our product candidates or other testing, if the results of these trials or tests are not positive or are only modestly positive or if there are safety concerns, we may:

- be delayed in obtaining marketing approval for our product candidates;
- not obtain marketing approval at all;
- obtain approval for indications or patient populations that are not as broad as intended or desired;
- obtain approval with labeling that includes significant use or distribution restrictions or safety warnings, including boxed warnings;
- be subject to additional post-marketing testing requirements; or
- have the product removed from the market after obtaining marketing approval.

If we experience any of a number of possible unforeseen events in connection with our clinical trials, potential marketing approval or commercialization of our product candidates could be delayed or prevented.

We may experience numerous unforeseen events during, or as a result of, clinical trials that could delay or prevent our ability to receive marketing approval or commercialize our product candidates, including:

- clinical trials of our product candidates may produce negative or inconclusive results, and we may decide, or regulators may require us, to conduct additional clinical trials or abandon product development programs;
- the number of patients required for clinical trials of our product candidates may be larger than we anticipate, enrollment in these clinical trials may be slower than we anticipate or participants may drop out of these clinical trials at a higher rate than we anticipate;
- our third-party contractors may fail to comply with regulatory requirements or meet their contractual obligations to us in a timely manner, or at all;
- regulators or institutional review boards may not authorize us or our investigators to commence a clinical trial or conduct a clinical trial at a prospective trial site;
- we may experience delays in reaching, or fail to reach, agreement on acceptable clinical trial contracts or clinical trial protocols with prospective trial sites;
- we may decide, or regulators or institutional review boards may require us, to suspend or terminate clinical research for various reasons, including noncompliance with regulatory requirements or a finding that the participants are being exposed to unacceptable health risks;
- the cost of clinical trials of our product candidates may be greater than we anticipate; and
- the supply or quality of our product candidates or other materials necessary to conduct clinical trials of our product candidates, such as the anti-VEGF drugs we need to use in combination with Fovista, may become insufficient or inadequate.

Our product development costs will also increase if we experience delays in testing or marketing approvals. We do not know whether any clinical trials will begin as planned, will need to be restructured or will be completed on schedule, or at all. Significant clinical trial delays also could shorten any periods during which we

may have the exclusive right to commercialize our product candidates or allow our competitors to bring products to market before we do and impair our ability to successfully commercialize our product candidates and may harm our business and results of operations.

If we experience delays or difficulties in the enrollment of patients in clinical trials, our receipt of necessary regulatory approvals could be delayed or prevented.

We may not be able to initiate or continue clinical trials for Fovista or any other product candidate that we develop if we are unable to locate and enroll a sufficient number of eligible patients to participate in these trials as required by the FDA or similar regulatory authorities outside the United States. In addition, some of our competitors have ongoing clinical trials for product candidates that treat the same indications as Fovista, and patients who would otherwise be eligible for our clinical trials may instead enroll in clinical trials of our competitors' product candidates.

Patient enrollment is affected by other factors including:

- severity of the disease under investigation;
- eligibility criteria for the study in question;
- perceived risks and benefits of the product candidate under study;
- efforts to facilitate timely enrollment in clinical trials;
- patient referral practices of physicians;
- the ability to monitor patients adequately during and after treatment; and
- proximity and availability of clinical trial sites for prospective patients.

Additional financing under our royalty agreement with Novo A/S is contingent upon enrolling specified numbers of patients in our Phase 3 clinical trials of Fovista and our satisfying additional closing conditions and other obligations. Novo A/S will not be required to provide the additional royalty financing unless we enroll the specified numbers of patients. In addition, our inability to locate and enroll a sufficient number of patients for our clinical trials would result in significant delays in our clinical trials, could require us to abandon one or more clinical trials altogether and could delay or prevent our receipt of necessary regulatory approvals. Enrollment delays in our clinical trials also may result in increased development costs for our product candidates, which would cause the value of our company to decline and limit our ability to obtain additional financing.

If serious adverse or unacceptable side effects are identified during the development of Fovista or any other product candidate that we develop, we may need to abandon or limit our development of Fovista or any other product candidate.

If Fovista or any other of our product candidates are associated with serious adverse events or undesirable side effects in clinical trials or have characteristics that are unexpected, we may need to abandon their development or limit development to certain uses or subpopulations in which the undesirable side effects or other characteristics are less prevalent, less severe or more acceptable from a risk-benefit perspective. Fovista administered in combination with Lucentis was generally well tolerated in our Phase 1 clinical trial and our Phase 2b clinical trial. In our Phase 1 clinical trial, none of the patients experienced any dose limiting toxicities at any of the dose levels tested, we did not observe any evidence of drug related adverse events, and adverse events were primarily ocular adverse events in the study eye which were related to the injection procedure. No patients discontinued from this trial due to an adverse event. We did not observe any meaningful clinical immunologic reactions to Fovista in our Phase 1 clinical trial.

In our Phase 2b clinical trial, we did not observe any significant imbalances among treatment groups in the incidence of ocular adverse events or systemic adverse events, including cardiovascular events or stroke. In our

Phase 2b clinical trial, we did not observe any cases of infection inside the eye, or endophthalmitis. We observed one case of severe intraocular inflammation among the patients treated with 0.3 mg of Fovista in combination with Lucentis and no such cases among the patients treated with 1.5 mg of Fovista in combination with Lucentis. There was one serious adverse event in the study eye in each of these treatment groups, although the serious adverse event was different between the treatment groups. Most of the common ocular adverse events were related to the intravitreal preparation and injection procedure and were not drug related. The most common ocular adverse events among patients treated with 0.3 mg or 1.5 mg of Fovista in combination with Lucentis were conjunctival hemorrhage, punctate keratitis, eye pain and conjunctival hyperemia. The most common systemic serious adverse events in the study among patients treated with 0.3 mg or 1.5 mg of Fovista in combination with Lucentis were respiratory disorders, gastrointestinal disorders, cardiac disorders, infections, and neoplasms.

We have no clinical safety data or patient exposure to Fovista administered in combination with Lucentis for longer than 24 weeks, and we have no clinical safety data on the effects of Fovista when administered in combination with Avastin or Eylea. Many compounds that initially showed promise in clinical or earlier stage testing have later been found to cause side effects that prevented further development of the compound. Our Phase 3 clinical program for Fovista involves the administration of Fovista in combination with anti-VEGF drugs, and the safety results of our trials are dependent, in part, on the safety and tolerability of the co-administered anti-VEGF drug. Avastin is not approved for the treatment of wet AMD, and according to third-party clinical studies, may be associated with a greater risk of serious adverse events or undesirable side effects than Lucentis.

Even if Fovista or any other product candidate that we develop receives marketing approval, it may fail to achieve the degree of market acceptance by physicians, patients, third-party payors and others in the medical community necessary for commercial success and the market opportunity for Fovista may be smaller than we estimate.

If any of our product candidates receive marketing approval, they may nonetheless fail to gain sufficient market acceptance by physicians, patients, third-party payors and others in the medical community. For example, current treatments for wet AMD, including Lucentis, Eylea and low cost, off-label use of Avastin, are well established in the medical community, and doctors may continue to rely on these treatments without Fovista. If Fovista does not achieve an adequate level of acceptance, we may not generate significant product revenues and we may not become profitable. The degree of market acceptance of Fovista or any other product candidate that we develop, if approved for commercial sale, will depend on a number of factors, including:

- efficacy and potential advantages compared to alternative treatments, including the existing standard of care;
- any restrictions on the use of our products in combination with other medications, such as a Fovista label requiring a waiting period after the intravitreal injection of the anti-VEGF drug and prior to the intravitreal injection of Fovista;
- any restrictions on the use of our products to a subgroup of patients, such as by excluding from the Fovista label patients with pure occult subtype wet AMD;
- restrictions in the label on the use of Fovista with a particular anti-VEGF drug;
- any changes in the dosing regimen of, or the means of administering or delivering, an anti-VEGF drug with which Fovista will be used;
- our ability to offer our products at competitive prices, particularly in light of the additional cost of Fovista together with an anti-VEGF drug;
- availability of third-party coverage and adequate reimbursement, particularly by Medicare given our target market for persons over age 55;
- willingness of the target patient population to try new therapies and of physicians to prescribe these therapies, particularly in light of the existing available standard of care;

- prevalence and severity of any side effects;
- whether alternatives are more convenient or easier to administer; and
- strength of our marketing and distribution support.

In addition, the potential market opportunity for Fovista is difficult to estimate precisely. If Fovista receives marketing approval for the treatment of wet AMD, it will be used solely in combination with an anti-VEGF drug. The market opportunity for Fovista will be dependent upon the continued use of anti-VEGF drugs in the treatment of wet AMD and the market share of such anti-VEGF drugs for which Fovista is approved as a combination therapy. In addition, because physicians, patients and third-party payors may be sensitive to the addition of the cost of Fovista to the cost of treatment with anti-VEGF drugs, we may experience downward pressure on the price we can charge for Fovista.

Our Phase 3 clinical program excludes from enrollment wet AMD patients with pure occult choroidal neovascularization. Based on enrollment of wet AMD patients in third-party clinical trials, the pure occult subtype accounts for approximately 40% of the cases of subfoveal wet AMD. If Fovista receives marketing approval for the treatment of wet AMD and the approved label excludes patients with pure occult lesions, the potential market opportunity for Fovista will be limited to the extent that physicians do not prescribe Fovista for such patients.

Our Phase 3 clinical program provides for a 30-minute delay in the injection of Fovista after the anti-VEGF drug to minimize the risk in our clinical trials of an unacceptable increase in intraocular pressure as a result of the amount of the two agents injected. If Fovista receives marketing approval for the treatment of wet AMD and the approved label requires such a waiting period, the potential market opportunity for Fovista may be limited to the extent that physicians and patients find such a waiting period unacceptable.

Our estimates of the potential market opportunity for Fovista include several key assumptions based on our industry knowledge, industry publications, third-party research reports and other surveys. While we believe that our internal assumptions are reasonable, no independent source has verified such assumptions. If any of these assumptions proves to be inaccurate, then the actual market for Fovista could be smaller than our estimates of our potential market opportunity. If the actual market for Fovista is smaller than we expect, our product revenue may be limited and it may be more difficult for us to achieve or maintain profitability.

We face substantial competition, which may result in others discovering, developing or commercializing products before or more successfully than we do.

The development and commercialization of new drug products is highly competitive. We face competition with respect to Fovista from major pharmaceutical companies, specialty pharmaceutical companies and biotechnology companies worldwide. There are a number of pharmaceutical and biotechnology companies that currently market and sell products or are pursuing the development of product candidates for the treatment of wet AMD or other disease indications for which we may develop Fovista. Potential competitors also include academic institutions, government agencies and other public and private research organizations that conduct research, seek patent protection and establish collaborative arrangements for research, development, manufacturing and commercialization. Some of these competitive products and therapies are based on scientific approaches that are the same as or similar to our approach, and others are based on entirely different approaches. We also will face similar competition with respect to any other products or product candidates that we may seek to develop or commercialize in the future for the treatment of wet AMD or other diseases.

The current standard of care for wet AMD is monotherapy administration of anti-VEGF drugs, principally Avastin, Lucentis and Eylea. We are developing Fovista for administration in combination with these anti-VEGF drugs. These drugs are well established therapies and are widely accepted by physicians, patients and third-party payors. When used for the treatment of wet AMD, Avastin is inexpensive. Physicians, patients and third-party

payors may not accept the addition of Fovista to their current treatment regimens for a variety of potential reasons, including:

- if they do not wish to incur the additional cost of Fovista;
- if they perceive an additional injection to administer Fovista as undesirable;
- if they perceive the addition of Fovista to be of limited benefit to patients; or
- if they wish to treat with anti-VEGF drugs as monotherapy first and add Fovista only if and when resistance to continued anti-VEGF therapy limits further enhancement of visual outcome with anti-VEGF monotherapy.

There are also a number of products in preclinical research and clinical development by third parties to treat wet AMD, including product candidates that inhibit the function of PDGF, the molecule whose function Fovista also inhibits, product candidates that inhibit the function of both VEGF and PDGF that could obviate the separate use of an anti-PDGF agent, such as Fovista, and anti-VEGF gene therapy products that may substantially reduce the number and frequency of intravitreal injections when treating wet AMD. These companies include pharmaceutical companies, biotechnology companies, and specialty pharmaceutical and generic drug companies of various sizes, such as Regeneron Pharmaceuticals, Inc., Allergan, Inc., Xcovery Vision LLC, Neurotech Pharmaceuticals, Inc., Avalanche Biotechnologies, Inc. and Somalogic, Inc. See “Business—Competition” for more information.

Our commercial opportunity could be reduced or eliminated if our competitors develop and commercialize products that are safer, more effective, have fewer or less severe side effects, are more convenient to use or are less expensive than Fovista or other products that we may develop. The commercial opportunity for Fovista also could be reduced or eliminated if our competitors develop and commercialize products that reduce or eliminate the use of anti-VEGF drugs for the treatment of patients with wet AMD. Our competitors also may obtain FDA or other regulatory approval for their products more rapidly than we may obtain approval for ours, which could result in our competitors establishing a strong market position before we are able to enter the market.

In addition, our ability to compete may be affected in many cases by insurers or other third-party payors, particularly Medicare, seeking to encourage the use of less expensive or more convenient products. We expect that if Fovista is approved, the cost of treatment of wet AMD with a combination of Fovista with an anti-VEGF drug will be significantly higher than the cost of treatment of wet AMD with Avastin, Lucentis or Eylea monotherapy. Insurers and other third-party payors may encourage the use of anti-VEGF drugs as monotherapy and discourage the use of Fovista in combination with these drugs. This could limit sales of Fovista.

Many of our competitors have significantly greater financial resources and expertise in research and development, manufacturing, preclinical testing, conducting clinical trials, obtaining regulatory approvals and marketing approved products than we do. Smaller and other early stage companies may also prove to be significant competitors, particularly through collaborative arrangements with large and established companies. These third parties compete with us in recruiting and retaining qualified scientific and management personnel, establishing clinical trial sites and patient registration for clinical trials, as well as in acquiring technologies complementary to, or necessary for, our programs.

We have no experience manufacturing Fovista or ARC1905 at commercial scale. As a result, delays in regulatory approval of Fovista or ARC1905 may occur. Also, manufacturing issues may arise that could cause delays or increase costs.

We have no experience manufacturing the chemically synthesized aptamers comprising the active pharmaceutical ingredients of Fovista or ARC1905 at commercial scale. We currently rely on a single third-party manufacturer to supply us with Fovista drug substance on a purchase order basis. In order to obtain regulatory approval for Fovista, this third-party manufacturer will be required to consistently produce the active pharmaceutical ingredient used in Fovista in commercial quantities and of specified quality on a repeated basis

and document its ability to do so. This is referred to as process validation. If this third-party manufacturer is unable to satisfy this requirement, our business will be materially and adversely affected.

Our third-party manufacturer has made only a limited number of lots of Fovista to date and has not made any commercial lots. The manufacturing processes for Fovista have never been tested at commercial scale, and the process validation requirement has not yet been satisfied. These manufacturing processes and our third-party manufacturer's facility will be subject to inspection and approval by the FDA before we can commence the manufacture and sale of Fovista. Our third-party manufacturer has never been inspected by the FDA and has not been through the FDA approval process for a commercial product. If our third-party manufacturer is unable to pass such inspection and otherwise satisfactorily complete the FDA approval regimen, our business will be materially and adversely affected.

The standards of the International Conference on Harmonization of Technical Requirements for Registration of Pharmaceuticals for Human Use, which establishes basic guidelines and standards for drug development in the United States, the European Union, Japan and other countries, do not apply to oligonucleotides, including aptamers. As a result, there is no established generally accepted manufacturing or quality standard for the production of Fovista or ARC1905. Even though the FDA has reviewed the quality standards for Fovista to be used in our Phase 3 clinical program, the FDA has the ability to modify these standards at any time and foreign regulatory agencies may impose differing quality standards and quality control on the manufacture of Fovista. The lack of uniform manufacturing and quality standards among regulatory agencies may delay regulatory approval of Fovista and ARC1905.

Also, as we or any manufacturer we engage scales up manufacturing of any approved product, we may encounter unexpected issues relating to the manufacturing process or the quality, purity and stability of the product, and we may be required to refine or alter our manufacturing processes to address these issues. Resolving these issues could result in significant delays and may result in significantly increased costs. If we experience significant delays or other obstacles in producing any approved product for commercial scale, our ability to market and sell any approved products may be adversely affected and our business could suffer.

If we are unable to establish sales, marketing and distribution capabilities or enter into sales, marketing and distribution agreements with third parties, we may not be successful in commercializing Fovista or any other product candidate that we develop if and when Fovista or any other product candidate is approved.

We do not have a sales, marketing or distribution infrastructure and have no experience in the sale, marketing or distribution of pharmaceutical products. To achieve commercial success for any approved product, we must either develop a sales, marketing and distribution organization or outsource those functions to third parties. If Fovista receives marketing approval, we plan to commercialize it in the United States with our own focused, specialty sales force targeting retinal specialists. In addition, we expect to utilize a variety of types of collaboration, distribution and other marketing arrangements with third parties to commercialize Fovista in markets outside the United States.

There are risks involved with establishing our own sales, marketing and distribution capabilities and entering into arrangements with third parties to perform these services. For example, recruiting and training a sales force is expensive and time consuming and could delay any product launch. If the commercial launch of a product candidate for which we recruit a sales force and establish marketing and distribution capabilities is delayed or does not occur for any reason, we would have prematurely or unnecessarily incurred these commercialization expenses. This may be costly, and our investment would be lost if we cannot retain or reposition our sales and marketing personnel.

Factors that may inhibit our efforts to commercialize our products on our own include:

- our inability to recruit and retain adequate numbers of effective sales and marketing personnel;
- the inability of sales personnel to obtain access to or persuade adequate numbers of physicians to prescribe our products;

- the lack of complementary products to be offered by our sales personnel, which may put us at a competitive disadvantage relative to companies with more extensive product lines; and
- unforeseen costs and expenses associated with creating an independent sales and marketing organization.

If we enter into arrangements with third parties to perform sales, marketing and distribution services, our product revenues and our profitability, if any, are likely to be lower than if we were to market, sell and distribute ourselves any products that we develop. In addition, we may not be successful in entering into arrangements with third parties to sell, market and distribute our product candidates or may be unable to do so on terms that are favorable to us. We likely will have little control over such third parties, and any of them may fail to devote the necessary resources and attention to sell and market our products effectively. If we do not establish sales, marketing and distribution capabilities successfully, either on our own or in collaboration with third parties, we will not be successful in commercializing our product candidates.

Even if we are able to commercialize Fovista or any other product candidate that we develop, the product may become subject to unfavorable pricing regulations, third-party reimbursement practices or healthcare reform initiatives, which would harm our business.

The regulations that govern marketing approvals, pricing and reimbursement for new drug products vary widely from country to country. Current and future legislation may significantly change the approval requirements in ways that could involve additional costs and cause delays in obtaining approvals. Some countries require approval of the sale price of a drug before it can be marketed. In many countries, the pricing review period begins after marketing or product licensing approval is granted. In some foreign markets, prescription pharmaceutical pricing remains subject to continuing governmental control even after initial approval is granted. As a result, we might obtain marketing approval for a product in a particular country, but then be subject to price regulations that delay our commercial launch of the product, possibly for lengthy time periods, and negatively impact the revenues we are able to generate from the sale of the product in that country. Adverse pricing limitations may hinder our ability to recoup our investment in one or more product candidates, even if our product candidates obtain marketing approval.

Our ability to commercialize Fovista or any other product candidate successfully also will depend in part on the extent to which reimbursement for these products and related treatments will be available from government health administration authorities, private health insurers and other organizations. Government authorities and third-party payors, such as private health insurers and health maintenance organizations, decide which medications they will pay for and establish reimbursement levels. A major trend in the U.S. healthcare industry and elsewhere is cost containment. Government authorities and third-party payors, particularly Medicare, have attempted to control costs by limiting coverage and the amount of reimbursement for particular medications. Increasingly, third-party payors are requiring that drug companies provide them with predetermined discounts from list prices and are challenging the prices charged for medical products. We cannot be sure that coverage and reimbursement will be available for Fovista or any other product that we commercialize, and, even if these are available, the level of reimbursement may not be satisfactory.

Reimbursement may affect the demand for, or the price of, any product candidate for which we obtain marketing approval. Obtaining and maintaining adequate reimbursement for our products may be particularly difficult because of the higher prices often associated with drugs administered under the supervision of a physician and because, in the case of Fovista, our drug will be administered in combination with other drugs that may carry high prices. In addition, physicians, patients and third-party payors may be sensitive to the addition of the cost of Fovista to the cost of treatment with anti-VEGF drugs. We may be required to conduct expensive pharmacoeconomic studies to justify coverage and reimbursement or the level of reimbursement relative to other therapies, including in the case of Fovista, relative to monotherapy with anti-VEGF drugs. If coverage and adequate reimbursement are not available or reimbursement is available only to limited levels, we may not be able to successfully commercialize Fovista or any other product candidate for which we obtain marketing approval.

There may be significant delays in obtaining reimbursement for newly approved drugs, and coverage may be more limited than the purposes for which the drug is approved by the FDA or similar regulatory authorities outside the United States. Moreover, eligibility for reimbursement does not imply that any drug will be paid for in all cases or at a rate that covers our costs, including research, development, manufacture, sale and distribution. Interim reimbursement levels for new drugs, if applicable, may also not be sufficient to cover our costs and may not be made permanent. Reimbursement rates may vary according to the use of the drug and the clinical setting in which it is used, may be based on reimbursement levels already set for lower cost drugs, and may be incorporated into existing payments for other services. Net prices for drugs may be reduced by mandatory discounts or rebates required by government healthcare programs or private payors and by any future relaxation of laws that presently restrict imports of drugs from countries where they may be sold at lower prices than in the United States. Third-party payors often rely upon Medicare coverage policy and payment limitations in setting their own reimbursement policies. Our inability to promptly obtain coverage and profitable payment rates from both government-funded and private payors for any approved products that we develop could have a material adverse effect on our operating results, our ability to raise capital needed to commercialize products and our overall financial condition.

Our strategy of obtaining rights to product candidates and approved products for the treatment of a range of ophthalmic diseases through in-licenses and acquisitions may not be successful.

We may expand our product pipeline through opportunistically in-licensing or acquiring the rights to other products, product candidates or technologies for the treatment of ophthalmic diseases. Because we expect generally that we will not engage in early stage research and drug discovery, the future growth of our business will depend in significant part on our ability to in-license or acquire the rights to approved products, additional product candidates or technologies. However, we may be unable to in-license or acquire the rights to any such products, product candidates or technologies from third parties. The in-licensing and acquisition of pharmaceutical products is a competitive area, and a number of more established companies are also pursuing strategies to license or acquire products, product candidates or technologies that we may consider attractive. These established companies may have a competitive advantage over us due to their size, cash resources and greater clinical development and commercialization capabilities.

In addition, companies that perceive us to be a competitor may be unwilling to assign or license rights to us. We also may be unable to in-license or acquire the rights to the relevant product, product candidate or technology on terms that would allow us to make an appropriate return on our investment. Furthermore, we may be unable to identify suitable products, product candidates or technologies within our area of focus. If we are unable to successfully obtain rights to suitable products, product candidates or technologies, our business, financial condition and prospects for growth could suffer.

Product liability lawsuits against us could divert our resources, cause us to incur substantial liabilities and limit commercialization of any products that we may develop or in-license.

We face an inherent risk of product liability exposure related to the testing of Fovista and any other product candidate that we develop in human clinical trials and will face an even greater risk if we commercially sell any products that we develop or in-license. Because our Phase 3 clinical program for Fovista involves the administration of Fovista in combination with anti-VEGF drugs, including off-label use by intravitreal injection of Avastin provided by us, we also face an inherent risk of product liability exposure related to the testing of such anti-VEGF drugs. If we cannot successfully defend ourselves against claims that our product candidates, co-administered anti-VEGF drugs or our products caused injuries, we will incur substantial liabilities. Regardless of merit or eventual outcome, liability claims may result in:

- decreased demand for any product candidates or products that we may develop or in-license;
- injury to our reputation and significant negative media attention;
- withdrawal of clinical trial participants;

- significant costs to defend the related litigation;
- substantial monetary awards to trial participants or patients;
- loss of revenue;
- reduced time and attention of our management to pursue our business strategy; and
- the inability to commercialize any products that we may develop or in-license.

We currently hold $10.0 million in product liability insurance coverage in the aggregate, with a per incident limit of $10.0 million, which may not be adequate to cover all liabilities that we may incur. We will need to increase our insurance coverage when and if we begin commercializing Fovista or any other product candidate that receives marketing approval. Insurance coverage is increasingly expensive. We may not be able to maintain insurance coverage at a reasonable cost or in an amount adequate to satisfy any liability that may arise.

Risks Related to Our Dependence on Third Parties

We may enter into collaborations with third parties for the development or commercialization of Fovista and our other product candidates. If those collaborations are not successful, we may not be able to capitalize on the market potential of these product candidates.

If Fovista receives marketing approval, we plan to commercialize it in the United States with our own focused, specialty sales force targeting retinal specialists. In addition, we expect to utilize a variety of types of collaboration, distribution and other marketing arrangements with third parties to commercialize Fovista in markets outside the United States. We also may seek third-party collaborators for development and commercialization of other product candidates. Our likely collaborators for any sales, marketing, distribution, development, licensing or broader collaboration arrangements include large and mid-size pharmaceutical companies, regional and national pharmaceutical companies and biotechnology companies. We are not currently party to any such arrangement. However, if we do enter into any such arrangements with any third parties in the future, we will likely have limited control over the amount and timing of resources that our collaborators dedicate to the development or commercialization of our product candidates. Our ability to generate revenues from these arrangements will depend on our collaborators' abilities and efforts to successfully perform the functions assigned to them in these arrangements.

Collaborations involving our product candidates would pose numerous risks to us, including the following:

- collaborators have significant discretion in determining the efforts and resources that they will apply to these collaborations and may not perform their obligations as expected;
- collaborators may deemphasize or not pursue development and commercialization of our product candidates or may elect not to continue or renew development or commercialization programs based on clinical trial results, changes in the collaborators' strategic focus, product and product candidate priorities or available funding;
- collaborators may delay clinical trials, provide insufficient funding for a clinical trial program, stop a clinical trial or abandon a product candidate, repeat or conduct new clinical trials or require a new formulation of a product candidate for clinical testing;
- collaborators could independently develop, or develop with third parties, products that compete directly or indirectly with our products or product candidates if the collaborators believe that competitive products are more likely to be successfully developed or can be commercialized under terms that are more economically attractive than ours;
- we could grant exclusive rights to our collaborators, which would prevent us from collaborating with others;
- disagreements or disputes with collaborators, including disagreements or disputes over proprietary rights, contract interpretation or the preferred course of development, might cause delays or

termination of the research, development or commercialization of products or product candidates, might lead to additional responsibilities for us with respect to product candidates or might result in litigation or arbitration, any of which would divert management attention and resources, be time-consuming and be expensive;

- collaborators with marketing and distribution rights to one or more products may not commit sufficient resources to the marketing and distribution of such product or products;
- collaborators may not properly maintain or defend our intellectual property rights, may infringe the intellectual property rights of third parties, may misappropriate our trade secrets or may use our proprietary information in such a way as to invite litigation that could jeopardize or invalidate our intellectual property or proprietary information or expose us to litigation and potential liability; and
- collaborations may be terminated for the convenience of the collaborator, our breach of the terms of the collaboration or other reasons and, if terminated, we may need to raise additional capital to pursue further development or commercialization of the applicable product candidates.

If a collaborator of ours were to be involved in a business combination, the foregoing risks would be heightened, and the business combination may divert attention or resources or create competing priorities. The collaborator may delay or terminate our product development or commercialization program. If one of our collaborators terminates its agreement with us, we could find it more difficult to attract new collaborators and the perception of our company in the business and financial communities could be adversely affected.

Collaboration agreements may not lead to development or commercialization of product candidates in the most efficient manner or at all.

If we are not able to establish collaborations, we may have to alter our development and commercialization plans.

The potential commercialization of Fovista and the development and potential commercialization of other product candidates will require substantial additional cash to fund expenses. For some of our product candidates, we may decide to collaborate with pharmaceutical and biotechnology companies for the development and potential commercialization of those product candidates. For example, we intend to seek to commercialize Fovista through a variety of types of collaboration arrangements outside the United States.

We face significant competition in seeking appropriate collaborators. Whether we reach a definitive agreement for a collaboration will depend, among other things, upon our assessment of the collaborator's resources and expertise, the terms and conditions of the proposed collaboration and the proposed collaborator's evaluation of a number of factors. Those factors may include the design or results of clinical trials, the likelihood of approval by the FDA or similar regulatory authorities outside the United States, the potential market for the subject product candidate, the costs and complexities of manufacturing and delivering such product candidate to patients, the potential of competing products, the existence of uncertainty with respect to our ownership of technology, which can exist if there is a challenge to such ownership without regard to the merits of the challenge, and industry and market conditions generally. The collaborator may also consider alternative product candidates or technologies for similar indications that may be available to collaborate on and whether such a collaboration could be more attractive than the one with us for our product candidate. We may also be restricted under future license agreements from entering into agreements on certain terms with potential collaborators. Collaborations are complex and time-consuming to negotiate and document. In addition, there have been a significant number of recent business combinations among large pharmaceutical companies that have resulted in a reduced number of potential future collaborators.

If we are unable to reach agreements with suitable collaborators on a timely basis, on acceptable terms, or at all, we may have to curtail the development of a product candidate, reduce or delay its development program or one or more of our other development programs, delay its potential commercialization or reduce the scope of any

sales or marketing activities, or increase our expenditures and undertake development or commercialization activities at our own expense. If we elect to fund and undertake development or commercialization activities on our own, we may need to obtain additional expertise and additional capital, which may not be available to us on acceptable terms or at all. If we fail to enter into collaborations and do not have sufficient funds or expertise to undertake the necessary development and commercialization activities, we may not be able to further develop our product candidates or bring them to market and generate product revenue.

We rely on third parties in conducting our clinical trials, and those third parties may not perform satisfactorily, including failing to meet deadlines for the completion of such trials.

We have relied on third-party clinical research organizations, or CROs, in conducting our completed Phase 2b clinical trial of Fovista and our completed Phase 1/2a clinical trial of ARC1905. We expect to continue to rely on third parties, such as CROs, clinical data management organizations, medical institutions and clinical investigators, in conducting our clinical trials for Fovista, including the clinical trials in our Phase 3 clinical program, and expect to rely on these third parties to conduct clinical trials of any other product candidate that we develop. We or these third parties may terminate their engagements with us at any time for a variety of reasons, including a failure to perform by the third parties. If we need to enter into alternative arrangements, that would delay our product development activities.

Our reliance on these third parties for clinical development activities reduces our control over these activities but does not relieve us of our responsibilities. For example, we remain responsible for ensuring that each of our clinical trials is conducted in accordance with the general investigational plan and protocols for the trial. Moreover, the FDA requires us to comply with standards, commonly referred to as Good Clinical Practices, or GCPs, for conducting, recording and reporting the results of clinical trials to assure that data and reported results are credible and accurate and that the rights, integrity and confidentiality of trial participants are protected. We also are required to register ongoing clinical trials and post the results of completed clinical trials on a government-sponsored database within specified timeframes. Failure to do so can result in fines, adverse publicity and civil and criminal sanctions.

If these third parties do not successfully carry out their contractual duties, meet expected deadlines or conduct our clinical trials in accordance with regulatory requirements or our stated protocols, we will not be able to obtain, or may be delayed in obtaining, marketing approvals for our product candidates and will not be able to, or may be delayed in our efforts to, successfully commercialize our product candidates. Furthermore, these third parties may also have relationships with other entities, some of which may be our competitors.

We also rely on other third parties to store and distribute drug supplies for our clinical trials. Any performance failure on the part of our distributors could delay clinical development or marketing approval of our product candidates or commercialization of our products, producing additional losses and depriving us of potential product revenue.

We contract with third parties for the manufacture of Fovista for clinical trials and expect to continue to do so in connection with the commercialization of Fovista and for clinical trials and commercialization of any other product candidates that we develop. This reliance on third parties increases the risk that we will not have sufficient quantities of our product candidates or products or such quantities at an acceptable cost, which could delay, prevent or impair our development or commercialization efforts.

We do not currently own or operate manufacturing facilities for the production of clinical or commercial quantities of Fovista and have limited personnel with manufacturing experience. We currently rely on and expect to continue to rely on third-party contract manufacturers to manufacture clinical and commercial supplies of Fovista, preclinical and clinical supplies of other product candidates we may develop and commercial supplies of products if and when approved for marketing by applicable regulatory authorities. Our current and anticipated future dependence upon others for the manufacture of Fovista and any other product candidate or product that we

develop may adversely affect our future profit margins and our ability to commercialize any products that receive marketing approval on a timely and competitive basis. In addition, any performance failure on the part of our existing or future manufacturers could delay clinical development or marketing approval.

We currently rely exclusively on one third-party manufacturer to supply us with Fovista drug substance on a purchase order basis. We also rely on another third-party manufacturer to conduct fill-finish services on a purchase order basis. We do not currently have any contractual commitments for commercial supply of bulk drug substance for Fovista or for fill-finish services. We also do not currently have arrangements in place for redundant supply or a second source for bulk drug substance for Fovista or for fill-finish services. The prices at which we are able to obtain supplies of Fovista drug substance and fill-finish services may vary substantially over time and adversely affect our financial results. Furthermore, we currently rely on sole-source suppliers of certain raw materials and other specialized components of production used in the manufacture and fill-finish of Fovista.

We currently rely exclusively on Nektar to supply us with a proprietary polyethylene glycol, or PEG, reagent under a supply agreement with Nektar. PEG reagent is a chemical we use to modify the chemically synthesized aptamer in Fovista. The PEG reagent made by Nektar is proprietary to Nektar and, to our knowledge, is not currently available from any other third party.

If our third-party manufacturer for Fovista drug substance fails to fulfill our purchase orders, if Nektar breaches its obligations to us under our supply agreement or if either of these manufacturers should become unavailable to us for any reason, we believe that there are a limited number of potential replacement manufacturers, and we likely would incur added costs and delays in identifying or qualifying such replacements. We could also incur additional costs and delays in identifying or qualifying a replacement manufacturer for fill-finish services if our existing third-party manufacturer should become unavailable for any reason. We may be unable to establish any agreements with such replacement manufacturers or to do so on acceptable terms.

Under the supply agreement with Nektar, we must purchase our entire requirements for PEG reagent exclusively from Nektar at an agreed price. In the event Nektar breaches its supply obligations as specified in the agreement, Nektar has agreed to enable a third-party manufacturer, if one is available, to supply us with PEG reagent until Nektar demonstrates that Nektar has the ability to supply all of our requirements for PEG reagent. The agreement of Nektar to enable a third-party manufacturer may be difficult to enforce in the context of a breach by Nektar of its supply obligations. We may not be able to reach an agreement with any third-party manufacturer to take on the supply of PEG reagent under such circumstances because, to our knowledge, no third party currently manufactures the PEG reagent we currently use in making the Fovista drug substance. Furthermore, the third party's right to supply us with PEG reagent would be subject to termination at any time once Nektar demonstrates that Nektar has the ability to supply all of our requirements for PEG reagent, which may limit the interest of potential third-party manufacturers in undertaking such an engagement. In addition, the process of transferring any necessary technology or process to a third-party manufacturer would entail significant delay in or disruption to the supply of PEG reagent and, as a result, a significant delay in or disruption to the manufacture of Fovista. Furthermore, the FDA or other regulatory authorities might require additional studies to demonstrate equivalence between the Fovista drug substance made using the Nektar PEG reagent and the Fovista drug substance made using any replacement PEG reagent we propose to use or between the Nektar PEG reagent itself and any replacement PEG reagent we propose to use to make Fovista. We ultimately may be unable to demonstrate such equivalence.

Reliance on third-party manufacturers entails additional risks, including:

- Fovista and any other product that we develop may compete with other product candidates and products for access to a limited number of suitable manufacturing facilities that operate under current good manufacturing practices, or cGMP, regulations;
- reliance on the third party for regulatory compliance and quality assurance;

- the possible breach of the manufacturing agreement by the third party;
- the possible misappropriation of our proprietary information, including our trade secrets and know-how; and
- the possible termination or nonrenewal of the agreement by the third party at a time that is costly or inconvenient for us.

Third-party manufacturers may not be able to comply with cGMP regulations or similar regulatory requirements outside the United States. Our failure, or the failure of our third-party manufacturers, to comply with applicable regulations could result in sanctions being imposed on us, including clinical holds, fines, injunctions, civil penalties, delays, suspension or withdrawal of approvals, license revocation, seizures or recalls of product candidates or products, operating restrictions and criminal prosecutions, any of which could significantly and adversely affect supplies of our products and harm our business and results of operations.

We depend on licenses and sublicenses for development and commercialization rights to our products, product candidates and technologies. Termination of these rights or the failure to comply with obligations under these or other agreements under which we obtain such rights could materially harm our business and prevent us from developing or commercializing our products and product candidates.

We are party to various agreements, including an acquisition agreement with OSI Pharmaceuticals and license agreements with Archemix and Nektar that we depend on for rights to Fovista and other product candidates and technology. These agreements impose, and we may enter into additional licensing arrangements or other agreements with third parties that may impose, diligence, development and commercialization timelines, milestone payment, royalty, insurance and other obligations on us. Under our acquisition agreement with OSI Pharmaceuticals and our licensing agreement with Nektar, we are obligated to pay royalties on net product sales of Fovista or other product candidates or related technologies to the extent they are covered by the agreement. Under our license agreements with Archemix and Nektar, we would not be able to avoid our payment obligations even if we believed a licensed patent right was invalid or unenforceable because the license agreements provide that our licenses to all licensed patent rights would terminate if we challenge the validity or enforceability of any licensed patent right.

We also have diligence and development obligations under our acquisition agreement with OSI Pharmaceuticals and our license agreements with Archemix and Nektar. Generally, these diligence obligations require us to use commercially reasonable efforts to develop, seek regulatory approval for and commercialize our products in the United States, the European Union and, in some cases, certain other specified countries. If we fail to comply with our obligations under current or future acquisition, license and funding agreements, or otherwise breach an acquisition or license agreement, our counterparties may have the right to terminate these agreements, in which event we might not have the rights or the financial resources to develop, manufacture or market any product that is covered by these agreements. Our counterparties also may have the right to convert an exclusive license to non-exclusive in the territory in which we failed to satisfy our diligence obligations, which could materially adversely affect the value of the product candidate being developed under any such agreement. Termination of these agreements or reduction or elimination of our rights under these agreements may result in our having to negotiate new or reinstated agreements with less favorable terms, seek alternative sources of financing or cause us to lose our rights under these agreements, including our rights to Fovista and other important intellectual property or technology. Any of the foregoing could prevent us from commercializing Fovista or our other product candidates, which could have a material adverse effect on our operating results and overall financial condition.

In addition to the generally applicable diligence obligations set forth above, we have specific obligations with respect to the licensing and funding agreements described below:

- Under the terms of the agreement with OSI Pharmaceuticals under which we acquired certain rights to develop and commercialize Fovista, if we fail to meet our diligence obligations, OSI Pharmaceuticals

may terminate the agreement as to such countries with respect to which such failure has occurred, and upon such termination we will be obligated to grant, assign and transfer to OSI Pharmaceuticals specified rights and licenses related to our anti-PDGF aptamer technology and other related assets, and if we are manufacturing such anti-PDGF products at the time of such termination, may be obligated to provide transitional supply to OSI Pharmaceuticals of covered anti-PDGF products, for such countries.

- Under the terms of the amended license, manufacturing and supply agreement with Nektar, pursuant to which we obtained, among other licenses, an exclusive, worldwide license to make, develop, use, import, offer for sale and sell certain products that incorporate a specified PEG reagent linked with the active ingredient in Fovista, if we fail to use commercially reasonable efforts to achieve the first commercial sale of Fovista in the United States or one of a specified group of other countries by December 31, 2017, which date Nektar and we may agree in good faith to extend in specified circumstances, Nektar may either terminate our license or convert our license for such country to a non-exclusive license. In addition, if we fail to use commercially reasonable efforts to develop Fovista and file and seek approval of NDAs on a schedule permitting us to make first commercial sales of Fovista in specified countries by December 31, 2017, do not make such first commercial sales of Fovista by such date, or thereafter fail to use commercially reasonable efforts to continue to commercialize and market Fovista in such countries, we will be in material breach of the agreement and Nektar will have the right to terminate the agreement.
- Under the amended and restated agreement with Archemix relating to anti-C5 aptamers, if we fail to complete a Phase 2 clinical trial of ARC1905 or another anti-C5 product for AMD by December 31, 2014, Archemix may terminate our corresponding license or convert our corresponding license to a non-exclusive license, subject to certain obligations on the part of Archemix to negotiate an extension to such deadline in good faith.

In addition to the above risks, certain of our intellectual property rights are sublicenses under intellectual property owned by third parties, in some cases through multiple tiers. The actions of our licensors may therefore affect our rights to use our sublicensed intellectual property, even if we are in compliance with all of the obligations under our license agreements. For example, the licenses from Archemix include sublicenses to us of rights to specified technology, which we refer to as the SELEX technology, licensed by University License Equity Holdings, Inc. to Gilead Sciences, Inc., or Gilead, and sublicensed by Gilead to Archemix, as well as other technology owned by Gilead and licensed to Archemix. In addition, the licenses we have obtained from Nektar include sublicenses of certain rights. Should our licensors or any of the upstream licensors fail to comply with their obligations under the agreements pursuant to which they obtain the rights that are sublicensed to us, or should such agreements be terminated or amended, our ability to develop and commercialize Fovista, ARC1905 and other product candidates may be materially harmed. While the applicable agreements may contain contractual provisions that would in many instances protect our rights as a sublicensee in these circumstances, these provisions may not be enforceable and may not protect our rights in all instances. Further, we do not have the right to control the prosecution, maintenance and enforcement of all of our licensed and sublicensed intellectual property, and even when we do have such rights, we may require the cooperation of our licensors and upstream licensors, which may not be forthcoming. Our business could be adversely affected if we are unable to prosecute, maintain and enforce our licensed and sublicensed intellectual property effectively.

Risks Related to Our Intellectual Property

The patent prosecution process is expensive and time-consuming, is highly uncertain and involves complex legal and factual questions. Recent patent reform legislation could increase the uncertainties and costs surrounding the prosecution of our patent applications and the enforcement or defense of our issued patents.

Our success depends in large part on our ability to obtain and maintain patent protection in the United States and other countries with respect to our proprietary technology and products. We seek to protect our proprietary position by filing in the United States and in certain foreign jurisdictions patent applications related to our novel technologies and product candidates that are important to our business.

The patent prosecution process is expensive and time-consuming, and we may not be able to file and prosecute all necessary or desirable patent applications at a reasonable cost or in a timely manner. It is also possible that we will fail to identify patentable aspects of our research and development output before it is too late to obtain patent protection. In addition, we may not pursue or obtain patent protection in all major markets. Moreover, in some circumstances, we do not have the right to control the preparation, filing or prosecution of patent applications, or to maintain the patents, covering technology that we license from third parties. In some circumstances, our licensors have the right to enforce the licensed patents without our involvement or consent, or to decide not to enforce or to allow us to enforce the licensed patents. Therefore, these patents and applications may not be prosecuted and enforced in a manner consistent with the best interests of our business. If any such licensors fail to maintain such patents, or lose rights to those patents, the rights that we have licensed may be reduced or eliminated and our right to develop and commercialize any of our products that are the subject of such licensed rights could be adversely affected.

The patent position of biotechnology and pharmaceutical companies generally is highly uncertain, involves complex legal and factual questions and has in recent years been the subject of much litigation. In addition, the laws of foreign jurisdictions may not protect our rights to the same extent as the laws of the United States. For example, European patent law restricts the patentability of methods of treatment of the human body more than United States law does. Publications of discoveries in the scientific literature often lag behind the actual discoveries, and patent applications in the United States and other jurisdictions are typically not published until 18 months after filing, or in some cases not at all. Therefore, we cannot be certain that we or our licensors were the first to make the inventions claimed in our owned or licensed patents or pending patent applications, or that we or our licensors were the first to file for patent protection of such inventions. Moreover, the United States Patent and Trademark Office might require that the term of a patent issuing from a pending patent application be disclaimed and limited to the term of another patent that is commonly owned or names a common inventor. As a result, the issuance, scope, validity, enforceability and commercial value of our patent rights are highly uncertain.

Our pending and future patent applications may not result in patents being issued which protect our technology or products, in whole or in part, or which effectively prevent others from commercializing competitive technologies and products. In particular, during prosecution of any patent application, the issuance of any patents based on the application may depend upon our ability to generate additional preclinical or clinical data that support the patentability of our proposed claims. We may not be able to generate sufficient additional data on a timely basis, or at all. Moreover, changes in either the patent laws or interpretation of the patent laws in the United States or other countries may diminish the value of our patents or narrow the scope of our patent protection.

Recent patent reform legislation could increase the uncertainties and costs surrounding the prosecution of our patent applications and the enforcement or defense of our issued patents. On September 16, 2011, the Leahy-Smith America Invents Act, or the Leahy-Smith Act, was signed into law. The Leahy-Smith Act includes a number of significant changes to U.S. patent law. These include provisions that affect the way patent applications are prosecuted, redefine prior art, may affect patent litigation and switch the U.S. patent system from a “first-to-invent” system to a “first-to-file” system. Under a first-to-file system, assuming the other requirements for patentability are met, the first inventor to file a patent application generally will be entitled to the patent on an invention regardless of whether another inventor had made the invention earlier. The U.S. Patent and Trademark Office recently developed new regulations and procedures to govern administration of the Leahy-Smith Act, and many of the substantive changes to patent law associated with the Leahy-Smith Act, and in particular, the first-to-file provisions, only became effective on March 16, 2013. Accordingly, it is not clear what, if any, impact the Leahy-Smith Act will have on the operation of our business. However, the Leahy-Smith Act and its implementation could increase the uncertainties and costs surrounding the prosecution of our patent applications and the enforcement or defense of our issued patents, all of which could have a material adverse effect on our business and financial condition.

Moreover, we may be subject to a third-party preissuance submission of prior art to the U.S. Patent and Trademark Office, or become involved in opposition, derivation, reexamination, *inter partes* review, post-grant

review, interference proceedings or other patent office proceedings or litigation, in the United States or elsewhere, challenging our patent rights or the patent rights of others. An adverse determination in any such submission, proceeding or litigation could reduce the scope of, or invalidate, our patent rights, allow third parties to commercialize our technology or products and compete directly with us, without payment to us, or result in our inability to manufacture or commercialize products without infringing third-party patent rights. In addition, if the breadth or strength of protection provided by our patents and patent applications is threatened, it could dissuade companies from collaborating with us to license, develop or commercialize current or future product candidates.

If we are unable to obtain and maintain patent protection for our technology and products during the period of their commercialization, or if the scope of the patent protection is not sufficiently broad, our competitors could develop and commercialize technology and products similar or identical to ours, and our ability to successfully commercialize our technology and products may be adversely affected.

The last to expire of the U.S. patent rights covering the composition of matter of Fovista is expected to expire in 2017. Such expiration date is not long after the date by which we expect Fovista to be commercialized in the United States if we obtain marketing approval and may even be prior to such date. We own an issued U.S. patent covering a method of treating wet AMD with Fovista in combination with Avastin or Lucentis, which is expected to expire in 2024. The Drug Price Competition and Patent Term Restoration Act of 1984, or the Hatch-Waxman Act, permits a patent restoration term of up to five years as compensation for patent term lost during product development and the FDA regulatory review process occurring after the issuance of a patent. We may be able to obtain a patent term extension for one of these U.S. patents. However, we may not be granted an extension because of, for example, failing to apply within applicable deadlines, failing to apply prior to expiration of relevant patents or otherwise failing to satisfy applicable requirements. Moreover, the applicable time period or the scope of patent protection afforded could be less than we request. If we are unable to obtain patent term extension or restoration or the term of any such extension is less than we request, any period during which we have the right to exclusively market our product will be shorter than we would otherwise expect, and our competitors may obtain approval of competing products following our patent expiration, and our revenue could be reduced, possibly materially.

The European patent rights covering the composition of matter of Fovista are expected to expire in 2018. Such expiration date is shortly after the date by which we expect Fovista to be commercialized in Europe, and may even be prior to such date. We own a granted European patent covering a combination of Fovista and Lucentis or Avastin for use in a method for treating wet AMD. This European patent is expected to expire in 2024.

We also have filed in the United States and Europe patent applications covering a method of treating wet AMD in patients with Fovista in combination with Eylea. These patent applications are in the early stages of prosecution and may not result in patents being issued which protect the use of Fovista in combination with Eylea or effectively prevent others from commercializing competitive technologies and products. If a patent is granted following prosecution of any such application, that patent would be expected to expire in 2030.

Method-of-treatment patents are more difficult to enforce than composition-of-matter patents because of the risk of off-label sale or use of a drug for the subject method. The FDA does not prohibit physicians from prescribing an approved product for uses that are not described in the product’s labeling. Although use of a product directed by off-label prescriptions may infringe our method-of-treatment patents, the practice is common across medical specialties, particularly in the United States, and such infringement is difficult to detect, prevent or prosecute. Off-label sales of other products having the same active pharmaceutical ingredient as Fovista or any of our other product candidates would limit our ability to generate revenue from the sale of Fovista or such other product candidates, if approved for commercial sale. In addition, European patent law generally makes the enforcement of patents that cover methods of treatment of the human body difficult. Further, once the composition-of-matter patents relating to Fovista or any other product candidate in a particular jurisdiction, if any, expire, competitors will be able to make, offer and sell products containing the same active pharmaceutical

ingredient as Fovista in that jurisdiction so long as these competitors do not infringe any other of our patents covering Fovista's method of use, do not violate the terms of any marketing or data exclusivity that may be granted to us by regulatory authorities and obtain any necessary marketing approvals from applicable regulatory authorities. In such circumstances, we also may not be able to detect, prevent or prosecute off-label use of such competitors' products containing the same active pharmaceutical ingredient as Fovista in combination with any anti-VEGF drug, even if such use infringes any of our method-of-treatment patents.

The U.S. patent rights covering ARC1905 as a composition of matter are expected to expire in 2025. Such expiration date may be prior to the date by which we would be able to commercialize ARC1905 in the United States if we seek and obtain marketing approval. The U.S. patent rights covering methods of treating certain complement protein mediated disorders with ARC1905 are expected to expire in 2026. As a result, if we obtain marketing approval for ARC1905, we may not be able to exclude competitors from commercializing products similar or identical to ours if such competitors do not use our claimed methods of treatment. Depending on potential delays in the regulatory review process for ARC1905, we may be able to obtain a patent term extension for one of these patents in the United States, but we can provide no assurances that such an extension will be obtained.

Our issued patents may not be sufficient to provide us with a competitive advantage. For example, competitors may be able to circumvent our owned or licensed patents by developing similar or alternative technologies or products in a non-infringing manner. Even if our owned or licensed patent applications issue as patents, they may not issue with a scope broad enough to provide us with any meaningful protection, prevent competitors from competing with us or otherwise provide us with any competitive advantage. We could also fail to take the required actions and pay the necessary governmental fees to maintain our patents.

The issuance of a patent is not conclusive as to its inventorship, ownership, scope, validity or enforceability, and our owned and licensed patents may be challenged in the courts or patent offices in the United States and abroad. For example, if we receive marketing approval for our product candidates, other pharmaceutical companies may seek approval of generic versions of our products with the FDA or regulatory authorities in other jurisdictions. We may then be required to initiate proceedings against such companies in an attempt to prevent them from launching such generic versions. The risk of being involved in such proceedings is likely to increase if our products are commercially successful. In any such proceedings, the inventorship, ownership, scope, validity and enforceability of our patents may be challenged. These and other challenges may result in loss of exclusivity or freedom to operate or in patent claims being narrowed, invalidated or held unenforceable, in whole or in part, which could limit our ability to prevent others from using or commercializing similar or identical technology and products, launching generic versions of our products, or limit the duration of the patent protection of our technology and products. The launch of a generic version of one of our products in particular would be likely to result in an immediate and substantial reduction in the demand for our product, which could have a material adverse effect on our business. Given the amount of time required for the development, testing and regulatory review of new product candidates, patents protecting such candidates might expire before or shortly after such candidates are commercialized. As a result, our patent portfolio may not provide us with sufficient rights to exclude others from commercializing products similar or identical to ours.

We may become involved in lawsuits to protect or enforce our patents or other intellectual property, which could be expensive, time consuming and unsuccessful.

Competitors may infringe or otherwise violate our patents, trademarks, copyrights or other intellectual property. To counter infringement or other violations, we may be required to file claims, which can be expensive and time consuming. Any such claims could provoke these parties to assert counterclaims against us, including claims alleging that we infringe their patents or other intellectual property rights. In addition, in a patent infringement proceeding, a court may decide that one or more of the patents we assert is invalid or unenforceable, in whole or in part, construe the patent's claims narrowly or refuse to prevent the other party from using the technology at issue on the grounds that our patents do not cover the technology. Similarly, if we assert trademark infringement claims, a court may determine that the marks we have asserted are invalid or unenforceable or that the party against whom we have asserted trademark infringement has superior rights to the

marks in question. In such a case, we could ultimately be forced to cease use of such marks. In any intellectual property litigation, even if we are successful, any award of monetary damages or other remedy we receive may not be commercially valuable. Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation, there is a risk that some of our confidential information could be compromised by disclosure during this type of litigation.

Third parties may initiate legal proceedings alleging that we are infringing or otherwise violating their intellectual property rights, the outcome of which would be uncertain and could have a material adverse effect on the success of our business.

Our commercial success depends upon our ability and the ability of our collaborators to develop, manufacture, market and sell our product candidates and use our proprietary technologies without infringing or otherwise violating the intellectual property and other proprietary rights of third parties. There is considerable intellectual property litigation in the biotechnology and pharmaceutical industries. We may become party to, or threatened with, future adversarial proceedings or litigation regarding intellectual property rights with respect to our products and technology, including interference, derivation, re-examination, post-grant review, opposition or similar proceedings before the U.S. Patent and Trademark Office or its foreign counterparts. The risks of being involved in such litigation and proceedings may also increase as our product candidates near commercialization and as we gain the greater visibility associated with being a public company. Third parties may assert infringement claims against us based on existing or future intellectual property rights. We may not be aware of all such intellectual property rights potentially relating to our product candidates and their uses. Thus, we do not know with certainty that Fovista or any other product candidate, or our commercialization thereof, does not and will not infringe or otherwise violate any third party's intellectual property.

If we are found to infringe or otherwise violate a third party's intellectual property rights, we could be required to obtain a license from such third party to continue developing and marketing our products and technology. However, we may not be able to obtain any required license on commercially reasonable terms or at all. Even if we were able to obtain a license, it could be non-exclusive, thereby giving our competitors access to the same technologies licensed to us and could require us to make substantial licensing and royalty payments. We could be forced, including by court order, to cease commercializing the infringing technology or product. In addition, we could be found liable for monetary damages, including treble damages and attorneys' fees if we are found to have willfully infringed a patent or other intellectual property right. A finding of infringement could prevent us from commercializing our product candidates or force us to cease some of our business operations, which could materially harm our business. Claims that we have misappropriated the confidential information or trade secrets of third parties could expose us to similar liabilities and have a similar negative impact on our business.

We may be subject to claims by third parties asserting that we or our employees have misappropriated their intellectual property, or claiming ownership of what we regard as our own intellectual property.

Many of our employees were previously employed at universities or other biotechnology or pharmaceutical companies, including our competitors or potential competitors. Although we try to ensure that our employees do not use the proprietary information or know-how of others in their work for us, we may be subject to claims that we or these employees have used or disclosed intellectual property, including trade secrets or other proprietary information, of any such employee's former employer. Litigation may be necessary to defend against these claims.

In addition, while it is our policy to require our employees and contractors who may be involved in the conception or development of intellectual property to execute agreements assigning such intellectual property to us, we may be unsuccessful in executing such an agreement with each party who in fact conceives or develops intellectual property that we regard as our own. Moreover, because we acquired rights to Fovista from Eyetech, Archemix and Nektar, we must rely on these parties' practices, and those of their predecessors, with regard to the assignment of intellectual property therein. Our and their assignment agreements may not be self-executing or

may be breached, and we may be forced to bring claims against third parties, or defend claims they may bring against us, to determine the ownership of what we regard as our intellectual property.

If we fail in prosecuting or defending any such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights or personnel.

Intellectual property litigation could cause us to spend substantial resources and could distract our personnel from their normal responsibilities.

Even if resolved in our favor, litigation or other legal proceedings relating to intellectual property claims may cause us to incur significant expenses and could distract our technical and management personnel from their normal responsibilities. In addition, there could be public announcements of the results of hearings, motions or other interim proceedings or developments, and if securities analysts or investors perceive these results to be negative, it could have a substantial adverse effect on the price of our common stock. Such litigation or proceedings could substantially increase our operating losses and reduce the resources available for development activities or any future sales, marketing or distribution activities. We may not have sufficient financial or other resources to conduct such litigation or proceedings adequately. Some of our competitors may be able to sustain the costs of such litigation or proceedings more effectively than we can because of their greater financial resources. Uncertainties resulting from the initiation and continuation of patent litigation or other proceedings could have a material adverse effect on our ability to compete in the marketplace.

If we are unable to protect the confidentiality of our trade secrets, our business and competitive position would be harmed.

In addition to seeking patents for some of our technology and products, we also rely on trade secrets, including unpatented know-how, technology and other proprietary information, to maintain our competitive position. We seek to protect these trade secrets, in part, by entering into non-disclosure and confidentiality agreements with parties who have access to them, such as our employees, corporate collaborators, outside scientific collaborators, contract manufacturers, consultants, advisors and other third parties. We also enter into confidentiality and invention or patent assignment agreements with our employees and consultants. We cannot guarantee that we have executed such agreements with each party that may have or have had access to our trade secrets. Moreover, because we acquired certain rights to Fovista from Eyetech, Archemix and Nektar, we must rely on these parties' practices, and those of their predecessors, with regard to the protection of Fovista-related trade secrets before we acquired them. Any party with whom we or they have executed a non-disclosure and confidentiality agreement may breach that agreement and disclose our proprietary information, including our trade secrets, and we may not be able to obtain adequate remedies for such breaches. Our proprietary information may also be obtained by third parties by other means, such as breaches of our physical or computer security systems.

Detecting the disclosure or misappropriation of a trade secret and enforcing a claim that a party illegally disclosed or misappropriated a trade secret is difficult, expensive and time-consuming, and the outcome is unpredictable. In addition, some courts inside and outside the United States are less willing or unwilling to protect trade secrets. If any of our trade secrets were to be lawfully obtained or independently developed by a competitor, we would have no right to prevent them, or those to whom they communicate it, from using that technology or information to compete with us. If any of our trade secrets were to be disclosed to or independently developed by a competitor, our competitive position would be harmed.

Risks Related to Regulatory Approval and Other Legal Compliance Matters

If we are not able to obtain, or if there are delays in obtaining, required regulatory approvals, we will not be able to commercialize Fovista or any other product candidate that we develop, and our ability to generate revenue will be materially impaired.

Our product candidates, including Fovista, and the activities associated with their development and commercialization, including their design, testing, manufacture, safety, efficacy, recordkeeping, labeling, storage, approval, advertising, promotion, sale and distribution, are subject to comprehensive regulation by the FDA and other regulatory agencies in the United States and by comparable authorities in other countries.

Failure to obtain marketing approval for a product candidate will prevent us from commercializing the product candidate. We have not received approval to market Fovista or any other product candidate from regulatory authorities in any jurisdiction. We have only limited experience in filing and supporting the applications necessary to gain marketing approvals and expect to rely on third-party CROs to assist us in this process. Securing marketing approval requires the submission of extensive preclinical and clinical data and supporting information to regulatory authorities for each therapeutic indication to establish the product candidate's safety and efficacy. Securing marketing approval also requires the submission of information about the product manufacturing process to, and inspection of manufacturing facilities by, the regulatory authorities. The FDA or other regulatory authorities may determine that Fovista or any other product candidate that we develop is not effective, is only moderately effective or has undesirable or unintended side effects, toxicities or other characteristics that preclude our obtaining marketing approval or prevent or limit commercial use. The FDA or other regulatory authority may limit the approval of Fovista to use with only specified anti-VEGF drugs rather than with all anti-VEGF drugs. Such limitation could limit sales of Fovista.

The process of obtaining marketing approvals, both in the United States and abroad, is expensive, may take many years, if approval is obtained at all, and can vary substantially based upon a variety of factors, including the type, complexity and novelty of the product candidates involved. Changes in marketing approval policies during the development period, changes in or the enactment of additional statutes or regulations, or changes in regulatory review for each submitted product application, may cause delays in the approval or rejection of an application. Regulatory authorities have substantial discretion in the approval process and may refuse to accept any application or may decide that our data are insufficient for approval and require additional preclinical, clinical or other studies. In addition, varying interpretations of the data obtained from preclinical and clinical testing could delay, limit or prevent marketing approval of a product candidate. Any marketing approval we ultimately obtain may be limited or subject to restrictions or post-approval commitments that render the approved product not commercially viable.

Marketing approval of novel product candidates such as Fovista and ARC1905 manufactured using novel manufacturing processes can be more expensive and take longer than for other, more well-known or extensively studied pharmaceutical or biopharmaceutical products, due to regulatory agencies' lack of experience with them. We believe that the FDA has only granted marketing approval for one aptamer product to date. This lack of experience may lengthen the regulatory review process, require us to conduct additional studies or clinical trials, increase our development costs, lead to changes in regulatory positions and interpretations, delay or prevent approval and commercialization of these product candidates or lead to significant post-approval limitations or restrictions.

If we experience delays in obtaining approval or if we fail to obtain approval of Fovista or any other product candidate that we develop, the commercial prospects for such product candidate may be harmed and our ability to generate revenues will be materially impaired.

A fast track designation or grant of priority review status by the FDA may not actually lead to a faster development or regulatory review or approval process.

We may be eligible for fast track designation or priority review status for our product candidates. If a drug is intended for the treatment of a serious or life-threatening disease or condition and the drug demonstrates the

potential to address unmet medical needs for this disease or condition, the drug sponsor may apply for FDA fast track designation. If a drug offers major advances in treatment, the drug sponsor may apply for FDA priority review status. The FDA has broad discretion whether or not to grant fast track designation or priority review status, so even if we believe a particular product candidate is eligible for such designation or status, the FDA could decide not to grant it. Even if we do receive fast track designation, as we have for Fovista for the treatment of wet AMD, or priority review status, we may not experience a faster development process, review or approval compared to conventional FDA procedures. The FDA may withdraw fast track designation if it believes that the designation is no longer supported by data from our clinical development program.

Failure to obtain marketing approval in international jurisdictions would prevent our product candidates from being marketed abroad.

In order to market and sell Fovista and any other product candidate that we develop in the European Union and many other jurisdictions, we or our third-party collaborators must obtain separate marketing approvals and comply with numerous and varying regulatory requirements. The approval procedure varies among countries and can involve additional testing. The time required to obtain approval may differ substantially from that required to obtain FDA approval. The regulatory approval process outside the United States generally includes all of the risks associated with obtaining FDA approval. In addition, in many countries outside the United States, it is required that the product be approved for reimbursement before the product can be approved for sale in that country. We or these third parties may not obtain approvals from regulatory authorities outside the United States on a timely basis, if at all. Approval by the FDA does not ensure approval by regulatory authorities in other countries or jurisdictions, and approval by one regulatory authority outside the United States does not ensure approval by regulatory authorities in other countries or jurisdictions or by the FDA. We may not be able to file for marketing approvals and may not receive necessary approvals to commercialize our products in any market.

Any product candidate, including Fovista, for which we obtain marketing approval could be subject to post-marketing restrictions or withdrawal from the market and we may be subject to penalties if we fail to comply with regulatory requirements or if we experience unanticipated problems with our products, when and if any of them are approved.

Any product candidate, including Fovista, for which we obtain marketing approval, along with the manufacturing processes, post-approval clinical data, labeling, advertising and promotional activities for such product, will be subject to continual requirements of and review by the FDA and other regulatory authorities. These requirements include submissions of safety and other post-marketing information and reports, registration and listing requirements, cGMP requirements relating to manufacturing, quality control, quality assurance, complaints and corresponding maintenance of records and documents, requirements regarding the distribution of samples to physicians and recordkeeping. Even if marketing approval of a product candidate is granted, the approval may be subject to limitations on the indicated uses for which the product may be marketed or may be subject to significant conditions of approval.

The FDA may also impose requirements for costly post-marketing testing and surveillance to monitor the safety or efficacy of the product, including the adoption and implementation of risk evaluation and mitigation strategies. The FDA closely regulates the post-approval marketing and promotion of drugs to ensure drugs are marketed only for the approved indications and in accordance with the provisions of the approved labeling and regulatory requirements. The FDA imposes stringent restrictions on manufacturers' communications regarding off-label use and if we do not restrict the marketing of our products only to their approved indications, we may be subject to enforcement action for off-label marketing. Violations of the Federal Food, Drug, and Cosmetic Act relating to the promotion of prescription drugs may lead to investigations alleging violations of federal and state healthcare fraud and abuse laws, as well as state consumer protection laws.

In addition, later discovery of previously unknown adverse events or other problems with our products, manufacturers or manufacturing processes, or failure to comply with regulatory requirements, may yield various results, including:

- restrictions on such products, manufacturers or manufacturing processes;
- restrictions and warnings in the labeling and marketing of a product;
- restrictions on product distribution or use;
- requirements to conduct post-marketing clinical trials;
- warning or untitled letters;
- withdrawal of the products from the market;
- refusal to approve pending applications or supplements to approved applications that we submit;
- recall of products;
- fines, restitution or disgorgement of profits or revenue;
- suspension or withdrawal of marketing approvals;
- refusal to permit the import or export of our products;
- product seizure; or
- injunctions or the imposition of civil or criminal penalties.

Non-compliance with European Union requirements regarding safety monitoring or pharmacovigilance can also result in significant financial penalties. Similarly, failure to comply with the European Union's requirements regarding the protection of personal information can lead to significant penalties and sanctions.

Our relationships with customers and third-party payors will be subject to applicable anti-kickback, fraud and abuse and other healthcare laws and regulations, which could expose us to criminal sanctions, civil penalties, contractual damages, reputational harm and diminished profits and future earnings.

Healthcare providers, physicians and third-party payors play a primary role in the recommendation and prescription of any product candidates, including Fovista, for which we obtain marketing approval. Our future arrangements with third-party payors and customers may expose us to broadly applicable fraud and abuse and other healthcare laws and regulations that may constrain the business or financial arrangements and relationships through which we market, sell and distribute any products for which we obtain marketing approval. Restrictions under applicable federal and state healthcare laws and regulations, include the following:

- the federal Anti-Kickback Statute prohibits, among other things, persons from knowingly and willfully soliciting, offering, receiving or providing remuneration, directly or indirectly, in cash or in kind, to induce or reward, or in return for, either the referral of an individual for, or the purchase, order or recommendation of, any good or service, for which payment may be made under a federal healthcare program such as Medicare and Medicaid;
- the federal False Claims Act imposes criminal and civil penalties, including civil whistleblower or *qui tam* actions, against individuals or entities for knowingly presenting, or causing to be presented, to the federal government, claims for payment that are false or fraudulent or making a false statement to avoid, decrease or conceal an obligation to pay money to the federal government;
- the federal Health Insurance Portability and Accountability Act of 1996, or HIPAA, imposes criminal and civil liability for executing a scheme to defraud any healthcare benefit program or making false statements relating to healthcare matters;

- HIPAA, as amended by the Health Information Technology for Economic and Clinical Health Act and its implementing regulations, also imposes obligations, including mandatory contractual terms, with respect to safeguarding the privacy, security and transmission of individually identifiable health information;
- the federal false statements statute prohibits knowingly and willfully falsifying, concealing or covering up a material fact or making any materially false statement in connection with the delivery of or payment for healthcare benefits, items or services;
- the federal transparency requirements under the Health Care Reform Law and analogous state laws require manufacturers of drugs, devices, biologics and medical supplies to report information related to payments and other transfers of value to physicians and teaching hospitals and physician ownership and investment interests; and
- analogous state and foreign laws and regulations, such as state anti-kickback and false claims laws, may apply to sales or marketing arrangements and claims involving healthcare items or services reimbursed by non-governmental third-party payors, including private insurers.

Some state laws require pharmaceutical companies to comply with the pharmaceutical industry's voluntary compliance guidelines and the relevant compliance guidance promulgated by the federal government in addition to requiring drug manufacturers to report information related to payments to physicians and other healthcare providers or marketing expenditures. State and foreign laws also govern the privacy and security of health information in some circumstances, many of which differ from each other in significant ways and often are not preempted by HIPAA, thus complicating compliance efforts.

Efforts to ensure that our business arrangements with third parties will comply with applicable healthcare laws and regulations will involve substantial costs. It is possible that governmental authorities will conclude that our business practices may not comply with current or future statutes, regulations or case law involving applicable fraud and abuse or other healthcare laws and regulations. If our operations are found to be in violation of any of these laws or any other governmental regulations that may apply to us, we may be subject to significant civil, criminal and administrative penalties, damages, fines, imprisonment, exclusion of products from government funded healthcare programs, such as Medicare and Medicaid, and the curtailment or restructuring of our operations. If any of the physicians or other providers or entities with whom we expect to do business are found to be not in compliance with applicable laws, they may be subject to criminal, civil or administrative sanctions, including exclusions from government funded healthcare programs.

Recently enacted and future legislation may increase the difficulty and cost for us to obtain marketing approval of and commercialize our product candidates and affect the prices we may obtain.

In the United States and some foreign jurisdictions, there have been a number of legislative and regulatory changes and proposed changes regarding the healthcare system that could prevent or delay marketing approval of Fovista or any other product candidate that we develop, restrict or regulate post-approval activities and affect our ability to generate revenue from, sell profitably or commercialize any product candidates, including Fovista, for which we obtain marketing approval or products that we may develop or in-license. We expect that current laws, as well as other healthcare reform measures that may be adopted in the future, may result in more rigorous coverage criteria and in additional downward pressure on the price that we receive for any approved product.

In the United States, the Medicare Prescription Drug, Improvement, and Modernization Act of 2003, or MMA, changed the way Medicare covers and pays for pharmaceutical products and could decrease the coverage and price that we receive for any approved products. While the MMA applies only to drug benefits for Medicare beneficiaries, private payors often follow Medicare coverage policy and payment limitations in setting their own reimbursement rates. Therefore, any reduction in reimbursement that results from the MMA may result in a similar reduction in payments from private payors.

In March 2010, President Obama signed into law the Patient Protection and Affordable Care Act, as amended by the Health Care and Education Affordability Reconciliation Act, or collectively PPACA. Among the provisions of PPACA of importance to our potential products are the following:

- an annual, nondeductible fee on any entity that manufactures or imports specified branded prescription drugs and biologic agents;
- an increase in the statutory minimum rebates a manufacturer must pay under the Medicaid Drug Rebate Program;
- expansion of healthcare fraud and abuse laws, including the False Claims Act and the Anti-Kickback Statute, new government investigative powers, and enhanced penalties for noncompliance;
- a new Medicare Part D coverage gap discount program, in which manufacturers must agree to offer 50% point-of-sale discounts off negotiated prices;
- extension of manufacturers' Medicaid rebate liability;
- expansion of eligibility criteria for Medicaid programs;
- expansion of the entities eligible for discounts under the Public Health Service pharmaceutical pricing program;
- new requirements to report financial arrangements with physicians and teaching hospitals;
- a new requirement to annually report drug samples that manufacturers and distributors provide to physicians; and
- a new Patient-Centered Outcomes Research Institute to oversee, identify priorities in, and conduct comparative clinical effectiveness research, along with funding for such research.

In addition, other legislative changes have been proposed and adopted since PPACA was enacted. These changes included aggregate reductions to Medicare payments to providers of up to 2% per fiscal year, starting in 2013. In January 2013, President Obama signed into law the American Taxpayer Relief Act of 2012, which, among other things, reduced Medicare payments to several providers, and increased the statute of limitations period for the government to recover overpayments to providers from three to five years. These new laws may result in additional reductions in Medicare and other healthcare funding.

Legislative and regulatory proposals have been made to expand post-approval requirements and restrict sales and promotional activities for pharmaceutical products. We cannot be sure whether additional legislative changes will be enacted, or whether the FDA regulations, guidance or interpretations will be changed, or what the impact of such changes on the marketing approvals of our product candidates, if any, or in-licensed products, if any, may be.

Governments outside the United States tend to impose strict price controls, which may adversely affect our revenues, if any.

The pricing of prescription pharmaceuticals is also subject to governmental control outside of the United States. In these countries, pricing negotiations with governmental authorities can take considerable time after the receipt of marketing approval for a product. To obtain reimbursement or pricing approval in some countries, we may be required to conduct a clinical trial that compares the cost-effectiveness of our product candidate to other available therapies. If reimbursement of our products is unavailable or limited in scope or amount, or if pricing is set at unsatisfactory levels, our business could be harmed, possibly materially.

If we or our third-party manufacturers fail to comply with environmental, health and safety laws and regulations, we could become subject to fines or penalties or incur costs that could harm our business.

We and our third-party manufacturers are subject to numerous environmental, health and safety laws and regulations, including those governing laboratory procedures and the handling, use, storage, treatment and disposal of hazardous materials and wastes. From time to time and in the future, our operations may involve the use of hazardous and flammable materials, including chemicals and biological materials, and produce hazardous waste products. We cannot eliminate the risk of contamination or injury from these materials. In the event of contamination or injury resulting from our use of hazardous materials, we could be held liable for any resulting damages, and any liability could exceed our resources. We also could incur significant costs associated with civil or criminal fines and penalties for failure to comply with such laws and regulations.

Although we maintain workers' compensation insurance to cover us for costs and expenses we may incur due to injuries to our employees resulting from the use of hazardous materials, this insurance may not provide adequate coverage against potential liabilities. We do not maintain insurance for environmental liability or toxic tort claims that may be asserted against us.

In addition, we may incur substantial costs in order to comply with current or future environmental, health and safety laws and regulations. These current or future laws and regulations may impair our research, development or production efforts. Our failure to comply with these laws and regulations also may result in substantial fines, penalties or other sanctions.

Further, with respect to the operations of our third-party contract manufacturers, it is possible that if they fail to operate in compliance with applicable environmental, health and safety laws and regulations or properly dispose of wastes associated with our products, we could be held liable for any resulting damages, suffer reputational harm or experience a disruption in the manufacture and supply of our product candidates or products.

Risks Related to Employee Matters and Managing Growth

Our future success depends on our ability to retain our chief executive officer and other key executives and to attract, retain and motivate qualified personnel.

We are highly dependent on David R. Guyer, M.D., our Chief Executive Officer, Samir Patel, M.D., our President, and Bruce Peacock, our Chief Financial and Business Officer, who also serves as our principal financial officer, as well as the other principal members of our management, scientific and clinical teams. Although we have entered into employment agreements with our executive officers, each of them may terminate their employment with us at any time. We do not maintain "key person" insurance for any of our executives or other employees.

Recruiting and retaining qualified scientific, clinical, manufacturing and sales and marketing personnel will also be critical to our success. The loss of the services of our executive officers or other key employees could impede the achievement of our research, development and commercialization objectives and seriously harm our ability to successfully implement our business strategy. Furthermore, replacing executive officers and key employees may be difficult and may take an extended period of time because of the limited number of individuals in our industry with the breadth of skills and experience required to successfully develop, gain marketing approval of and commercialize products. Competition to hire from this limited pool is intense, and we may be unable to hire, train, retain or motivate these key personnel on acceptable terms, if at all, given the competition among numerous pharmaceutical and biotechnology companies for similar personnel. We also experience competition for the hiring of scientific and clinical personnel from universities and research institutions. In addition, we rely on consultants and advisors, including scientific and clinical advisors, to assist us in formulating our research and development and commercialization strategy. Our consultants and advisors may be employed by employers other than us and may have commitments under consulting or advisory contracts

with other entities that may limit their availability to us. If we are unable to continue to attract and retain high quality personnel, our ability to pursue our growth strategy will be limited.

We expect to expand our development, regulatory and sales, marketing and distribution capabilities, and as a result, we may encounter difficulties in managing our growth, which could disrupt our operations.

We expect to experience significant growth in the number of our employees and the scope of our operations, particularly in the areas of clinical development, regulatory affairs and sales, marketing and distribution. To manage our anticipated future growth, we must continue to implement and improve our managerial, operational and financial systems, expand our facilities and continue to recruit and train additional qualified personnel. Due to our limited financial resources and the limited experience of our management team in managing a company with such anticipated growth, we may not be able to manage effectively the expansion of our operations or recruit and train additional qualified personnel. The expansion of our operations may lead to significant costs and may divert our management and business development resources. Any inability to manage growth could delay the execution of our business plans or disrupt our operations.

Risks Related to Our Common Stock and This Offering

After this offering, our executive officers, directors and principal stockholders will maintain the ability to control all matters submitted to stockholders for approval.

Upon the closing of this offering, our executive officers, directors and stockholders who owned more than 5% of our outstanding common stock before this offering will, in the aggregate, beneficially own shares representing approximately 70.9% of our capital stock. Assuming an initial public offering price of $17.50 per share, which is the midpoint of the price range set forth on the cover page of this prospectus, if our existing principal stockholders and their affiliated entities purchase all the shares they have indicated an interest in purchasing in this offering, the number of shares of our common stock beneficially owned by our executive officers, directors and principal stockholders will, in the aggregate, increase to 75.8% of our capital stock. As a result, if these stockholders were to choose to act together, they would be able to control all matters submitted to our stockholders for approval, as well as our management and affairs. For example, these persons, if they choose to act together, would control the election of directors and approval of any merger, consolidation or sale of all or substantially all of our assets. This concentration of voting power could delay or prevent an acquisition of our company on terms that other stockholders may desire.

Provisions in our corporate charter documents and under Delaware law could make an acquisition of us, which may be beneficial to our stockholders, more difficult and may prevent attempts by our stockholders to replace or remove our current management.

Provisions in our certificate of incorporation and our by-laws that will become effective upon the closing of this offering may discourage, delay or prevent a merger, acquisition or other change in control of our company that stockholders may consider favorable, including transactions in which you might otherwise receive a premium for your shares. These provisions could also limit the price that investors might be willing to pay in the future for shares of our common stock, thereby depressing the market price of our common stock. In addition, because our board of directors is responsible for appointing the members of our management team, these provisions may frustrate or prevent any attempts by our stockholders to replace or remove our current management by making it more difficult for stockholders to replace members of our board of directors. Among other things, these provisions:

- establish a classified board of directors such that only one of three classes of directors is elected each year;
- allow the authorized number of our directors to be changed only by resolution of our board of directors;
- limit the manner in which stockholders can remove directors from the board of directors;

- establish advance notice requirements for stockholder proposals that can be acted on at stockholder meetings and nominations to our board of directors;
- require that stockholder actions must be effected at a duly called stockholder meeting and prohibit actions by our stockholders by written consent;
- limit who may call stockholder meetings;
- authorize our board of directors to issue preferred stock without stockholder approval, which could be used to institute a "poison pill" that would work to dilute the stock ownership of a potential hostile acquirer, effectively preventing acquisitions that have not been approved by our board of directors; and
- require the approval of the holders of at least 75% of the votes that all our stockholders would be entitled to cast to amend or repeal certain provisions of our certificate of incorporation or by-laws.

Moreover, because we are incorporated in Delaware, we are governed by the provisions of Section 203 of the Delaware General Corporation Law, which prohibits a person who owns in excess of 15% of our outstanding voting stock from merging or combining with us for a period of three years after the date of the transaction in which the person acquired in excess of 15% of our outstanding voting stock, unless the merger or combination is approved in a prescribed manner.

If you purchase shares of common stock in this offering, you will suffer immediate dilution of your investment.

The initial public offering price of our common stock will be substantially higher than the net tangible book value per share of our common stock. Therefore, if you purchase shares of our common stock in this offering, you will pay a price per share that substantially exceeds our net tangible book value per share after this offering. To the extent outstanding options or warrants are exercised, you will incur further dilution. Based on an assumed initial public offering price of $17.50 per share, which is the midpoint of the price range set forth on the cover page of this prospectus, you will experience immediate dilution of $13.35 per share, representing the difference between our pro forma net tangible book value per share after giving effect to this offering and the assumed initial public offering price. In addition, purchasers of common stock in this offering will have contributed approximately 43% of the aggregate price paid by all purchasers of our stock but will own only approximately 20% of our common stock outstanding after this offering.

An active trading market for our common stock may not develop.

Prior to this offering, there has been no public market for our common stock. The initial public offering price for our common stock will be determined through negotiations with the underwriters. Although we have applied to list our common stock on The NASDAQ Global Market, an active trading market for our shares may never develop or be sustained following this offering. If an active market for our common stock does not develop, it may be difficult for you to sell shares you purchase in this offering without depressing the market price for the shares or at all.

The price of our common stock may be volatile and fluctuate substantially, which could result in substantial losses for purchasers of our common stock in this offering.

Our stock price may be volatile. The stock market in general and the market for smaller pharmaceutical and biotechnology companies in particular have experienced extreme volatility that has often been unrelated to the operating performance of particular companies. As a result of this volatility, you may not be able to sell your common stock at or above the initial public offering price. The market price for our common stock may be influenced by many factors, including:

- the success of competitive products or technologies;
- results of clinical trials of Fovista and any other product candidate that we develop;

- results of clinical trials of product candidates of our competitors;
- regulatory or legal developments in the United States and other countries;
- developments or disputes concerning patent applications, issued patents or other proprietary rights;
- the recruitment or departure of key personnel;
- the level of expenses related to any of our product candidates or clinical development programs;
- the results of our efforts to in-license or acquire the rights to other products, product candidates and technologies for the treatment of ophthalmic diseases, the costs of commercializing any such products and the costs of development of any such product candidates or technologies;
- actual or anticipated changes in estimates as to financial results, development timelines or recommendations by securities analysts;
- variations in our financial results or those of companies that are perceived to be similar to us;
- changes in the structure of healthcare payment systems;
- market conditions in the pharmaceutical and biotechnology sectors;
- general economic, industry and market conditions; and
- the other factors described in this “Risk Factors” section.

In the past, following periods of volatility in the market price of a company’s securities, securities class-action litigation has often been instituted against that company. We also may face securities class-action litigation if we cannot obtain regulatory approvals for or if we otherwise fail to commercialize Fovista. Such litigation, if instituted against us, could cause us to incur substantial costs to defend such claims and divert management’s attention and resources, which could seriously harm our business.

We have broad discretion in the use of the net proceeds from this offering and may not use them effectively.

Our management will have broad discretion in the application of the net proceeds from this offering and could spend the proceeds in ways that do not improve our results of operations or enhance the value of our common stock. The failure by our management to apply these funds effectively could result in financial losses that could have a material adverse effect on our business, cause the price of our common stock to decline and delay the development of our product candidates. Pending their use, we may invest the net proceeds from this offering in a manner that does not produce income or that loses value.

A significant portion of our total outstanding shares are eligible to be sold into the market in the near future, which could cause the market price of our common stock to drop significantly, even if our business is doing well.

While a significant portion of our total outstanding shares are restricted from immediate resale, they may be sold into the market in the near future, which could cause the market price of our common stock to drop significantly, even if our business is doing well.

Sales of a substantial number of shares of our common stock in the public market could occur at any time. These sales, or the perception in the market that the holders of a large number of shares intend to sell shares, could reduce the market price of our common stock. After this offering, we will have outstanding 28,230,287 shares of common stock based on the number of shares of common stock outstanding as of August 31, 2013 and additional shares of our common stock issuable upon the automatic conversion of all outstanding shares of our preferred stock, including shares of our preferred stock issuable as accrued stock dividends, assuming the closing of this offering occurs on October 1, 2013. This also includes the shares that we are selling in this offering, which

may be resold in the public market immediately without restriction, unless purchased by our affiliates. Of the remaining shares, 22,510,287 shares are restricted securities under Rule 144 under the Securities Act and substantially all of which are subject to 180-day lock-up agreements but will be able to be sold after the offering as described in the "Shares Eligible for Future Sale" section of this prospectus, subject to volume, notice and manner of sale restrictions in the case of our affiliates. Moreover, after this offering, holders of an aggregate of 20,632,966 shares of our common stock, including shares issuable pursuant to outstanding warrants, will have rights, subject to specified conditions, to require us to file registration statements covering their shares or to include their shares in registration statements that we may file for ourselves or other stockholders, subject to waiver or expiration of the applicable lock-up agreements. We also intend to register all shares of common stock that we may issue under our equity compensation plans. Once we register these shares, they can be freely sold in the public market upon issuance, subject to volume, notice and manner of sale limitations applicable to affiliates and the lock-up agreements described in the "Underwriters" section of this prospectus.

We are an "emerging growth company," and the reduced disclosure requirements applicable to emerging growth companies may make our common stock less attractive to investors.

We are an "emerging growth company," as defined in the Jumpstart Our Business Startups Act of 2012, or the JOBS Act, and may remain an emerging growth company for up to five years. For so long as we remain an emerging growth company, we are permitted and intend to rely on exemptions from certain disclosure requirements that are applicable to other public companies that are not emerging growth companies. These exemptions include:

- being permitted to provide only two years of audited financial statements, in addition to any required unaudited interim financial statements, with correspondingly reduced "Management's Discussion and Analysis of Financial Condition and Results of Operations" disclosure;
- not being required to comply with the auditor attestation requirements in the assessment of our internal control over financial reporting;
- not being required to comply with any requirement that may be adopted by the Public Company Accounting Oversight Board regarding mandatory audit firm rotation or a supplement to the auditor's report providing additional information about the audit and the financial statements;
- reduced disclosure obligations regarding executive compensation; and
- exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and shareholder approval of any golden parachute payments not previously approved.

We have taken advantage of reduced reporting burdens in this prospectus. In particular, in this prospectus we have provided only two years of audited financial statements and have not included all of the executive compensation related information that would be required if we were not an emerging growth company. We cannot predict whether investors will find our common stock less attractive if we rely on these exemptions. If some investors find our common stock less attractive as a result, there may be a less active trading market for our common stock and our stock price may be more volatile.

In addition, the JOBS Act also provides that an emerging growth company can take advantage of an extended transition period for complying with new or revised accounting standards. This allows an emerging growth company to delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We have elected to delay such adoption of new or revised accounting standards, and, as a result, we may not comply with new or revised accounting standards on the relevant dates on which adoption of such standards is required for public companies that are not emerging growth companies. As a result of such election, our financial statements may not be comparable to the financial statements of other public companies.

We will incur increased costs as a result of operating as a public company, and our management will be required to devote substantial time to new compliance initiatives and corporate governance practices.

As a public company, and particularly after we are no longer an "emerging growth company," we will incur significant legal, accounting and other expenses that we did not incur as a private company. The Sarbanes-Oxley Act of 2002, the Dodd-Frank Wall Street Reform and Consumer Protection Act, the listing requirements of The NASDAQ Global Market and other applicable securities rules and regulations impose various requirements on public companies, including establishment and maintenance of effective disclosure and financial controls and corporate governance practices. Our management and other personnel will need to devote a substantial amount of time to these compliance initiatives. Moreover, these rules and regulations will increase our legal and financial compliance costs and will make some activities more time-consuming and costly. For example, we expect that these rules and regulations may make it more difficult and more expensive for us to obtain director and officer liability insurance, which in turn could make it more difficult for us to attract and retain qualified members of our board of directors. We currently estimate that we will incur incremental annual costs, including costs for additional personnel, of approximately $2.0 million associated with operating as a public company, although it is possible that our actual incremental annual costs will be higher than we currently estimate.

For as long as we remain an emerging growth company, we may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies as described in the preceding risk factor. We may remain an emerging growth company until the end of the fiscal year in which the fifth anniversary of this offering occurs, although if the market value of our common stock that is held by non-affiliates exceeds $700 million as of any June 30 before that time or if we have annual gross revenues of $1 billion or more in any fiscal year, we would cease to be an emerging growth company as of December 31 of the applicable year. We also would cease to be an emerging growth company if we issue more than $1 billion of non-convertible debt over a three-year period.

Pursuant to Section 404 of the Sarbanes-Oxley Act of 2002, or Section 404, we will be required to furnish a report by our management on our internal control over financial reporting. However, while we remain an emerging growth company, we will not be required to include an attestation report on internal control over financial reporting issued by our independent registered public accounting firm. To achieve compliance with Section 404 within the prescribed period, we will be engaged in a process to document and evaluate our internal control over financial reporting, which is both costly and challenging. In this regard, we will need to continue to dedicate internal resources, potentially engage outside consultants and adopt a detailed work plan to assess and document the adequacy of internal control over financial reporting, continue steps to improve control processes as appropriate, validate through testing that controls are functioning as documented and implement a continuous reporting and improvement process for internal control over financial reporting. Despite our efforts, there is a risk that we will not be able to conclude, within the prescribed timeframe, or at all, that our internal control over financial reporting is effective as required by Section 404. If we identify one or more material weaknesses, it could result in an adverse reaction in the financial markets due to a loss of confidence in the reliability of our financial statements.

Because we do not anticipate paying any cash dividends on our common stock in the foreseeable future, capital appreciation, if any, will be your sole source of gain.

We have never declared or paid cash dividends on our common stock. We currently intend to retain all of our future earnings, if any, to finance the growth and development of our business. In addition, the terms of any future debt agreements may preclude us from paying dividends. As a result, capital appreciation, if any, of our common stock will be your sole source of gain for the foreseeable future.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements that involve substantial risks and uncertainties. All statements, other than statements of historical facts, contained in this prospectus, including statements regarding our strategy, future operations, future financial position, future revenues, projected costs, prospects, plans and objectives of management, are forward-looking statements. The words “anticipate,” “believe,” “estimate,” “expect,” “intend,” “may,” “might,” “plan,” “predict,” “project,” “target,” “potential,” “will,” “would,” “could,” “should,” “continue,” and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words.

The forward-looking statements in this prospectus include, among other things, statements about:

- the timing, costs, conduct and outcome of our clinical trials of Fovista administered in combination with anti-VEGF drugs for the treatment of wet age-related macular degeneration, including statements regarding the timing of the initiation of, the availability of, and the costs to obtain, initial top-line results from, and the completion of such trials and the timing of regulatory filings;
- the timing of and our ability to obtain marketing approval of Fovista and our other product candidates, and the ability of Fovista and our other product candidates to meet existing or future regulatory standards;
- the potential receipt of revenues from future sales of Fovista;
- our plans to pursue research and development of other product candidates;
- the potential advantages of Fovista;
- the rate and degree of market acceptance and clinical utility of Fovista;
- our estimates regarding the potential market opportunity for Fovista;
- our sales, marketing and distribution capabilities and strategy;
- our ability to establish and maintain arrangements for the manufacture of Fovista and our other product candidates;
- our ability to in-license or acquire approved products, additional product candidates or technologies;
- our intellectual property position;
- our expectations related to the use of proceeds from this offering;
- our estimates regarding expenses, future revenues, capital requirements and needs for additional financing;
- the impact of government laws and regulations; and
- our competitive position.

We may not actually achieve the plans, intentions or expectations disclosed in our forward-looking statements, and you should not place undue reliance on our forward-looking statements. Actual results or events could differ materially from the plans, intentions and expectations disclosed in the forward-looking statements we make. We have included important factors in the cautionary statements included in this prospectus, particularly in the “Risk Factors” section, that we believe could cause actual results or events to differ materially from the forward-looking statements that we make. Our forward-looking statements do not reflect the potential impact of any future acquisitions, mergers, dispositions, joint ventures or investments we may make.

You should read this prospectus and the documents that we reference in this prospectus and have filed as exhibits to the registration statement of which this prospectus is a part completely and with the understanding that our actual future results may be materially different from what we expect. The forward-looking statements contained in this prospectus are made as of the date of this prospectus, and we do not assume any obligation to update any forward-looking statements except as required by applicable law.

USE OF PROCEEDS

We estimate that the net proceeds from our issuance and sale of 5,720,000 shares of our common stock in this offering will be approximately $90.0 million, assuming an initial public offering price of $17.50 per share, which is the midpoint of the price range set forth on the cover page of this prospectus, after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us. If the underwriters exercise in full their over-allotment option, we estimate that the net proceeds from this offering will be approximately $104.0 million.

A $1.50 increase (decrease) in the assumed initial public offering price of $17.50 per share would increase (decrease) the net proceeds to us from this offering by approximately $8.0 million, assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting estimated underwriting discounts and commissions.

As of June 30, 2013, we had cash and cash equivalents of approximately $39.9 million. In August 2013, we received $33.3 million in additional proceeds from the sale of 13,333,333 shares of our series C preferred stock. We also have aggregate expected funding under our royalty agreement with Novo A/S of approximately $83.3 million, subject to enrollment of specified numbers of patients in our Phase 3 clinical trials of Fovista and our satisfying additional closing conditions and other obligations. We currently estimate that we will use the net proceeds from this offering, together with our cash and cash equivalents as of June 30, 2013, the proceeds from our sale of shares of series C preferred stock in August 2013 and the expected funding under our royalty agreement, as follows:

- approximately $175 million to fund, and obtain initial, top-line data from, our Phase 3 clinical program for Fovista administered in combination with anti-VEGF drugs for the treatment of wet AMD and to fund pre-approval commercialization efforts for Fovista;
- approximately $5 million for smaller exploratory trials of Fovista for the treatment of additional indications and for other patient populations;
- approximately $5 million to pursue the clinical development of ARC1905 for the treatment of AMD; and
- the remainder for working capital and other general corporate purposes, which may include the acquisition or licensing of other products or technologies.

This expected use of the net proceeds from this offering and our existing cash and cash equivalents as of June 30, 2013, the proceeds from our sale of shares of series C preferred stock in August 2013 and the expected funding under our royalty agreement represents our intentions based upon our current plans and business conditions. The amounts and timing of our actual expenditures may vary significantly depending on numerous factors, including the progress of our development and commercialization efforts, the status of and results from clinical trials, as well as any collaborations that we may enter into with third parties for our product candidates, and any unforeseen cash needs. As a result, our management will retain broad discretion over the allocation of the net proceeds from this offering. We have no current agreements, commitments or understandings for any material acquisitions or licenses of any products, businesses or technologies.

Based on our planned use of the net proceeds from this offering and our existing cash and cash equivalents and expected funding under our royalty agreement described above, we estimate that such funds will be sufficient to enable us to obtain initial top-line data from our Phase 3 clinical program for Fovista and to complete a small exploratory clinical trial of ARC1905 in patients with wet AMD who do not respond adequately to treatment with anti-VEGF monotherapy and are defined as anti-VEGF resistant on the basis of complement mediated inflammation. We have based this estimate on assumptions that may prove to be wrong, and we could use our available capital resources sooner than we currently expect. This estimate assumes, among other things, that we receive the full financing amount available under our royalty agreement with Novo A/S on a timely basis.

The royalty agreement with Novo A/S provides that we will use the remaining proceeds we received and future proceeds, if any, under the royalty agreement primarily to support clinical development and regulatory activities for Fovista and for certain other permitted purposes. We do not anticipate that the net proceeds from this offering and our existing cash and cash equivalents and expected funding under our royalty agreement will be sufficient to allow us to fund the commercial launch of Fovista.

Pending our use of the net proceeds from this offering, we intend to invest the net proceeds in a variety of capital preservation investments, including short-term, investment-grade, interest-bearing instruments and U.S. government securities.

DIVIDEND POLICY

We have never declared or paid cash dividends on our common stock. We currently intend to retain all of our future earnings, if any, to finance the growth and development of our business. We do not intend to pay cash dividends in respect of our common stock in the foreseeable future.

CAPITALIZATION

The following table sets forth our cash and cash equivalents and capitalization as of June 30, 2013:

- on an actual basis;
- on a pro forma basis to give effect to:
  - our issuance and sale in August 2013 of an aggregate of 13,333,333 shares of our series C preferred stock at a price per share of $2.50 for an aggregate purchase price of $33,333,333;
  - the automatic conversion of all outstanding shares of our preferred stock, including shares of our series C preferred stock that we issued in August 2013 and shares of our preferred stock issuable as accrued stock dividends, into an aggregate of 21,040,489 shares of our common stock upon the closing of this offering, assuming the closing occurs on October 1, 2013; and
  - the reclassification of warrant liability to additional paid-in capital as a result of outstanding warrants to purchase 210,000 shares of our series A preferred stock and 355,900 shares of our series B preferred stock instead becoming, in accordance with their terms, warrants to purchase an aggregate of 101,330 shares of our common stock, at a weighted average exercise price of $5.47 per share, upon the closing of this offering, assuming the closing occurs on October 1, 2013; and
- on a pro forma as adjusted basis to give further effect to our issuance and sale of 5,720,000 shares of our common stock in this offering at an assumed initial public offering price of $17.50 per share, which is the midpoint of the price range set forth on the cover page of this prospectus, after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us.

Our capitalization following the closing of this offering will be adjusted based on the actual initial public offering price and other terms of this offering determined at pricing. You should read this table together with “Selected Financial Data,” our financial statements and the related notes appearing at the end of this prospectus and the “Management’s Discussion and Analysis of Financial Condition and Results of Operations” section of this prospectus.

	As of June 30, 2013 (unaudited)		
	Actual	Pro Forma	Pro Forma As Adjusted
	(In thousands)		
Cash and cash equivalents	$ 39,854	$ 73,187	$ 163,180
Total liabilities	$ 47,480	$ 46,221	$ 46,221
Preferred stock, $0.001 par value per share:			
Series A – $0.001 par value, authorized 73,094,000 shares actual and pro forma and no shares pro forma as adjusted; issued and outstanding 51,790,000 shares actual and no shares pro forma and pro forma as adjusted	71,525	—	—
Series A-1 – $0.001 par value, authorized 18,480,000 shares actual and pro forma and no shares pro forma as adjusted; issued and outstanding 6,000,000 shares actual and no shares pro forma and pro forma as adjusted	8,698	—	—
Series B – $0.001 par value, authorized 42,391,600 shares actual and pro forma and no shares pro forma as adjusted; issued and outstanding 30,000,000 shares actual and no shares pro forma and pro forma as adjusted	36,646	—	—
Series B-1 – $0.001 par value, authorized 700,000 shares actual and pro forma and no shares pro forma as adjusted; issued and outstanding 500,000 shares actual and no shares pro forma and pro forma as adjusted	572	—	—
Series C - $0.001 par value, authorized 28,000,000 shares actual and pro forma and no shares pro forma as adjusted; issued and outstanding 6,666,667 shares actual and no shares pro forma and pro forma as adjusted	16,463	—	—
Stockholders' deficit:			
Junior Series A Preferred Stock – $0.001 par value, authorized 3,000,000 shares actual and pro forma and no shares pro forma as adjusted; issued and outstanding 3,000,000 shares actual and no shares pro forma and pro forma as adjusted	3,000	—	—
Common stock – $0.001 par value, authorized 187,918,509 shares actual and pro forma and 200,000,000 shares pro forma as adjusted; issued and outstanding 1,469,798 shares actual, 22,510,287 shares pro forma and 28,230,287 shares pro forma as adjusted	2	22	28
Additional paid-in capital	—	174,538	264,525
Deficit accumulated during the development stage	$(144,236)	$(147,297)	$(147,297)
Total stockholders' equity (deficit)	$(141,234)	$ 27,263	$ 117,256
Total capitalization	$ 40,150	$ 73,484	$ 163,477

A $1.50 increase (decrease) in the assumed initial public offering price of $17.50 per share, which is the midpoint of the price range set forth on the cover page of this prospectus, would increase (decrease) each of cash and cash equivalents, additional paid-in capital, total stockholders' equity and total capitalization on a pro forma

as adjusted basis by approximately $8.0 million, assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting estimated underwriting discounts and commissions.

The table above does not include:

- 2,150,839 shares of our common stock issuable upon the exercise of stock options outstanding as of June 30, 2013, at a weighted-average exercise price of $4.99 per share;
- 7,961 additional shares of our common stock available for future issuance as of June 30, 2013 under our amended and restated 2007 stock incentive plan; and
- 100,966 shares of our common stock issuable upon the exercise of warrants outstanding as of June 30, 2013, at a weighted-average exercise price of $5.49 per share.

DILUTION

If you invest in our common stock in this offering, your ownership interest will be diluted immediately to the extent of the difference between the public offering price per share of our common stock and the pro forma net tangible book value per share of our common stock after this offering.

Our historical net book value as of June 30, 2013, was $(141.2) million, or $(96.09) per share of our common stock. Historical net tangible book value per share represents the amount of our total tangible assets less total liabilities, divided by the number of shares of our common stock outstanding.

Our pro forma net tangible book value as of June 30, 2013, was $27.3 million, or $1.21 per share of our common stock. Pro forma net tangible book value per share represents the amount of our total tangible assets less our total liabilities, divided by the pro forma number of shares of our common stock outstanding after giving effect to our issuance and sale in August 2013 of an aggregate of 13,333,333 shares of our series C preferred stock, and the automatic conversion of all outstanding shares of our preferred stock, including shares of our series C preferred stock that we issued in August 2013 and shares of our preferred stock issuable as accrued stock dividends, into an aggregate of 21,040,489 shares of our common stock upon the closing of this offering, assuming the closing occurs on October 1, 2013 and the reclassification of warrant liability to additional paid-in capital as a result of outstanding warrants to purchase 210,000 shares of our series A preferred stock and 355,900 shares of our series B preferred stock instead becoming, in accordance with their terms, warrants to purchase 101,330 shares of our common stock upon the closing of this offering, assuming the closing of this offering occurs on October 1, 2013.

After giving effect to our issuance and sale of 5,720,000 shares of our common stock in this offering at an assumed initial public offering price of $17.50 per share, which is the midpoint of the price range set forth on the cover page of this prospectus, and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us, our pro forma net tangible book value as of June 30, 2013 would have been $117.3 million, or $4.15 per share. This represents an immediate increase in pro forma net tangible book value per share of $2.94 to existing stockholders and immediate dilution of $13.35 in pro forma net tangible book value per share to new investors purchasing common stock in this offering. Dilution per share to new investors is determined by subtracting pro forma net tangible book value per share after this offering from the initial public offering price per share paid by new investors. The following table illustrates this dilution on a per share basis:

Assumed initial public offering price per share		$17.50
Historical net tangible book value per share as of June 30, 2013	$(96.09)	
Increase per share attributable to the conversion of outstanding preferred stock	97.30	
Pro forma net tangible book value per share as of June 30, 2013	1.21	
Increase in net tangible book value per share attributable to new investors	2.94	
Pro forma net tangible book value per share after this offering	4.15	
Dilution per share to new investors		$13.35

A $1.50 increase (decrease) in the assumed initial public offering price of $17.50 per share, which is the midpoint of the price range set forth on the cover page of this prospectus, would increase (decrease) our pro forma net tangible book value by approximately $8.0 million, or our pro forma net tangible book value per share by approximately $0.28, and dilution per share to new investors by approximately $1.22, assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting estimated underwriting discounts and commissions.

If the underwriters exercise their option to purchase additional shares or if any additional shares are issued in connection with outstanding options or warrants, you will experience further dilution.

The following table summarizes, on a pro forma basis as of June 30, 2013, the total number of shares purchased from us, the total consideration paid, or to be paid, and the average price per share paid, or to be paid, by existing stockholders and by new investors in this offering at an assumed initial public offering price of $17.50 per share, which is the midpoint of the price range set forth on the cover page of this prospectus, before deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us. As the table shows, new investors purchasing shares in this offering will pay an average price per share substantially higher than our existing stockholders paid.

	Shares Purchased		Total Consideration		Average Price Per Share
	Number	Percent	Amount	Percent	
Existing stockholders	22,510,287	80%	$131,865,728	57%	$ 5.86
New investors	5,720,000	20	100,100,000	43	$ 17.50
Total	28,230,287	100%	$231,965,728	100%	$ 8.22

A $1.50 increase (decrease) in the assumed initial public offering price of $17.50 per share, which is the midpoint of the price range set forth on the cover page of this prospectus, would increase (decrease) the total consideration paid by new investors by $8.6 million and increase (decrease) the percentage of total consideration paid by new investors, on an absolute basis, by approximately 2%, assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same.

The table above is based on actual shares of our common stock outstanding as of June 30, 2013 and after giving effect to our issuance and sale in August 2013 of an aggregate of 13,333,333 shares of our series C preferred stock and the automatic conversion of all outstanding shares of our preferred stock, including shares of our series C preferred stock that we issued in August 2013 and shares of our preferred stock issuable as accrued stock dividends, into an aggregate of 21,040,489 shares of our common stock upon the closing of this offering, assuming the closing occurs on October 1, 2013.

The table above does not include:

- 2,150,839 shares of our common stock issuable upon the exercise of stock options outstanding as of June 30, 2013, at a weighted-average exercise price of $4.99 per share;
- 7,961 additional shares of our common stock available for future issuance as of June 30, 2013 under our amended and restated 2007 stock incentive plan; and
- 100,966 shares of our common stock issuable upon the exercise of warrants outstanding as of June 30, 2013, at a weighted-average exercise price of $5.49 per share.

If the underwriters exercise in full their option to purchase additional shares, the following will occur:

- the percentage of shares of our common stock held by existing stockholders will decrease to approximately 53% of the total number of shares of our common stock outstanding after this offering; and
- the number of shares of our common stock held by new investors will increase to 6,578,000, or approximately 47% of the total number of shares of our common stock outstanding after this offering.

Our existing principal stockholders and their affiliated entities have indicated an interest in purchasing an aggregate of approximately $25 million in shares of our common stock in this offering at the initial public offering price. However, because indications of interest are not binding agreements or commitments to purchase, these stockholders may determine to purchase fewer shares than they indicate an interest in purchasing or not to purchase any shares in this offering. It is also possible that these stockholders could indicate an interest in purchasing more shares of our common stock. In addition, the underwriters could determine to sell fewer shares

to any of these stockholders than the stockholders indicate an interest in purchasing or not to sell any shares to these stockholders. The foregoing discussion and tables do not reflect any potential purchases by these stockholders or their affiliated entities.

SELECTED FINANCIAL DATA

You should read the following selected financial data together with our financial statements and the related notes appearing at the end of this prospectus and the "Management's Discussion and Analysis of Financial Condition and Results of Operations" section of this prospectus. We have derived the statements of operations data for the years ended December 31, 2011 and 2012 and the balance sheet data as of December 31, 2011 and 2012 from our audited financial statements included in this prospectus, which have been audited by Ernst & Young LLP, an independent registered accounting firm. We have derived the statements of operations data for the six months ended June 30, 2012 and 2013 and the balance sheet data as of June 30, 2013 from our unaudited financial statements included in this prospectus. The unaudited financial data include, in the opinion of our management, all adjustments, consisting of normal recurring adjustments, that are necessary for a fair statement of our financial position and results of operations for these periods. Our historical results for any prior period are not necessarily indicative of results to be expected in any future period, and our results for any interim period are not necessarily indicative of results to be expected for a full fiscal year.

	Year Ended December 31,		Six Months Ended June 30,	
	2011	2012	2012	2013
			(unaudited)	
	(In thousands, except share and per share data)			
Statement of Operations Data:				
Revenue	$ —	$ —	$ —	$ —
Operating expenses:				
Research and development	13,896	6,792	3,199	6,734
General and administrative	5,738	6,889	3,082	4,980
Total operating expenses	19,634	13,681	6,281	11,714
Loss from operations	(19,634)	(13,681)	(6,281)	(11,714)
Interest expense	—	(507)	(26)	(1,454)
Interest and other income	2	—	—	—
Foreign currency transaction loss	(23)	(8)	(2)	—
Loss on extinguishment of debt	—	—	—	(1,196)
Other loss	(7)	(366)	(269)	(261)
Net loss before income taxes expense	(19,662)	(14,562)	(6,578)	(14,625)
Income tax benefit dividends	1,029	—	—	—
Net loss	(18,633)	(14,562)	(6,578)	(14,625)
Accretion of preferred stock	(6,838)	(7,063)	(3,512)	(3,600)
Net loss attributable to common stockholders	$ (25,471)	$ (21,625)	$ (10,090)	$ (18,225)
Per share information:				
Net loss attributable to common stockholders per share, basic and diluted	$ (18.27)	$ (14.89)	$ (7.00)	$ (12.40)
Weighted-average shares outstanding—basic and diluted	1,394,476	1,452,496	1,442,420	1,469,978
Unaudited basic and diluted pro forma net loss attributable to common stockholders per share		$ (0.65)		$ (0.65)
Unaudited basic and diluted pro forma weighted-average shares outstanding		22,492,985		22,510,287

Pro forma basic and diluted net loss per common share is computed using the weighted-average number of common shares outstanding and gives effect to the automatic conversion of all outstanding shares of our preferred stock, including shares of our series C preferred stock that we issued and sold in August 2013 and additional shares of preferred stock that are issuable as accrued stock dividends, into an aggregate of 21,040,489 shares of our common stock upon the closing of this offering, assuming the closing occurs on October 1, 2013.

	As of December 31,		As of June 30, 2013 (unaudited)
	2011	2012	
	(In thousands)		
Balance sheet data:			
Cash and cash equivalents	$ 6,396	$ 4,305	$ 39,854
Total assets	$ 7,728	$ 4,879	$ 40,150
Royalty purchase liability	$ —	$ —	$ 41,667
Preferred stock	$ 106,876	$ 113,940	$ 133,905
Deficit accumulated during the development stage	$(105,488)	$(126,472)	$(144,236)
Total stockholders' deficit	$(102,487)	$(123,470)	$(141,234)

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion and analysis of our financial condition and results of operations together with our financial statements and related notes appearing in this prospectus. Some of the information contained in this discussion and analysis or set forth elsewhere in this prospectus, including information with respect to our plans and strategy for our business and related financing, which includes forward looking statements that involve risks and uncertainties. As a result of many factors, including those factors set forth in the "Risk Factors" section of this prospectus, our actual results could differ materially from the results described, in or implied, by the forward-looking statements contained in the following discussion and analysis.

Overview

We are a biopharmaceutical company specializing in the development of novel therapeutics to treat diseases of the eye. Our most advanced product candidate is Fovista, which we are developing for use in combination with anti-VEGF drugs that represent the current standard of care for the treatment of wet age-related macular degeneration, or wet AMD. We have completed one Phase 1 and one Phase 2b clinical trial of Fovista administered in combination with the anti-VEGF drug Lucentis. We have initiated a pivotal Phase 3 clinical program that will consist of three separate Phase 3 clinical trials evaluating Fovista administered in combination with anti-VEGF drugs in newly diagnosed wet AMD patients compared to anti-VEGF drug monotherapy. We have begun treating patients in two of three Phase 3 clinical trials in this program. Based on our estimates regarding patient enrollment, we expect to have initial, top line data from this Phase 3 clinical program available in 2016. If the results of this Phase 3 clinical program are favorable, we plan to submit applications for marketing approval for Fovista in both the United States and the European Union before the end of 2016. We also are evaluating the conduct of small, exploratory clinical trials to assess the potential therapeutic benefit of Fovista in other ophthalmic conditions and further clinical development of our product candidate ARC1905 for the treatment of wet AMD.

We were incorporated and commenced active operations in the first quarter of 2007. Our operations to date have been limited to organizing and staffing our company, acquiring rights to product candidates, business planning, raising capital and developing Fovista and our other product candidates. We acquired our rights to Fovista from (OSI) Eyetech, Inc., or Eyetech, in July 2007. The acquisition included an assignment of license rights and obligations under an agreement with Archemix Corp. We have licensed rights to our product candidate ARC1905 from Archemix Corp. To date, we have not generated any revenues and have financed our operations primarily through private placements of our preferred stock, venture debt borrowings and a royalty purchase and sale agreement, or royalty agreement, with Novo A/S that we entered into in May 2013. As of June 30, 2013, we had a deficit accumulated during the development stage of $144.2 million. Our net loss was $14.6 million for the six month period ended June 30, 2013, $14.6 million for the year ended December 31, 2012, and $18.6 million for the year ended December 31, 2011. Our ability to become and remain profitable depends on our ability to generate revenue. We do not expect to generate significant revenue unless, and until, we obtain marketing approval for, and commercialize, Fovista.

We have received aggregate proceeds of $98.5 million through June 30, 2013 from the sale of our preferred stock. In August 2013, we received $33.3 million in additional proceeds from the sale of 13,333,333 shares of our series C preferred stock. During 2012 and 2013, we borrowed an aggregate of $13.0 million under a venture debt facility, which we subsequently repaid in full in May 2013 with a portion of the proceeds from our royalty agreement with Novo A/S. Our royalty agreement with Novo A/S provides for financing of up to $125 million in the aggregate in return for the sale to Novo A/S of royalty interests in worldwide sales of Fovista. We received approximately $42 million of this royalty financing in May 2013. Our receipt of additional amounts is subject to our enrollment of specified numbers of patients in our Phase 3 clinical trials of Fovista and our satisfying additional closing conditions and other obligations. From inception through June 30, 2013, we had incurred approximately $81.6 million of total research and development expenses and approximately $32.3 million of total general and administrative expenses.

We expect our expenses to increase substantially as compared to prior periods in connection with our ongoing activities, particularly as we continue the development of and seek marketing approval for Fovista and, possibly, other product candidates. In addition, if we obtain marketing approval for Fovista or any other product candidate that we develop, we expect to incur significant commercialization expenses related to product sales, marketing, distribution and manufacturing. Furthermore, upon the closing of this offering, we expect to incur additional costs associated with operating as a public company, hiring additional personnel and expanding our facilities. We expect that these costs will include significant legal, accounting, investor relations and other expenses that we did not incur as a private company. Moreover, additional rules and regulations applicable to public companies will increase our legal and financial compliance costs and will make some activities more time-consuming and costly. We currently estimate that we will incur incremental annual costs, including costs for additional personnel, of approximately $2.0 million associated with operating as a public company, although it is possible that our actual incremental costs will be higher than we currently estimate. The increased costs will increase our net loss. We will need to obtain substantial additional funding in connection with our continuing operations. If we are unable to raise capital when needed or on attractive terms, we could be forced to delay, reduce or eliminate our research and development programs or any future commercialization efforts.

Financial Operations Overview

Revenue

To date, we have not generated any revenues. Our ability to generate product revenues, which we do not expect will occur before 2017, at the earliest, will depend heavily on our obtaining marketing approval for and commercializing Fovista.

Research and Development Expenses

Research and development expenses consist of costs associated with the development and clinical testing of Fovista and our other product candidates. Our research and development expenses consist of:

- employee-related expenses, including salaries, benefits, travel and share-based compensation expense; and
- external research and development expenses incurred under arrangements with third parties, such as contract research organizations, or CROs, and other vendors, contract manufacturing organizations and consultants.

We expense research and development costs to operations as incurred. We account for non-refundable advance payments for goods and services that will be used in future research and development activities as expenses when the service has been performed or when the goods have been received, rather than when the payment is made.

To date, the large majority of our research and development work has been related to Fovista, ARC1905 and a product candidate, volociximab, that we were previously developing for the treatment of wet AMD. We licensed rights to volociximab in January 2008 and then terminated the license agreement in May 2012 to focus on the development of Fovista. We anticipate that our research and development expenses will increase substantially as compared to prior periods in connection with initiating and conducting our pivotal Phase 3 clinical program for Fovista and seeking marketing approval for Fovista.

We do not currently utilize a formal time allocation system to capture expenses on a project-by-project basis because we record expenses by functional department. Accordingly, we do not allocate expenses to individual projects or product candidates, although we do allocate some portion of our research and development expenses by functional area and by compound, as shown below.

The following table summarizes our research and development expenses for the years ended December 31, 2011 and 2012 and for the six months ended June 30, 2012 and 2013:

	Year Ended December 31,		Six Months Ended June 30,	
	2011	2012	2012	2013
Fovista	$ 9,864,001	$ 3,619,077	$ 1,676,005	$ 4,854,020
ARC1905	547,118	35,518	32,998	6,735
Volociximab	456,994	23,294	15,150	6,396
Personnel related	2,813,021	2,749,315	1,389,804	1,636,480
Share-based compensation	120,444	343,016	75,662	230,943
Other	94,239	21,955	9,250	—
	$ 13,895,817	$ 6,792,175	$ 3,198,869	$ 6,734,574

We recorded research and development expenses from inception to June 30, 2013 of approximately $29.2 million related to Fovista, approximately $11.1 million related to ARC1905 and approximately $5.6 million related to volociximab.

We estimate that we will incur total costs, including clinical development related employee expenses and external research and development expenses, of approximately $175 million to obtain initial, top-line data from our Phase 3 clinical program for Fovista. We expect this data to be available in 2016. We expect that additional funds of approximately $50 million will be required to fund our other development programs and for general corporate purposes and working capital during the period from completion of this offering until we obtain initial, top-line data from our Phase 3 clinical program. Our Phase 3 clinical program for Fovista is expected to continue through at least 2017, and substantial expenditures to complete the Phase 3 clinical program will be required after the receipt of initial, top-line data. At this time, we cannot reasonably estimate the remaining costs necessary to complete the Phase 3 clinical program for Fovista, complete process development and manufacturing scale-up activities associated with Fovista and seek marketing approval after we obtain initial, top-line data, or the nature, timing or costs of the efforts necessary to complete the development of any other product candidate.

The successful development of our product candidates is highly uncertain. This is due to the numerous risks and uncertainties associated with developing drugs, including the uncertainty of:

- the scope, rate of progress and expense of our research and development activities;
- the potential benefits of our product candidates over other therapies;
- our ability to market, commercialize and achieve market acceptance for any of our product candidates;
- clinical trial results;
- the terms and timing of regulatory approvals; and
- the expense of filing, prosecuting, defending and enforcing patent claims and other intellectual property rights.

A change in the outcome of any of these variables with respect to the development of Fovista or any other product candidate could mean a significant change in the costs and timing associated with the development of that product candidate. For example, if regulatory authorities were to require us to conduct clinical trials beyond those which we currently anticipate will be required for the completion of clinical development of Fovista or any other product candidate or if we experience significant delays in enrollment in any clinical trials, we could be required to expend significant additional financial resources and time on the completion of the clinical development.

General and Administrative Expenses

General and administrative expenses consist primarily of salaries and related costs for personnel, including share-based compensation expense, in our executive, finance and business development functions. Other general and administrative expenses include facility costs and professional fees for legal, patent, consulting and accounting services.

We anticipate that our general and administrative expenses will increase in future periods to support increases in our research and development and commercialization activities and as a result of increased headcount, including management personnel to support our clinical and manufacturing activities, expanded infrastructure, increased legal, compliance, accounting and investor and public relations expenses associated with being a public company and increased insurance premiums, among other factors.

Change in Fair Value of Warrant Liability

We have issued warrants for the purchase of our series A preferred stock and series B preferred stock that we believe are financial instruments that may require a transfer of assets because of the redemption features of the underlying preferred stock. Therefore, we have classified these warrants as liabilities that we remeasure to fair value at each balance sheet date, and we record the changes in the fair value of the warrant liability as other loss. Upon consummation of this offering, the underlying preferred stock will be converted to common stock, the preferred stock warrants will instead become exercisable for common stock. We will remeasure the fair value of the warrant liability immediately prior to the consummation of this offering, and the fair value of the warrant liability at that time will be reclassified to additional paid-in capital. Based on an assumed initial public offering price of $17.50 per share, which is the midpoint of the price range set forth on the cover page of this prospectus, we expect the fair value of the warrant liability that will be reclassified to additional paid-in capital upon consummation of this offering is $1.8 million. Based on an assumed initial public offering price of $17.50 per share, which is the midpoint of the price range set forth on the cover page of this prospectus, we expect to record a related charge of approximately $500,000 as other expense in our results of operations for the period in which this offering closes.

Interest Income

Our cash and cash equivalents are invested primarily in money market accounts, which generate a small amount of interest income. We expect to continue that investment philosophy as we obtain more financing proceeds.

Critical Accounting Policies and Significant Judgments and Estimates

Our management’s discussion and analysis of our financial condition and results of operations is based on our financial statements, which we have prepared in accordance with U.S. generally accepted accounting principles. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities and expenses and the disclosure of contingent assets and liabilities in our financial statements. On an ongoing basis, we evaluate our estimates and judgments, including those related to accrued expenses and share-based compensation described in greater detail below. We base our estimates on our limited historical experience, known trends and events and various other factors that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

Our significant accounting policies are described in more detail in the notes to our financial statements appearing at the end of this prospectus. However, we believe that the following accounting policies are the most critical to aid you in fully understanding and evaluating our financial condition and results of operations.

Accrued Research and Development Expenses

As part of the process of preparing our financial statements, we are required to estimate our accrued expenses. This process involves reviewing quotations and contracts, identifying services that have been performed on our behalf and estimating the level of service performed and the associated cost incurred for the service when we have not yet been invoiced or otherwise notified of the actual cost. The majority of our service providers invoice us monthly in arrears for services performed or when contractual milestones are met. We make estimates of our accrued expenses as of each balance sheet date in our financial statements based on facts and circumstances known to us at that time. We periodically confirm the accuracy of our estimates with the service providers and make adjustments if necessary. The significant estimates in our accrued research and development expenses are related to fees paid or payable to CROs and other vendors in connection with research and development activities for which we have not yet been invoiced.

We base our expenses related to CROs on our estimates of the services received and efforts expended pursuant to quotes and contracts with CROs that conduct research and development on our behalf. The financial terms of these agreements are subject to negotiation, vary from contract to contract and may result in uneven payment flows. There may be instances in which payments made to our vendors will exceed the level of services provided and result in a prepayment of the research and development expense. In accruing service fees, we estimate the time period over which services will be performed and the level of effort to be expended in each period. If the actual timing of the performance of services or the level of effort varies from our estimate, we adjust the accrual or prepayment expense accordingly. Although we do not expect our estimates to be materially different from amounts actually incurred, our understanding of the status and timing of services performed relative to the actual status and timing of services performed may vary and could result in us reporting amounts that are too high or too low in any particular period. There have been no material changes in estimates for the periods presented.

Royalty Purchase Liability

The proceeds from the first financing tranche under our royalty agreement with Novo A/S have been recorded as a liability on our balance sheet in accordance with Financial Accounting Standards Board Accounting Standards Codification, or ASC, Topic 730. Because there is a significant related party relationship between us and Novo A/S, we are treating our obligation to make royalty payments under the royalty agreement as an implicit obligation to repay the funds advanced by Novo A/S, and thus have recorded the proceeds as a liability on our balance sheet. As we make royalty payments to Novo A/S in accordance with the royalty agreement, we will reduce the liability balance. At the time that such royalty payments become probable and estimable, and if such amounts exceed the liability balance, we will impute interest accordingly on a prospective basis based on such estimates, which would result in a corresponding increase in the liability balance.

Income Taxes

As of December 31, 2012, we had approximately $84.2 million of federal net operating loss carry-forwards. We also had federal and state research and development tax credit carry-forwards of approximately $2.3 million available to offset future taxable income. Due to our history of losses and lack of other positive evidence, we have determined that it is more likely than not that our deferred tax assets will not be realized, and therefore, the deferred tax assets are fully offset by a valuation allowance at December 31, 2011 and 2012. These federal and state net operating loss and federal and state credit carry-forwards will begin to expire at various dates beginning in 2027, if not utilized. Utilization of the net operating losses and general business tax credits carryforwards may be subject to a substantial limitation under Sections 382 and 383 of the Internal Revenue Code of 1986 as amended, which we refer to as the Code, due to changes in ownership of our company that have occurred previously or that could occur in the future. These ownership changes may limit the amount of net operating losses and general business tax credits carryforwards that can be utilized annually to offset future taxable income and tax, respectively. In general, an ownership change, as defined by Section 382, results from transactions increasing the ownership of “5-percent Shareholders” (as defined in the Code) in the stock of a corporation by

more than 50 percentage points over a three-year period. We determined we have experienced an ownership change upon closing of our initial Series A tranche in August 2007. We have not completed a study to determine the impact of this ownership change on our NOL carry-forwards under Section 382 of the Code. If we experience a Section 382 ownership change in connection with this offering or as a result of future changes in our stock ownership, some of which changes are outside our control, the tax benefits related to the NOL carry forwards may be further limited or lost.

Preferred Stock

We accrete annually for stock and cash dividends that accrue on our preferred stock.

Share-Based Compensation

We account for all share-based compensation payments issued to employees, directors, and non-employees using an option pricing model for estimating fair value. Accordingly, share-based compensation expense is measured based on the estimated fair value of the awards on the date of grant, net of forfeitures. We recognize compensation expense for the portion of the award that is ultimately expected to vest over the period during which the recipient renders the required services to us using the straight-line single option method. In accordance with authoritative guidance, we remeasure the fair value of non-employee share-based awards as the awards vest, and recognize the resulting value, if any, as expense during the period the related services are rendered.

Significant Factors, Assumptions and Methodologies Used in Determining Fair Value

We apply the fair value recognition provisions of ASC Topic 718, *Compensation-Stock Compensation*, which we refer to as ASC 718. Determining the amount of share-based compensation to be recorded requires us to develop estimates of the fair value of stock options as of their grant date. We recognize share-based compensation expense ratably over the requisite service period, which in most cases is the vesting period of the award. Calculating the fair value of share-based awards requires that we make highly subjective assumptions.

We use the Black-Scholes option pricing model to value our stock option awards. Use of this valuation methodology requires that we make assumptions as to the volatility of our common stock, the expected term of our stock options, the risk free interest rate for a period that approximates the expected term of our stock options and our expected dividend yield. Because we are a privately-held company with a limited operating history, we utilize data from a representative group of companies to estimate expected stock price volatility. We selected companies from the biopharmaceutical industry with similar characteristics to us, including those in the early stage of product development and with a therapeutic focus.

We use the simplified method as prescribed by the Securities and Exchange Commission Staff Accounting Bulletin No. 107, *Share-Based Payment*, to calculate the expected term of stock option grants to employees as we do not have sufficient historical exercise data to provide a reasonable basis upon which to estimate the expected term of stock options granted to employees. We utilize a dividend yield of zero based on the fact that we have never paid cash dividends and have no current intention to pay cash dividends. The risk-free interest rate used for each grant is based on the U.S. Treasury yield curve in effect at the time of grant for instruments with a similar expected life. The weighted-average assumptions used to estimate the fair value of stock options using the Black-Scholes option pricing model were as follows for the years ended December 31, 2012 and 2011 and for the six months ended June 30, 2013 and 2012:

	Year Ended December 31,		Six Months Ended June 30,	
	2011	2012	2012	2013
Weighted-average exercise price of options granted	$ 1.65	$ 3.12	$ 1.65	$ 10.55
Expected volatility	78.9%	80.08%	81.1%	82.1%
Risk-free interest rate	1.72%-2.38%	0.94%-1.77%	1.16%-1.59%	0.89%-2.48%
Expected life of options (years)	6.69	6.63	6.31	6.05
Expected annual dividend per share	$ 0.00	$ 0.00	$ 0.00	$ 0.00

We are also required to estimate forfeitures at the time of grant, and revise those estimates in subsequent periods if actual forfeitures differ from our estimates. We use historical data to estimate pre-vesting option forfeitures and record share-based compensation expense only for those awards that are expected to vest. To the extent that actual forfeitures differ from our estimates, the difference is recorded as a cumulative adjustment in the period the estimates were revised. Through June 30, 2013, actual forfeitures have not been material.

Share-based compensation expense associated with stock options granted to employees and non-employees was $0.2 million for the year ended December 31, 2011, $0.6 million for the year ended December 31, 2012 and $0.5 million for the six months ended June 30, 2013. As of June 30, 2013, we had $6.6 million of total unrecognized share-based compensation expense, which we expect to recognize over a weighted-average remaining vesting period of approximately 3.5 years. While our share-based compensation for stock options granted to employees and non-employees to date has not been material to our financial results, in future periods, our share-based compensation expense is expected to increase as a result of recognizing our existing unrecognized share-based compensation for awards that will vest and as we issue additional share-based awards to attract and retain our employees.

For the years ended December 31, 2011 and 2012 and for the six months ended June 30, 2012 and 2013, we allocated share-based compensation as follows:

	Year Ended December 31,		Six Months Ended June 30,	
	2011	2012	2012	2013
Research and development	$159,207	$ 411,477	$ 86,048	$ 300,320
General and administrative	89,008	228,157	47,432	160,044
Total	$248,215	$ 639,634	$ 133,480	$ 460,364

Fair Market Value Estimates

We are required to estimate the fair market value of the common stock underlying our share-based awards when performing the fair value calculations with the Black-Scholes option-pricing model. The fair market value of the common stock underlying our share-based awards was determined on each grant date by our board of directors, with input from management. All options to purchase shares of our common stock are intended to be granted with an exercise price per share no less than the fair market value per share of our common stock underlying those options on the date of grant, based on the information known to us on the date of grant. In the

absence of a public trading market for our common stock, on each grant date, we develop an estimate of the fair market value of our common stock in order to determine an exercise price for the option grants. We determined the fair market value of our common stock using methodologies, approaches and assumptions consistent with the American Institute of Certified Public Accountants, or AICPA, *Audit and Accounting Practice Aid Series: Valuation of Privately Held Company Equity Securities Issued as Compensation*, or the AICPA Practice Guide. In addition, we considered various objective and subjective factors, along with input from management and contemporaneous valuations, to determine the fair market value of our common stock, including:

- external market conditions affecting the biotechnology industry;
- trends within the biotechnology industry;
- the prices at which we sold shares of preferred stock;
- the superior rights and preferences of the preferred stock relative to our common stock at the time of each grant;
- our results of operations and financial position;
- the status of our research and development efforts;
- our stage of development and business strategy;
- the lack of an active public market for our capital stock; and
- the likelihood of achieving a liquidity event, such as an initial public offering, or IPO, or sale of our company in light of prevailing market conditions.

The per share estimated fair market value of common stock in the table below represents the determination by our board of directors of the fair market value of our common stock as of the date of grant, taking into consideration the various objective and subjective factors described above, including the conclusions, if applicable, of contemporaneous valuations of our common stock as discussed below. We computed the per share weighted average estimated fair value for stock option grants based on the Black-Scholes option pricing model. The following table sets forth information about our stock option grants since January 1, 2011 on a monthly basis for each month during which we granted stock options:

Month of Grant	Number of shares underlying option grants	Exercise price per option	Per share estimated fair market value of common stock	Per share weighted average estimated fair value of options
February 2011	3,812	$ 1.65	$ 1.65	$ 1.36
May 2011	180,162	$ 1.65	$ 1.65	$ 1.18
February 2012	16,524	$ 1.65	$ 1.65	$ 1.36
April 2012	190,670	$ 1.65	$ 1.65	$ 1.12
December 2012	43,218	$ 10.03	$ 10.03	$ 7.61
April 2013	674,958	$ 10.03	$ 10.03	$ 6.96
May 2013	132,358	$ 13.22	$ 13.22	$ 9.09
July 2013	437,964	$ 13.22	$ 13.22	$ 9.38
August 2013	34,064	$ 15.99	$ 15.99	$ 12.69

In determining the exercise prices of the options set forth in the table above granted since January 1, 2011, our board of directors considered the most recent valuations of our common stock, which were prepared as of June 30, 2010, December 31, 2011, November 30, 2012, May 29, 2013 and August 15, 2013, and based its determination in part on the analyses summarized below.

The intrinsic value of our 979,513 vested options as of June 30, 2013 was $16.1 million, based on a per share price of $17.50, the midpoint of the price range set forth on the cover page of this prospectus, and a

weighted average exercise price of $1.04 per share. The intrinsic value of our 1,171,337 unvested options as of June 30, 2013 was $11.3 million, based on a per share price of $17.50, the midpoint of the price range set forth on the cover page of this prospectus, and a weighted average exercise price of $7.87 per share. With respect to the 472,028 options granted since July 1, 2013, substantially all of which remain unvested, the intrinsic value of such options is $2.0 million, based on a per share price of $17.50 per share, which is the midpoint of the price range set forth on the cover page of this prospectus, and a weighted average exercise price of $13.36 per share.

Valuations

Our valuations utilized the probability-weighted expected return method, or PWERM, to allocate the enterprise value to the common stock. Under this method, the per share fair market value of the common stock is estimated based upon the probability-weighted present value of expected future equity values for our common stock, under various possible future liquidity event scenarios, in light of the rights and preferences of each class of stock, discounted for a lack of marketability. The future liquidity event scenarios were primarily: (1) IPO; (2) a strategic merger or sale of our company; (3) a sale of our company at a value below the cumulative liquidation preference of the preferred stockholders; or (4) a dissolution of the company. The timing of the future liquidity event scenarios is determined based primarily on input from our board of directors and management. The future values of our common stock in the IPO scenarios and the strategic merger or sale scenarios were estimated by application of the market approach based on certain key assumptions, including the following:

- for the June 30, 2010 valuation, our expected pre-money IPO valuation to the investors on their invested capital;
- for the December 31, 2011, November 30, 2012, May 29, 2013 and August 15, 2013 valuations, recently completed IPOs of similar stage biotechnology companies;
- estimated third-party trade sale values based on a range of returns to the investors on their invested capital; and
- expected dates for a future exit or liquidity event based on key events and company timelines.

A discount for marketability was applied to reach the final valuation of the common stock because, as we are a private company, there are impediments to liquidity, including lack of publicly available information and the lack of a trading market. Our determination of the discount included factors such as our proximity to an IPO, reduced funding risk and our progress made on our clinical development program. The discount for marketability decreases as we move closer to marketability of common shares through an event, such as an IPO, and as the risk lowers for our company as milestones are achieved. For our June 30, 2010 valuation, we utilized a discount for marketability of 40%. We lowered this discount for marketability to 30% for our December 31, 2011 valuation, 26% for our November 30, 2012 valuation, 25% for our May 29, 2013 and 9% for our August 15, 2013 valuation. Our discount for marketability decreased over time due to the receipt of positive results from our clinical trials and to reflect an increased likelihood of a possible IPO.

Stock option grants from February 2011 to April 2012

Our board of directors granted stock options on February 3, 2011, May 11, 2011, February 8, 2012 and April 9, 2012, in each case with an exercise price of $1.65 per share.

The specific facts and circumstances considered by our board of directors for the June 30, 2010 valuation included the sale and issuance of shares of series B preferred stock in December 2009 to existing series A investors and two new investors at a price of $1.00 per share, or $5.90 per share on a common stock equivalent basis as a result of the reverse stock split of our common stock that became effective on September 9, 2013. As part of the PWERM analysis, the exit events considered included an IPO scenario, three separate strategic merger or sale scenarios at premiums to the cumulative liquidation preference of the preferred stockholders, a scenario for sale at a price below the liquidation preference and a scenario presuming dissolution of the company. Given

poor overall public market conditions at that time, a probability weighting of 1.0% was used for the IPO scenario, a total of 49.0% was used for the strategic merger or sale scenarios, 20.0% was used for the sale at a price below liquidation preference and 30.0% was used for dissolution. The probability weightings assigned to the respective exit scenarios were primarily based on consideration of our stage of clinical development, industry clinical success rates, our expected near-term and long-term funding requirements, and an assessment of the current financing and biotechnology industry environments at the time of the valuation. The resulting value of $1.65 per share continued to represent our board of director's determination of the estimated fair market value of our common stock at February 3, 2011 and May 11, 2011.

The specific facts and circumstances considered by our board of directors for the December 31, 2011 valuation included the full enrollment of our Phase 2b clinical trial of Fovista. As part of the PWERM analysis, the exit events considered included four separate strategic merger or sale scenarios at premiums to the cumulative liquidation preference of the preferred stockholders, a technology sale and a scenario assuming dissolution of the company. Given poor overall public market conditions at that time, the IPO scenario was not used. A total of 50.0% was used for the strategic merger or sale scenarios, 20.0% was used for the technology sale scenario and 30.0% was used for dissolution. The probability weightings assigned to the respective exit scenarios were primarily based on consideration of our stage of clinical development, industry clinical success rates, our expected near-term and long-term funding requirements and an assessment of the current financing and biotechnology industry environments at the time of the valuation. The resulting value of $1.65 per share continued to represent our board of director's determination of the estimated fair market value of our common stock as of February 8, 2012 and April 9, 2012.

Our board of directors determined that no significant events, including changes in clinical development or other circumstances, had occurred between June 30, 2010 and April 9, 2012 that would indicate there was a change in the fair market value of our common stock during that period.

Stock option grants in December 2012 and April 2013

Our board of directors granted stock options on December 30, 2012 and April 26, 2013, in each case with an exercise price of $10.03 per share.

The specific facts and circumstances considered by our board of directors for the November 30, 2012 valuation included the results from our completed Phase 2b clinical trial of Fovista. As part of the PWERM analysis, the exit events considered included two separate IPO scenarios, four separate strategic merger or sale scenarios at premiums to the cumulative liquidation preference of the preferred stockholders and a scenario presuming dissolution of the company. Given improving overall public market conditions, a probability weighting of 15.0% was used for the IPO scenario, a total of 65.0% was used for the strategic merger or sale scenarios, and 20.0% was used for dissolution. The probability weightings assigned to the respective exit scenarios were primarily based on consideration of our stage of clinical development, industry clinical success rates, our expected near-term and long-term funding requirements and an assessment of the current financing and biotechnology industry environments at the time of the valuation. The resulting value of $10.03 per share continued to represent our board of director's determination of the estimated fair market value of our common stock as of December 31, 2012 and April 26, 2013.

Our board of directors determined that no significant events, including changes in clinical development or other circumstances, had occurred between November 30, 2012 and April 26, 2013 that would indicate there was a change in the fair market value of our common stock during that period.

Stock option grants from May 2013 to July 2013

Our board of directors granted stock options on May 29, 2013, July 2, 2013, July 9, 2013, July 11, 2013 and July 15, 2013, in each case with an exercise price of $13.22 per share.

The specific facts and circumstances considered by our board of directors for the May 29, 2013 valuation included the sale and issuance of shares of series C preferred stock in May 2013 to existing preferred stock investors at a price of $2.50 per share, or $14.75 per share on a common stock equivalent basis as a result of the reverse stock split of our common stock that became effective on September 9, 2013. In addition, in May 2013, we entered into our royalty agreement with Novo A/S. Pursuant to the royalty agreement we may obtain royalty financing in three tranches in an amount of up to $125,000,000 in return for the sale to Novo A/S of aggregate royalties at low to mid single-digit percentages of worldwide sales of Fovista, with the royalty percentage determined by the amount of funding provided by Novo A/S. The first tranche of the royalty financing, in which Novo A/S purchased a low single-digit royalty interest and paid us $41,666,666, closed concurrently with our entry into the royalty agreement. As part of the PWERM analysis, the exit events considered included two separate IPO scenarios, four separate strategic merger or sale scenarios at premiums to the cumulative liquidation preference of the preferred stockholders and a scenario presuming dissolution of the company. Given improving overall public market conditions, a probability weighting of 65.0% was used for the IPO scenario, a total of 20.0% was used for the strategic merger or sale scenarios, and 15.0% was used for dissolution. The probability weightings assigned to the respective exit scenarios were primarily based on consideration of our stage of clinical development, industry clinical success rates, our expected near-term and long-term funding requirements and an assessment of the current financing and biotechnology industry environments at the time of the valuation. The resulting value of $13.22 per share continued to represent our board of director's determination of the estimated fair market value of our common stock for the options granted on May 29, 2013, July 2, 2013, July 9, 2013, July 11, 2013 and July 15, 2013.

Our board of directors determined that no significant events, including changes in clinical development or other circumstances, had occurred between May 29, 2013 and July 15, 2013 that would indicate there was a change in the fair market value of our common stock during that period.

Stock Option grants in August 2013

Our board of directors granted options to purchase 34,064 shares of our common stock on August 15, 2013, with an exercise price of $15.99 per share.

The specific facts and circumstances considered by our board of directors for the August 15, 2013 valuation included the sale and issuance of shares of series C preferred stock in August 2013 to existing series C preferred stock investors at a price of $2.50 per share, or $14.75 per share on a common stock equivalent basis as a result of the reverse stock split of our common stock that became effective on September 9, 2013. In addition, the board considered the increased probability, as compared to prior valuation dates, of our completing this offering, as a result of our initial submission of a draft registration statement on Form S-1 with the SEC effective as of July 15, 2013, as well as other progress made towards the potential marketing of an IPO transaction. As part of the PWERM analysis, the exit events considered included two separate IPO scenarios, four separate strategic merger or sale scenarios at premiums to the cumulative liquidation preference of the preferred stockholders and a scenario presuming dissolution of the company. Given improving overall public market conditions and the other factors described above, a probability weighting of 96.5% was used for the IPO scenario, a total of 2.0% was used for the strategic merger or sale scenarios, and 1.5% was used for dissolution. The probability weightings assigned to the respective exit scenarios were primarily based on consideration of our stage of clinical development, industry clinical success rates, our expected near-term and long-term funding requirements and an assessment of the current financing and biotechnology industry environments at the time of the valuation. The resulting value of $15.99 per share represents our board of director's determination of the estimated fair market value of our common stock for the options granted on August 15, 2013.

On September 4, 2013, we and our underwriters determined the estimated price range for this offering, as set forth on the cover page of this prospectus. The midpoint of the price range is $17.50 per share. In comparison, on August 15, 2013, we granted options with an exercise price of $15.99 per share, which was our estimate of the fair value of our common stock as of such date. We note that, as is typical in IPOs, the estimated price range for

this offering was not derived using a formal determination of fair value, but was determined by negotiation between us and the underwriters. Among the factors that were considered in setting this range were our future prospects and those of our industry in general, our financial and operating information in recent periods, the market prices of securities of companies engaged in activities similar to ours and general conditions in the public capital markets. In addition, at the time these option awards were made, our underwriters had not yet communicated to us the definitive proposed price range for this offering. Specifically, we believe that the difference between the fair value of our common stock as of August 15, 2013 and the midpoint of the estimated price range for this offering is primarily the result of the following factors:

- The estimated price range for this offering necessarily assumes that the IPO has occurred, a public market for our common stock has been created and that our preferred stock converted into common stock in connection with the IPO, and therefore excludes any discount for lack of marketability of our common stock.
- Our preferred stock currently has substantial economic rights and preferences over our common stock. Upon the closing of this offering, all outstanding shares of our preferred stock will convert into common stock, thus eliminating the superior rights and preferences of our preferred stock as compared to our common stock.
- We initiated our pivotal Phase 3 clinical program for Fovista by treating our first patient at the end of August 2013.
- The proceeds of a successful IPO would substantially strengthen our balance sheet by increasing our cash resources. In addition, the completion of this offering would provide us with readier access to the public company debt and equity markets.

These projected improvements in our financial position influenced the increased common stock valuation indicated by the midpoint of the estimated price range shown on the cover of this prospectus.

There is inherent uncertainty in our forecasts and projections and, if we had made different assumptions and estimates than those described previously, the amount of our share-based compensation expense, net loss, and net loss per share amounts could have been materially different.

Basic and Diluted Net Loss Per Share of Common Stock

We compute basic net loss per share of common stock by dividing net loss applicable to common stockholders by the weighted-average number of shares of common stock outstanding during the period, excluding the dilutive effects of preferred stock and stock options. We compute diluted net loss per share of common stock by dividing the net loss applicable to common stockholders by the sum of the weighted-average number of shares of common stock outstanding during the period plus the potential dilutive effects of preferred stock and stock options outstanding during the period calculated in accordance with the treasury stock method, but such items are excluded if their effect is anti-dilutive. Because the impact of these items is anti-dilutive during periods of net loss, there was no difference between our basic and diluted net loss per share of common stock for the years ended December 31, 2011 and 2012, and for the six months ended June 30, 2012 and 2013.

JOBS Act

As an “emerging growth company” under the Jumpstart Our Business Startups Act of 2012, we can take advantage of an extended transition period for complying with new or revised accounting standards. This allows an emerging growth company to delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We are electing to delay our adoption of such new or revised accounting standards. As a result of this election, our financial statements may not be comparable to the financial statements of other public companies.

Results of Operations

Comparison of Six Month Periods Ended June 30, 2012 and 2013

Revenue

We did not recognize any revenue for the six months ended June 30, 2012 or for the six months ended June 30, 2013.

Research and Development Expenses

Our research and development expenses were $6.7 million for the six month period ended June 30, 2013, an increase of $3.5 million compared to $3.2 million for the six month period ended June 30, 2012. The increase was primarily due to an increase in manufacturing activity for Fovista in 2013 as we continued to develop manufacturing operations to support our Phase 3 clinical program.

General and Administrative Expenses

Our general and administrative expenses for the six month period ended June 30, 2013 were $5.0 million, an increase of $1.9 million compared to $3.1 million for the six month period ended June 30, 2012. The increase was primarily due to an increase in intellectual property related expenses and personnel recruitment fees.

Interest Expense

Interest expense for the six month period ended June 30, 2012 was $26,000 compared to $1.5 million for the six month period ended June 30, 2013. The amounts in both 2012 and 2013 were related to interest associated with our venture debt facility that we entered into in June 2012 and paid off in May 2013. The related interest expense for the six month period ended June 30, 2013 included a payment of $820,000 that was required upon the earlier of the maturity date or the date of repayment of the venture debt facility.

Loss on Extinguishment of Debt

In May 2013, we repaid the outstanding balance on our venture debt facility. The associated $1.2 million loss on extinguishment of debt represents the related prepayment penalties and an expense for deferred costs and unamortized debt discount, in each case, related to the venture debt facility.

Comparison of Years Ended December 31, 2011 and 2012

Revenue

We did not recognize any revenue for the year ended December 31, 2011 or for the year ended December 31, 2012.

Research and Development

Our research and development expenses were $6.8 million for the year ended December 31, 2012, a decrease of $7.1 million compared to research and development expenses of $13.9 million for the year ended December 31, 2011. The decrease was primarily due to a reduction in clinical expenses related to the Phase 2b clinical trial for Fovista which had activity for the full year in 2011 and concluded in the second quarter of 2012. Clinical expenses also decreased in 2012 for ARC1905 and volociximab as compared to 2011. ARC1905 completed clinical activity in 2012, and we terminated the volociximab program in May 2012 to focus on the development of Fovista. These decreases were offset in part by an increase in manufacturing activity for Fovista in 2012 as we began to develop manufacturing operations to support our Phase 3 clinical program.

General and Administrative Expenses

Our general and administrative expenses were $6.9 million for the year ended December 31, 2012, an increase of $1.2 million compared to general and administrative expenses of $5.7 million for the year ended December 31, 2011. The increase was primarily due to increased legal and professional fees related to corporate development and financing activities.

Interest Expense

Interest expense was $0.5 million for the year ended December 31, 2012, compared to interest expense of $0 for the year ended December 31, 2011. The increase was due to interest associated with our venture debt facility.

Other Loss

Other loss was $0.4 million for the year ended December 31, 2012 compared to $0 for the year ended December 31, 2011. The $0.4 million increase was due to the change in fair value of the preferred stock warrants.

Liquidity and Capital Resources

Sources of Liquidity

To date, we have not generated any revenues. We have financed our operations to date primarily through private placements of our preferred stock, venture debt borrowings and our royalty agreement with Novo A/S that we entered into in May 2013. Our royalty agreement, which is described in more detail below, provides for financing of up to $125 million in the aggregate in return for the sale to Novo A/S of royalty interests in worldwide sales of Fovista. We received $41,666,667 million of this royalty financing in May 2013. Our receipt of additional amounts is subject to enrollment of specified numbers of patients in our Phase 3 clinical trials of Fovista and our satisfying additional closing conditions and other obligations. In May 2013, we issued and sold an aggregate of 6,666,667 shares of our series C preferred stock at a price per share of $2.50, for an aggregate purchase price of $16,666,667. In August 2013, we issued and sold an aggregate of 13,333,333 additional shares of our series C preferred stock to the same purchasers at a price per share of $2.50, for an aggregate purchase price of $33,333,333.

Cash Flows

As of June 30, 2013, we had cash and cash equivalents totaling $39.9 million and no short term or long term debt. We primarily invest our cash and cash equivalents in U.S. Treasury money market funds.

The following table shows a summary of our cash flows for the years ended December 31, 2011 and 2012 and the six months ended June 30, 2012 and 2013:

	Years Ended December 31,		Six Months Ended June 30,	
	2011	2012	2012	2013
			(unaudited)	
	(In thousands)			
Net cash (used in) provided by				
Operating activities	$ (19,123)	$ (13,104)	$ (5,604)	$ (10,434)
Investing activities	3,396	—	—	—
Financing activities	14,994	11,013	7,338	45,984
Net increase (decrease) in cash and cash equivalents	$ (733)	$ (2,091)	$ 1,734	$ 35,550

Cash Flows from Operating Activities

Net cash used in operating activities in all periods resulted primarily from our net losses adjusted for non-cash charges and changes in the components of working capital. The decrease in net cash used in 2012 compared to 2011 was primarily related to decreased spending in research and development due to a reduction in clinical expenses related to our Phase 2b clinical trial for Fovista, which concluded in the second quarter of 2012. The increase in net cash used in the six months ended June 30, 2013 compared to the six months ended June 30, 2012 primarily related to increased spending on manufacturing activity for Fovista, partially offset by the elimination of spending on our Phase 2b clinical trial for Fovista. We expect cash used in operating activities to continue to increase substantially compared to prior periods and for the foreseeable future as we continue the development of and seek marketing approval for Fovista and, possibly, other product candidates. In August 2013, we initiated a pivotal Phase 3 clinical program for Fovista that will consist of three separate clinical trials. We expect to have initial top-line data from our Phase 3 clinical program available in 2016.

Cash Flows from Investing Activities

Net cash provided by investing activities for the year ended December 31, 2011 was $3.4 million and consisted of proceeds from the maturity of marketable securities partially offset by purchases of fixed assets. Net cash provided by investing activities was $0 for the year ended December 31, 2012 and $0 for each of the six month periods ended June 30, 2012 and June 30, 2013.

Cash Flows from Financing Activities

Net cash provided by financing activities was $15.0 million for the year ended December 31, 2011 and $11.0 million for the year ended December 31, 2012. Net cash provided by financing activities for the year ended December 31, 2011 consisted primarily of proceeds from the issuance of our series B preferred stock. Net cash provided by financing activities for the year ended December 31, 2012 consisted primarily of borrowings under our venture debt facility. Net cash provided by financing activities for the six months ended June 30, 2012 was $7.4 million, consisting of borrowings under our venture debt facility. Net cash provided by financing activities for the six months ended June 30, 2013 was $46.0 million, consisting of a subsequent borrowing under our venture debt facility, proceeds from our royalty agreement with Novo A/S and proceeds received upon the closing of our series C financing, partially offset by the complete repayment of all outstanding principal, interest and fees under our venture debt facility.

Funding Requirements

Fovista is still in clinical development. We expect our expenses to increase substantially as compared to prior periods in connection with our ongoing activities, particularly as we continue the development of and seek marketing approval for Fovista and, possibly, other product candidates. In addition, if we obtain marketing approval for Fovista or any other product candidate that we develop, we expect to incur significant commercialization expenses related to product sales, marketing, distribution and manufacturing. Furthermore, upon the closing of this offering we expect to incur additional costs associated with operating as a public company, hiring additional personnel and expanding our facilities.

Our expenses also will increase if and as we:

- pursue the development of Fovista for the treatment of additional indications or for use in other patient populations or, if it is approved, seek to broaden the label for Fovista;
- pursue the clinical development of ARC1905 for the treatment of wet AMD;
- in-license or acquire the rights to other products, product candidates or technologies for the treatment of ophthalmic diseases;

- seek marketing approval for any product candidates that successfully complete clinical trials;
- establish sales, marketing, distribution and outsourced manufacturing capabilities, if we receive, or expect to receive, marketing approval for Fovista;
- maintain, expand and protect our intellectual property portfolio;
- hire additional clinical, quality control and scientific personnel; and
- add operational, financial and management information systems and personnel, including personnel to support our product development and planned future commercialization efforts.

We expect that the net proceeds from this offering, together with our existing cash and cash equivalents as of June 30, 2013, the $33.3 million in proceeds from our sale of shares of series C preferred stock in August 2013 and expected future funding of $83.3 million under our royalty agreement with Novo A/S, will enable us to fund our operating expenses and capital expenditure requirements through the second quarter of 2016. Based on our planned use of the net proceeds from this offering and our existing cash and cash equivalents and expected funding under our royalty agreement with Novo A/S, we estimate that such funds will be sufficient to enable us to obtain initial, top-line data from our Phase 3 clinical program for Fovista. We have based this estimate on assumptions that may prove to be wrong, and we could use our available capital resources sooner than we currently expect. This estimate assumes, among other things, that we receive the full financing amount available under our royalty agreement with Novo A/S on a timely basis. The royalty agreement with Novo A/S provides that we will use the remaining proceeds we received and future proceeds, if any, under the royalty agreement primarily to support clinical development and regulatory activities for Fovista and for certain other permitted purposes. We estimate that we will incur total costs, including clinical development related employee expenses and external research and development expenses, of approximately $175 million to obtain initial, top-line data from our Phase 3 clinical program for Fovista. We expect this data to be available in 2016. We expect that additional funds of approximately $50 million will be required to fund our other development programs and for general corporate purposes and working capital during the period from completion of this offering until we obtain initial, top-line data from our Phase 3 clinical program. Our Phase 3 clinical program for Fovista is expected to continue through at least 2017, and substantial expenditures to complete the Phase 3 clinical program will be required after the receipt of initial, top-line data. At this time, we cannot reasonably estimate the remaining costs necessary to complete the Phase 3 clinical program for Fovista, complete process development and manufacturing scale-up activities associated with Fovista and seek marketing approval after we obtain initial, top-line data, or the nature, timing or costs of the efforts necessary to complete the development of any other product candidate.

Our future capital requirements will depend on many factors, including:

- the progress, costs and results of our Phase 3 clinical program for Fovista;
- the costs and timing of process development and manufacturing scale-up activities associated with Fovista;
- the costs, timing and outcome of regulatory review of Fovista;
- the costs of commercialization activities for Fovista if we receive, or expect to receive, marketing approval, including the costs and timing of establishing product sales, marketing, distribution and outsourced manufacturing capabilities;
- subject to receipt of marketing approval, net revenue received from commercial sales of Fovista, after milestone payments and royalties;
- the costs of developing Fovista for the treatment of additional indications or for use in other patient populations;
- our ability to establish collaborations on favorable terms, if at all;
- the scope, progress, results and costs of product development of ARC1905 and other product candidates;

- the extent to which we in-license or acquire rights to other products, product candidates or technologies; and
- the costs of preparing, filing and prosecuting patent applications, maintaining and protecting our intellectual property rights and defending intellectual property-related claims.

Until such time, if ever, as we can generate substantial product revenues, we expect to finance our cash needs through a combination of equity offerings, debt financings, collaborations, strategic alliances and marketing, distribution or licensing arrangements. The expected funding pursuant to our royalty agreement with Novo A/S is subject to enrollment of specified numbers of patients in our Phase 3 clinical trials of Fovista and our satisfying additional closing conditions and other obligations. To the extent that we raise additional capital through the sale of equity or convertible debt securities, your ownership interest will be diluted, and the terms of these securities may include liquidation or other preferences that adversely affect your rights as a common stockholder. Debt financing and preferred equity financing, if available, may involve agreements that include covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, making capital expenditures or declaring dividends. Our pledge of assets, including intellectual property rights, as collateral to secure our obligations under our royalty agreement with Novo A/S may limit our ability to obtain debt financing. If we raise additional funds through collaborations, strategic alliances or marketing, distribution or licensing arrangements with third parties, we may have to relinquish valuable rights to our technologies, future revenue streams or product candidates or grant licenses on terms that may not be favorable to us. If we are unable to raise additional funds through equity or debt financings when needed, we may be required to delay, limit, reduce or terminate our product development or future commercialization efforts or grant rights to develop and market product candidates that we would otherwise prefer to develop and market ourselves.

Royalty Financing

In May 2013, we entered into our royalty agreement with Novo A/S, pursuant to which we may obtain royalty financing in three tranches in an amount of up to $125,000,000 in return for the sale to Novo A/S of aggregate royalties at low to mid single-digit percentages of worldwide sales of Fovista, with the royalty percentage determined by the amount of funding provided by Novo A/S. The first tranche of the royalty financing, in which Novo A/S purchased a low single-digit royalty interest and paid us $41,666,666, closed concurrently with our entry into the royalty agreement. Under the royalty agreement, Novo A/S agreed to purchase from us, and we agreed to sell to Novo A/S, two additional low single-digit royalty interests on worldwide sales of Fovista, in each case, for a purchase price of $41,666,666, or $83,333,332 in the aggregate for both additional tranches. Following the purchase of all royalty interests under the royalty agreement, Novo A/S will have a right to receive royalties on worldwide sales of Fovista at a mid single-digit percentage. The closing of each of the two subsequent financing tranches is subject to the enrollment of a specified number of patients in our Phase 3 clinical trials of Fovista and our satisfying additional closing conditions and other obligations.

Under specified circumstances, including terminations, suspensions or delays of our Phase 3 clinical trials for Fovista, the failure of certain closing conditions to be satisfied or transactions involving a change of control of us in which the acquiring party does not meet certain specifications, Novo A/S has the option to cancel the subsequent purchase and sale of the additional royalty interests. We also have the option to cancel the subsequent purchase and sale of the additional royalty interests in specified circumstances, including terminations, suspensions or delays in our Phase 3 clinical trials for Fovista, any change of control of us or the completion of equity financings meeting specified thresholds.

The royalty payment period begins on the commercial launch of Fovista and ends, on a country-by-country basis, on the latest to occur of the twelfth anniversary of the commercial launch of Fovista, the expiration of certain patent rights covering Fovista, and the expiration of regulatory exclusivity for Fovista, in each applicable country. Royalty payments will be payable quarterly in arrears during the royalty period. Our obligations under our agreement with Novo A/S may also apply to certain other anti-PDGF products we may develop.

We used a portion of the proceeds that we initially received under the royalty agreement to repay in full an aggregate of $14.4 million of outstanding principal, interest and fees under our venture debt facility. The royalty agreement provides that we will use the remaining proceeds we received, and future proceeds, if any, from the sale of royalty interests under the royalty agreement, primarily to support clinical development and regulatory activities for Fovista and, to the extent applicable, other specified products we may develop pursuant to the terms of the royalty agreement, and for general corporate expenses.

The royalty agreement requires the establishment by us and Novo A/S of a joint oversight committee in relation to the development of Fovista in the event that Novo A/S does not continue to have a representative on our board of directors. The royalty agreement also contains customary representations and warranties, as well as certain covenants relating to the operation of our business, including covenants requiring us to use commercially reasonable efforts to continue our development of Fovista, to file, prosecute and maintain certain patent rights and, in our reasonable judgment, to pursue claims of infringement of our intellectual property rights. The royalty agreement also places certain restrictions on our business, including restrictions on our ability to grant security interests in our intellectual property to third parties, to sell, transfer or out-license intellectual property, or to grant others rights to receive royalties on sales of Fovista and certain other products. We are required to reimburse Novo A/S for specified legal and other expenses and to provide Novo A/S with certain continuing information rights. We have agreed to indemnify Novo A/S and its representatives with respect to certain matters, including with respect to any third-party infringement or product liability claims relating to our products. Our obligations under the royalty agreement are secured by a lien on certain of our intellectual property and other rights related to Fovista and other anti-PDGF products we may develop.

Contractual Obligations and Commitments

The following table summarizes our contractual obligations as of June 30, 2013:

	Payments Due By Period				
	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Operating Leases[1]	$ 29,948	$ 29,948	$ —	$ —	$ —
Total[2]	$ 29,948	$ 29,948	$ —	$ —	$ —

(1) Operating lease obligations reflect our obligation to make payments in connection with leases for our office space.

(2) This table does not include (a) any milestone payments which may become payable to third parties under license agreements as the timing and likelihood of such payments are not known with certainty, (b) any royalty payments to third parties as the amounts, timing and likelihood of such payments are not known, (c) contracts that are entered into in the ordinary course of business which are not material in the aggregate in any period presented above and (d) the royalty purchase liability of $41.7 million due to the fact that the royalty payment period is not known.

Under various agreements, we will be required to pay royalties and make milestone payments. These agreements include the following:

- Under our acquisition agreement with OSI (Eyetech), Inc., or Eyetech, which agreement is now held by OSI Pharmaceuticals, Inc., or OSI Pharmaceuticals, a subsidiary of Astellas US, LLC, for rights to particular anti-PDGF aptamers, including Fovista, we are obligated to pay to OSI Pharmaceuticals future one-time payments of $12,000,000 in the aggregate upon marketing approval in the United States and the European Union of a covered anti-PDGF product. We also are obligated to pay to OSI Pharmaceuticals a royalty at a low single-digit percentage of net sales of any covered anti-PDGF product we successfully commercialize.
- Under a license agreement with Archemix Corp., or Archemix, with respect to pharmaceutical products comprised of or derived from any anti-PDGF aptamer, we are obligated to make future payments to

Archemix of up to an aggregate of $14,000,000 if we achieve specified clinical and regulatory milestones with respect to Fovista, up to an aggregate of $3,000,000 if we achieve specified commercial milestones with respect to Fovista and, for each other anti-PDGF aptamer product that we may develop under the agreement, up to an aggregate of $18,750,000 if we achieve specified clinical and regulatory milestones and up to an aggregate of $3,000,000 if we achieve specified commercial milestones. No royalties are payable to Archemix under this license agreement. From inception through June 30, 2013, we have made $2,250,000 in payments resulting from this agreement. An additional payment of $2,500,000 to Archemix was triggered by the initiation of our Phase 3 clinical program for Fovista in August 2013.

- Under a license agreement with Archemix with respect to pharmaceutical products comprised of or derived from anti-C5 aptamers, for each anti-C5 aptamer product that we may develop under the agreement, including ARC1905, we are obligated to make future payments to Archemix of up to an aggregate of $57,500,000 if we achieve specified development, clinical and regulatory milestones and, as to all anti-C5 products under the agreement collectively, up to an aggregate of $22,500,000 if we achieve specified commercial milestones. We are also obligated to pay Archemix a double-digit percentage of specified non-royalty payments we may receive from any sublicensee of our rights under this license agreement. No royalties are payable to Archemix under this license agreement. From inception through June 30, 2013, we have made $2,000,000 in payments resulting from this agreement.
- Under a license, manufacturing and supply agreement with Nektar Therapeutics, or Nektar, for specified pegylation reagents used to manufacture Fovista, we are obligated to make future payments to Nektar of up to an aggregate of $4,500,000 if we achieve specified clinical and regulatory milestones, and an additional payment of $3,000,000 if we achieve a specified commercial milestone with respect to Fovista. We are obligated to pay Nektar tiered royalties at low to mid single-digit percentages of net sales of any licensed product we successfully commercialize, with the royalty percentage determined by our level of licensed product sales, the extent of patent coverage for the licensed product and whether we have granted a third-party commercialization rights to the licensed product. We have agreed to pay Nektar a low double-digit percentage of any upfront payment we receive in connection with granting any third-party commercialization rights to a licensed product less certain milestone events the company has previously paid, and a higher double-digit percentage of other specified amounts, such as milestone payments, we receive in connection with any such commercialization agreement, subject to agreed minimum and maximum amounts. From inception through June 30, 2013, we have made $750,000 in payments resulting from this agreement. An additional payment of $1,000,000 to Nektar was triggered by the initiation of our Phase 3 clinical program for Fovista in August 2013.
- Under our royalty agreement with Novo A/S with respect to Fovista, we are obligated to pay Novo A/S a low to mid single-digit percentage royalty based on worldwide sales of Fovista, with the royalty percentage determined by the amount of funding provided by Novo A/S. See “—Royalty Financing” above for further information about our royalty agreement with Novo A/S.

We also have employment agreements with certain employees which require the funding of a specific level of payments, if certain events, such as a change in control or termination without cause, occur.

In addition, in the course of normal business operations, we have agreements with contract service providers to assist in the performance of our research and development and manufacturing activities. Expenditures to CROs represent a significant cost in clinical development. We can elect to discontinue the work under these agreements at any time. We could also enter into additional collaborative research, contract research, manufacturing, and supplier agreements in the future, which may require upfront payments and even long-term commitments of cash.

Off-Balance Sheet Arrangements

We did not have during the periods presented, and we do not currently have, any off-balance sheet arrangements, as defined under Securities and Exchange Commission rules.

Quantitative and Qualitative Disclosures About Market Risks

We are exposed to market risk related to changes in interest rates. We had cash and cash equivalents of $4.3 million as of December 31, 2012 and $39.9 million as of June 30, 2013, consisting of cash and money market funds. Our primary exposure to market risk is interest rate sensitivity, which is affected by changes in the general level of U.S. interest rates, particularly because our investments are in short-term securities. Our available for sale securities are subject to interest rate risk and will fall in value if market interest rates increase. Due to the short-term duration of our investment portfolio and the low risk profile of our investments, an immediate 100 basis point change in interest rates would not have a material effect on the fair market value of our portfolio.

We contract with CROs and contract manufacturers globally. We may be subject to fluctuations in foreign currency rates in connection with certain of these agreements. Transactions denominated in currencies other than the U.S. dollar are recorded based on exchange rates at the time such transactions arise. As of June 30, 2013 and December 31, 2012 and 2011, substantially all of our total liabilities were denominated in the U.S. dollar.

BUSINESS

Overview

We are a biopharmaceutical company specializing in the development of novel therapeutics to treat diseases of the eye. Our most advanced product candidate is Fovista, which we are developing for use in combination with anti-VEGF drugs that represent the current standard of care for the treatment of wet age-related macular degeneration, or wet AMD. We have completed a large Phase 2b clinical trial in which 1.5 mg of Fovista administered in combination with one of the standard of care drugs, Lucentis, demonstrated statistically significant superiority compared to Lucentis monotherapy based on the primary endpoint of mean change in visual acuity from baseline at 24 weeks, providing a 62% comparative benefit from baseline. We have initiated a pivotal Phase 3 clinical program to evaluate the safety and efficacy of Fovista combination therapy for the treatment of newly diagnosed wet AMD patients compared to current standard of care monotherapy. We have begun treating patients in the United States in two of three Phase 3 clinical trials in this program, both of which are evaluating the safety and efficacy of 1.5 mg of Fovista administered in combination with Lucentis. We expect to have initial, top-line data from this Phase 3 clinical program available in 2016. If the results of this Phase 3 clinical program are favorable, we plan to submit applications for marketing approval for Fovista in both the United States and the European Union before the end of 2016.

Wet AMD is a serious disease of the central portion of the retina, known as the macula, which is responsible for detailed central vision and color perception. It is characterized by abnormal new blood vessel formation and growth, referred to as neovascularization, which results in blood vessel leakage, retinal distortion and scar formation. Wet AMD is the leading cause of blindness in patients over the age of 55 in the United States and the European Union. The current standard of care for wet AMD is monotherapy administration of drugs that target vascular endothelial growth factor, or VEGF, one of several proteins involved in neovascularization. The anti-VEGF market for the treatment of wet AMD consists predominantly of two drugs that are approved for marketing and primarily prescribed for the treatment of wet AMD, Lucentis and Eylea, and off-label use of the cancer therapy Avastin. In 2012, annual worldwide sales of Lucentis and Eylea for all indications totaled approximately $4.8 billion. This sales number does not include Avastin, which is commonly used off-label to treat wet AMD in the United States and, to a lesser extent, in the European Union.

The use of anti-VEGF drugs has significantly improved visual outcomes for patients with wet AMD who have been treated with these drugs as compared to untreated patients. However, persistent retinal distortion and scar tissue formation limit visual benefit from anti-VEGF monotherapy, and a significant unmet medical need remains. We believe that the administration of Fovista in combination with anti-VEGF drugs in patients with wet AMD may disrupt abnormal new blood vessels and cause regression of neovascularization more effectively than anti-VEGF monotherapy. Fovista binds to and inhibits a protein known as platelet derived growth factor, or PDGF, causing the stripping of pericytes, which are cells that cover the outside of newly formed blood vessels. After the pericytes are stripped from the new blood vessels, endothelial cells located inside the newly formed blood vessels are left unprotected and are highly vulnerable to the effects of anti-VEGF therapy. We believe that Fovista may provide meaningful added benefit in the treatment of wet AMD regardless of the co-administered anti-VEGF drug.

We completed a large, multi-dose Phase 2b clinical trial in newly diagnosed wet AMD patients in 2012 in which a combination of 1.5 mg of Fovista and Lucentis demonstrated statistically significant superiority compared to Lucentis monotherapy based on the primary endpoint of mean change in visual acuity from baseline at 24 weeks. Patients receiving the combination of 1.5 mg of Fovista and Lucentis gained a mean of 10.6 letters from baseline on a standardized chart of vision testing compared to a mean gain of 6.5 letters from baseline for patients receiving Lucentis monotherapy, representing a 62% comparative benefit from baseline. Based on retrospective analyses of commonly evaluated parameters used in wet AMD trials, Fovista combination therapy resulted in improved visual outcome, with more patients experiencing vision gain and fewer patients experiencing vision loss, in a broad range of patient groups in this trial compared to Lucentis monotherapy. We have initiated our pivotal Phase 3 clinical program that will consist of three separate Phase 3 clinical trials

evaluating Fovista administered in combination with anti-VEGF drugs in newly diagnosed wet AMD patients. Our Phase 3 clinical program builds on and incorporates significant aspects from the design of our Phase 2b clinical trial. Two of the planned Phase 3 clinical trials will test the combination of Fovista and Lucentis. The third planned Phase 3 clinical trial will test a combination of Fovista with each of Avastin or Eylea. We have retained worldwide commercialization rights to Fovista.

We are led by a team of experienced pharmaceutical industry executives and recognized experts in retinal disease. Our management team includes our co-founder and Chief Executive Officer, David Guyer, M.D., and our co-founder and President, Samir Patel, M.D. Dr. Guyer and Dr. Patel were co-founders and senior executives of Eyetech Pharmaceuticals, Inc., which was acquired by OSI Pharmaceuticals, Inc. in 2005. While at Eyetech Pharmaceuticals, Dr. Guyer and Dr. Patel were responsible for the clinical development and commercialization of Macugen, the first anti-VEGF drug approved for the treatment of wet AMD. While at Eyetech Pharmaceuticals, they also were responsible for the preclinical development of Fovista, the rights to which we subsequently acquired from OSI (Eyetech), Inc. pursuant to a divestiture agreement prior to initiation of any clinical development. We believe that our senior management provides us with significant capabilities in the development and commercialization of novel therapies to treat diseases of the eye.

Our Strategy

Our goal is to become a leading biopharmaceutical company focused on developing and commercializing novel therapeutics to treat diseases of the eye, with a particular focus on diseases of the back of the eye. The key elements of our strategy to achieve this goal are:

- *Complete clinical development of and seek marketing approval for Fovista administered in combination with anti-VEGF drugs for wet AMD.* We are devoting a significant portion of our resources and business efforts to completing independently the clinical development of Fovista in combination with anti-VEGF drugs for wet AMD. We have initiated a pivotal Phase 3 clinical program evaluating Fovista administered in combination with anti-VEGF drugs for the treatment of newly diagnosed wet AMD patients. We have begun treating patients in two of three Phase 3 clinical trials in this program. Based on our estimates regarding patient enrollment, we expect to have initial, top-line data from this Phase 3 clinical program available in 2016. If the results of this Phase 3 clinical program are favorable, we plan to submit applications for marketing approval for Fovista in both the United States and the European Union before the end of 2016. Our Phase 3 clinical trials will continue after such submissions in accordance with the protocols for these trials. In May 2013, we entered into a royalty purchase and sale agreement, or royalty agreement, with Novo A/S for a financing of up to $125 million to fund a substantial portion of our planned Phase 3 clinical program for Fovista in return for the sale to Novo A/S of royalty interests in future worldwide sales of Fovista. We received approximately $42 million of this royalty financing in May 2013. Our receipt of additional amounts is subject to our enrollment of specified numbers of patients in our Phase 3 clinical trials of Fovista and our satisfying additional closing conditions and other obligations. We are obligated to pay Novo A/S royalties at low to mid single-digit percentages of worldwide sales of Fovista, with the royalty percentage determined by the amount of funding provided by Novo A/S.
- *Maximize commercial potential of Fovista.* We have retained worldwide commercialization rights to Fovista. If Fovista receives marketing approval, we plan to commercialize it in the United States with our own focused, specialty sales force. We believe that retinal specialists in the United States, who perform most of the medical procedures involving diseases of the back of the eye, are sufficiently concentrated that we will be able to effectively promote Fovista to these specialists with a sales and marketing group of fewer than 100 persons. We expect to utilize a variety of types of collaboration, distribution and other marketing arrangements with one or more third parties to commercialize Fovista in markets outside the United States.

- *Explore the use of Fovista in additional patient populations.* We are evaluating other neovascular ophthalmic conditions for which we believe Fovista treatment may be beneficial. For example, we are considering conducting small, exploratory clinical trials to assess the potential therapeutic benefit of Fovista in indications that may include the treatment of wet AMD in patients who do not respond adequately to anti-VEGF treatment, treatment of proliferative vitreoretinopathy, a complication associated with retinal detachment, and treatment of the retinal manifestations of von Hippel-Lindau disease, an inherited disease characterized by multiple benign and malignant tumors and cysts in the eye and other organs. If we initiate any of these clinical trials in 2014, we expect that initial data from such trials could be available before the end of 2015.
- *Advance the development of other product candidates for the treatment of ophthalmic disease.* We are evaluating further clinical development of our product candidate ARC1905 for the treatment of wet AMD. ARC1905 is a potent and selective inhibitor of complement factor C5, a protein that is associated with inflammation and that we believe is involved in the development of AMD. We anticipate that our development plans for ARC1905 will be directed toward a group of patients with wet AMD who have complement mediated inflammation and do not respond adequately to anti-VEGF monotherapy. We acquired rights to ARC1905 under an exclusive license agreement with Archemix Corp. We have conducted all of the preclinical research and clinical development of ARC1905 for the treatment of ophthalmic disease.
- *Opportunistically in-license or acquire products, product candidates and technologies.* We plan to expand our product pipeline through opportunistically in-licensing or acquiring the rights to complementary products, other product candidates and technologies for the treatment of a range of ophthalmic diseases, principally diseases of the back of the eye. We believe that our focus on diseases of the eye and our experienced management team will make us an attractive collaborator or acquirer for companies seeking to out-license or sell rights to products, product candidates or technologies in our area of focus. We generally expect that we will not engage in early stage research and drug discovery and will thus avoid the related costs and risks of these activities.

Potential for Fovista

In our completed Phase 2b clinical trial, the combination of 1.5 mg of Fovista and Lucentis demonstrated statistically significant superiority compared to Lucentis monotherapy based on the primary endpoint of mean change in visual acuity from baseline at 24 weeks, providing a 62% comparative benefit from baseline. Our Phase 3 clinical program builds on and incorporates significant aspects from the design of our Phase 2b clinical trial. We intend to seek a label for Fovista for the treatment of patients with wet AMD in combination with all anti-VEGF drugs. We believe that Fovista may provide meaningful added benefit in the treatment of wet AMD regardless of the co-administered anti-VEGF drug.

Visual Acuity Benefit

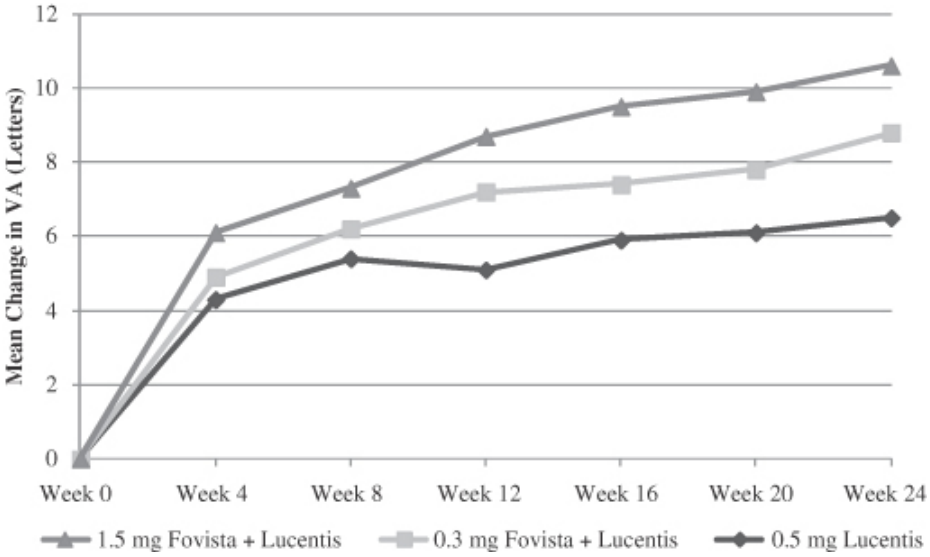
We completed a large, multicenter, randomized, double-masked, controlled Phase 2b clinical trial in 2012 in which the combination of 1.5 mg of Fovista and the anti-VEGF drug Lucentis achieved statistically significant superiority compared to Lucentis monotherapy based on the primary endpoint of mean change in visual acuity from baseline at 24 weeks. In this trial, patients treated with the combination of 0.3 mg of Fovista and Lucentis showed improvements in visual acuity compared to Lucentis monotherapy, but the combination of 0.3 mg and Lucentis did not achieve statistically significant superiority compared to Lucentis monotherapy based on the primary endpoint of mean change in visual acuity from baseline at 24 weeks.

We observed a visual benefit in patients treated with the combination of 1.5 mg of Fovista and Lucentis early in and sustained over the course of treatment. The relative magnitude of visual benefit increased over the study period. We believe that these results suggest that Fovista may provide lasting benefit to patients when used

as chronic therapy in combination with Lucentis. In addition, we believe that the relative visual benefit of the combination of 1.5 mg of Fovista and Lucentis compared to the relative visual benefit of the combination of 0.3 mg of Fovista and Lucentis at all timepoints exhibits a dose-response curve in which the response to treatment increases with higher drug concentrations of Fovista.

As described in more detail below under "—Clinical Development of Fovista—Completed Phase 2b Clinical Trial," the following graph sets forth the mean change in visual acuity from baseline for each treatment group in our Phase 2b clinical trial over the course of the trial:

Mean Change in Visual Acuity (VA) from Baseline Over Time



In our Phase 2b clinical trial, we observed differences on the secondary endpoint of mean change in visual acuity from baseline at 12 weeks favoring the combination of 1.5 mg of Fovista and Lucentis compared to Lucentis monotherapy. In addition, we observed differences in other visual outcome secondary endpoints favoring the combination of 1.5 mg of Fovista and Lucentis compared to Lucentis monotherapy. Further, we performed multiple retrospective subgroup analyses of the data from our Phase 2b clinical trial. In these retrospective analyses, we observed differences in visual outcomes from baseline favoring the combination of 1.5 mg of Fovista and Lucentis compared to Lucentis monotherapy regardless of the baseline size of neovascularization or the baseline vision of the patient. We believe that these results suggest that the benefits of treatment with 1.5 mg of Fovista in combination with Lucentis as compared to Lucentis monotherapy may be applicable to a broad segment of patients with wet AMD.

Phase 3 Clinical Trials Build Upon and Incorporate Phase 2b Clinical Trial Design

We have initiated a pivotal Phase 3 clinical program to evaluate the safety and efficacy of Fovista administered in combination with anti-VEGF drugs for the treatment of wet AMD. We have begun treating patients in two of three Phase 3 clinical trials in this program. The primary efficacy endpoint in each of our Phase 3 clinical trials will be mean change in visual acuity from baseline, which will be assessed at 12 months after first treatment.

Two of the three Phase 3 clinical trials included in our Phase 3 clinical program will evaluate the efficacy and safety of Fovista administered in combination with Lucentis and build upon and incorporate significant

aspects from the design of our Phase 2b clinical trial. We believe that the following aspects of our two Phase 3 clinical trials of Fovista administered in combination with Lucentis may reduce the risk that we will have unexpected outcomes in these two trials:

- We have made no meaningful changes to the inclusion and exclusion criteria in these Phase 3 clinical trials from those we used in our Phase 2b clinical trial. We expect that this will result in the enrollment of a patient population similar to the patient population enrolled in our Phase 2b clinical trial.
- We are not changing the pre-specified primary endpoint, mean change in visual acuity from baseline, that we used in our Phase 2b clinical trial. However, we will assess mean change in visual acuity from baseline in these Phase 3 clinical trials at 12 months, instead of at 24 weeks as in our Phase 2b clinical trial. In our Phase 2b clinical trial, the relative magnitude of visual benefit seen with the combination of 1.5 mg of Fovista and Lucentis compared to Lucentis monotherapy increased over the study period. If we observe a similar pattern of visual benefit in our Phase 3 clinical program, we believe that chronic administration of 1.5 mg of Fovista with Lucentis may be indicated.
- Our Phase 2b clinical trial was well powered to detect a statistically significant difference in mean change in visual acuity between patients treated with 1.5 mg of Fovista in combination with Lucentis and patients treated with Lucentis monotherapy. We are further improving our ability to detect any statistically significant differences in pre-specified efficacy outcomes between the treatment and control arms of our Phase 3 clinical trials by substantially increasing both the number of patients who will receive 1.5 mg of Fovista in combination with Lucentis and the number of patients who will receive Lucentis monotherapy as compared to our Phase 2b clinical trial.
- We are using a dose of Fovista that exhibited a favorable safety profile in our Phase 2b clinical trial. We are using the same standard of care anti-VEGF drug, Lucentis, in combination with Fovista and as the monotherapy control in these Phase 3 clinical trials as we used in our Phase 2b clinical trial.

Potential to Enhance Efficacy of Current Standard of Care Regardless of Anti-VEGF Drug Administered

We intend to seek a label for Fovista for the treatment of patients with wet AMD in combination with all anti-VEGF drugs. As a result of the use of anti-VEGF drugs, the condition of many patients suffering with wet AMD improves significantly. However, in a substantial portion of cases the condition of the patient deteriorates. For example, based on results of third-party clinical trials, after one year of treatment with an anti-VEGF drug, approximately 18% to 22% of newly diagnosed wet AMD patients have lost additional vision, defined as the loss of the ability to read one or more letters on a standardized chart of vision testing, and approximately 62% to 75% of such patients have not achieved an ability to read an additional 15 or more letters on the standardized chart of vision testing post-treatment. In addition, in 2013, the peer reviewed journal *Ophthalmology* published the results of an uncontrolled study of patients who had received two years of treatment with an anti-VEGF agent in clinical trials and then received additional anti-VEGF therapy at physician's discretion for two more years. When assessed at their last evaluation in this study, approximately 46% of such patients had lost additional vision, defined as the loss of the ability to read one or more letters on a standardized chart of vision testing.

Moreover, in 2013, *Ophthalmology* published the results of a separate follow-up study of a cohort of these same patients. When assessed approximately three years after completing their participation in the prior study, approximately one-third had poor outcomes, defined as the loss of the ability to read 15 or more letters on a standardized chart of vision testing, according to the study conclusions. In addition, approximately 57% of such patients had lost additional vision, defined as the loss of the ability to read one or more letters on a standardized chart of vision testing, compared to baseline prior to receiving therapy in the original clinical trials, and approximately 37% had visual acuity at the level of legal blindness, defined as visual acuity of 20/200 or worse. The study authors noted that wet AMD patients remain at risk for substantial visual decline. We believe that Fovista may provide meaningful added benefit in the treatment of wet AMD regardless of the co-administered anti-VEGF drug.

The anti-VEGF market for the treatment of wet AMD consists of Lucentis, Avastin and Eylea. Two of the three Phase 3 clinical trials included in our Phase 3 clinical program will evaluate the efficacy and safety of Fovista administered in combination with Lucentis. To support our efforts to seek a broad label for Fovista, we plan to include a third clinical trial to evaluate the safety and efficacy of Fovista administered in combination with each of Avastin or Eylea compared to Avastin or Eylea monotherapy.

Age-Related Macular Degeneration

Eye disease can be caused by many factors and can affect both the front and back of the eye. In its most extreme cases, eye disease can result in blindness. In the developed world, the major diseases that result in blindness are those affecting the retina, including AMD and diabetic retinopathy, and glaucoma. These diseases deny patients of their sight and, as a result, their ability to live independently and perform daily activities. Any improvement in vision, or even a slowing of the rate of vision loss, has a tremendous impact on the quality of life of patients with impaired vision.

AMD is a leading cause of vision loss in people over the age of 50 in the western world. There are two forms of AMD, dry AMD and wet AMD. According to AMD Alliance International, approximately 10 million people in the United States suffer from some form of AMD. According to a study on the burden of AMD published in 2006 in the peer reviewed journal *Current Opinion in Ophthalmology*, approximately 1,250,000 people in the United States suffer from wet AMD. In addition, AMD Alliance International reports that approximately 200,000 new cases of wet AMD arise each year in the United States. Based on U.S. Census Bureau data, we estimate that over the next two decades in the United States the number of people aged 55 or older is expected to increase by approximately 36% and the number of people aged 65 and older is expected to increase by approximately 69%. We expect that this increase in the number of elderly people will result in a significant increase in the number of cases of both dry and wet AMD in the United States.

AMD is a major public health problem that has a devastating effect on patients and a significant adverse impact on the economy. AMD distorts the acute central vision necessary for daily activities such as reading, face recognition, watching television and driving and can lead to loss of central vision and blindness. According to a 2010 study sponsored by AMD Alliance International, the annual direct healthcare system costs of visual impairment worldwide due to AMD was estimated at approximately $255 billion. According to the same study, wet AMD patients suffer a reduced quality of life and experience difficulty performing daily activities, social isolation, higher than normal rates of clinical depression, twice the risk of premature death as those who are not visually impaired, increased risk of falls and related hip fractures and premature admission to nursing homes. Wet AMD represents approximately 10% of all cases of AMD, but is responsible for 90% of the severe vision loss associated with the disease.

According to a study on the burden of AMD published in 2006 in *Current Opinion in Ophthalmology*, an average patient with AMD experiences a decrease in his or her quality of life equivalent to that of patients suffering from other diseases often perceived as more severe. For example, moderate age-related macular degeneration, defined as vision of 20/50 to 20/100 in the better-seeing eye, causes a 40% decrease in the average patient's quality of life, similar to that associated with severe cardiac angina or renal dialysis. Normal visual acuity is commonly referred to as 20/20 vision, and a person with 20/50 vision can read letters on an eye chart from 20 feet away as well as a person with normal vision can read the chart from 50 feet away.

Wet AMD

Wet AMD is preceded by dry AMD. Dry AMD is characterized by the development of yellow-white deposits under the retina, known as drusen, along with variable thinning and dysfunction of retinal tissue, but without any abnormal new blood vessel growth. There is no treatment approved by the U.S. Food and Drug Administration, or FDA, for dry AMD. In a subset of patients, dry AMD converts to wet AMD when new and abnormal blood vessels invade the retina. These abnormal new blood vessels originate beneath the retina, in a

layer called the choroid, and invade into the overlying retinal layers. This abnormal new blood vessel growth is generally referred to as pathological angiogenesis and, in the context of wet AMD, is called choroidal neovascularization. The choroidal neovascularization and adjacent and contiguous areas of blood and tissue alterations are referred to as a lesion.

Abnormal new blood vessels tend to be fragile and often bleed and leak fluid into the macula, the central most portion of the retina responsible for detailed central vision and color perception. Untreated, blood vessel growth and associated leakage typically lead to retinal distortion, scarring, irreversible destruction of the macula and loss of vision. This visual loss occurs rapidly with a progressive course. Approximately 90% of wet AMD cases involve subfoveal choroidal neovascularization, which is blood vessel growth directly under the central portion of the macula, known as the fovea. Our Phase 3 clinical program will enroll patients with subfoveal wet AMD.

Wet AMD traditionally has been divided into subtypes based on the pattern of the abnormal new blood vessels using the diagnostic imaging technique fluorescein angiography or cross sectional location of the abnormal new blood vessels using the diagnostic imaging technique optical coherence tomography, or OCT. These subtypes form a continuous spectrum of pathological neovascularization based on whether the abnormal new blood vessels are well defined and delineated as determined by fluorescein angiography or whether they have invaded the retinal pigment epithelium, or RPE, layer of the retina from underneath and are located above the RPE as determined by OCT.

The term “pure classic” applies if 100% of the patient’s abnormal new blood vessels are well defined or located above the RPE. The terms “predominantly classic” and “minimally classic” are sometimes used to indicate some classic component of the disease, such as when only a portion of the patient’s abnormal new blood vessels are well defined or located above the RPE. The term “pure occult” applies if none of the patient’s abnormal new blood vessels are well defined or located above the RPE. Based on enrollment of untreated wet AMD patients in third-party clinical trials, the pure occult subtype accounts for approximately 40% of the cases of subfoveal wet AMD in the wet AMD patient population. Some occult choroidal neovascularization is present in predominantly classic and minimally classic choroidal neovascularization. For example, in minimally classic choroidal neovascularization up to 99% of the blood vessels may be characterized as occult, thus only 1% different from 100% or pure occult.

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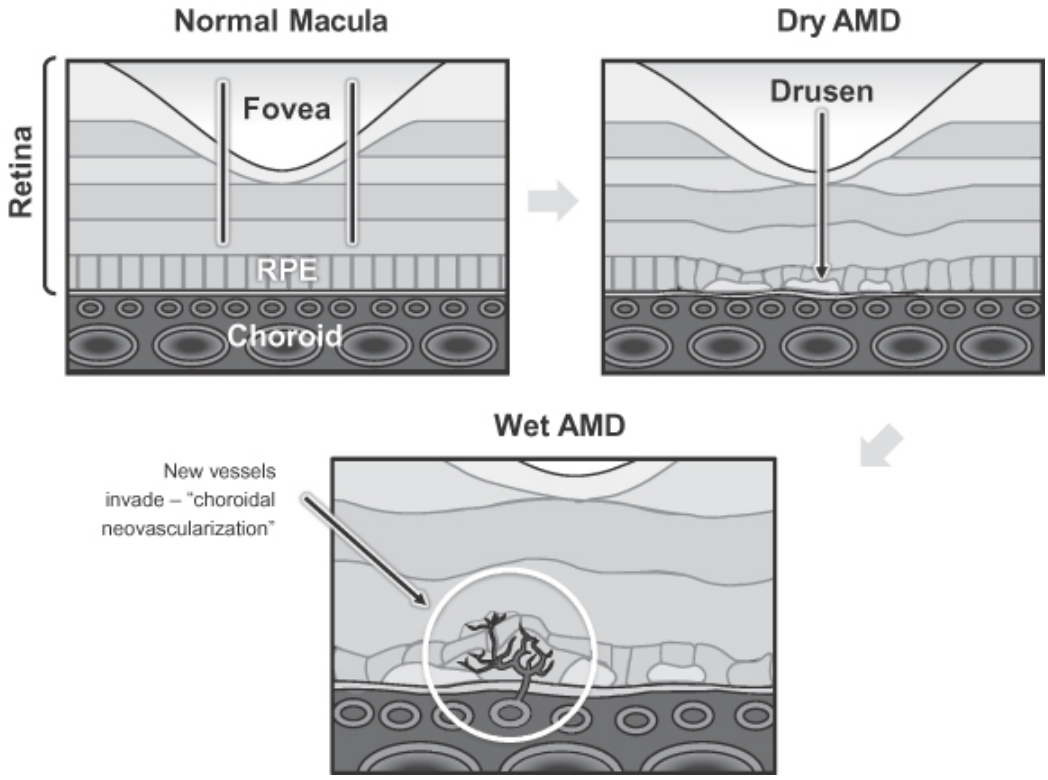
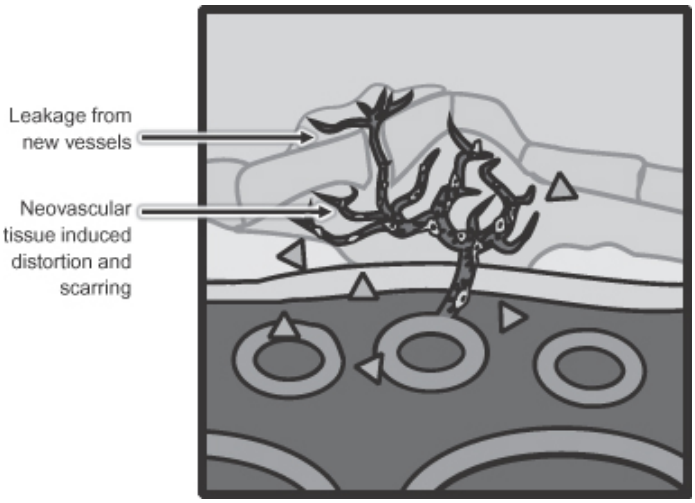
The following diagrams show cross-sections of the back of a normal eye and the progression to and major mechanisms of visual loss in wet AMD:



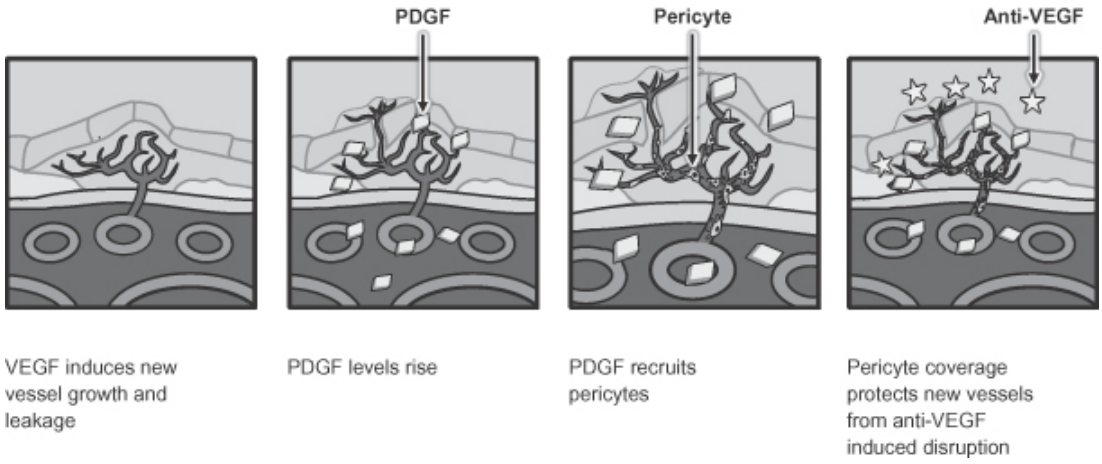
Visual Loss in Wet AMD



Abnormal new blood vessels are predominantly made up of two cell types, endothelial cells and pericytes. The endothelial cells line the inside of abnormal new blood vessels. Pericytes then intimately cover the outside of these blood vessels. Early in the process of abnormal new blood vessel formation, VEGF binds to a receptor on endothelial cells and causes endothelial cells to proliferate. The proliferating endothelial cells form new blood vessels. VEGF provides survival signals to endothelial cells. VEGF also is one of the most potent inducers of blood vessel permeability, which causes the new blood vessels to leak.

PDGF binds to a receptor on pericytes. The binding of PDGF provides an important cell survival signal to pericytes. PDGF also recruits pericytes to the abnormal new blood vessel, where they mature and cover the endothelial cells. Pericytes locally supply the endothelial cells with growth and survival factors, including VEGF, and play a major role in endothelial cell survival. Pericytes also physically support and stabilize the abnormal new blood vessels.

The following diagrams show cross-sections of the back of an eye and the chemical and cellular processes associated with the progression to wet AMD:



Currently Available Therapies for Wet AMD

The current standard of care for wet AMD is administration by intravitreal injection of anti-VEGF drugs as monotherapy. The FDA has approved the anti-VEGF drugs Lucentis (ranibizumab), Eylea (aflibercept) and Macugen (pegaptanib sodium) for the treatment of wet AMD. The FDA also has approved photodynamic therapy with Visudyne (PDT) as a treatment of patients with wet AMD. In addition, although approved by the FDA as a cancer therapy, the anti-VEGF drug Avastin (bevacizumab) is used off-label to treat wet AMD. Lucentis is an antibody fragment derived from the same full length antibody from which Avastin was derived.

Lucentis and Eylea are used primarily to treat wet AMD, although they also are approved for the treatment of other diseases of eye. In 2012, annual worldwide sales of Lucentis and Eylea for all indications totaled approximately $4.8 billion. This sales number does not include Avastin, which is commonly used off-label to treat wet AMD in the United States and, to a lesser extent, in the European Union. According to a paper published in 2011 in the peer reviewed journal *American Journal of Ophthalmology*, Avastin was used off-label to treat approximately 60% of Medicare beneficiaries in 2008 who received anti-VEGF therapy for wet AMD. In addition, according to information published in November 2012 by BioTrends Research Group, retinal specialists in the largest markets in the European Union use off-label Avastin to treat approximately 27% of patients with wet AMD.

Lucentis is marketed in the United States by F. Hoffmann-La Roche Ltd. Lucentis is marketed outside the United States by Novartis AG, except in Asia where it is marketed by Santen Pharmaceuticals Co., Ltd. Eylea is marketed in the United States by Regeneron Pharmaceuticals, Inc. and outside the United States by Bayer AG. Avastin is approved as a cancer therapy and is marketed solely for such use. Avastin is available through compounding pharmacies for off-label use to treat wet AMD at a significantly lower price per dose than either Lucentis or Eylea.

The availability of anti-VEGF drugs has significantly improved visual outcomes for patients with wet AMD who have been treated with anti-VEGF drugs as compared to untreated patients. A retrospective study published in 2012 in the peer reviewed journal *JAMA Ophthalmology* confirmed that the prevalence of both legal blindness and moderate visual impairment in patients two years after being diagnosed with wet AMD have decreased substantially following the introduction of anti-VEGF therapy. Nonetheless, the condition of many patients with wet AMD treated with anti-VEGF drugs does not improve significantly and in a substantial portion of cases deteriorates.

Anti-VEGF drugs prevent VEGF from binding to its natural receptor on endothelial cells in the abnormal new blood vessels, thereby inhibiting further abnormal new blood vessel growth and leakage associated with wet AMD. There is widespread agreement in the scientific community that the majority of the therapeutic benefit of anti-VEGF drugs is due to reducing or eliminating leakage. However, anti-VEGF therapy may be limited in its ability to induce disruption and regression of neovascularization. Clinical trial results suggest that altering the dose or regimen of the anti-VEGF drugs does not enhance visual outcome.

Based on the results of third-party clinical trials, after one year of treatment with an anti-VEGF drug:

- approximately 18% to 22% of newly diagnosed wet AMD patients have lost additional vision, defined as the loss of the ability to read one or more letters on a standardized chart of vision testing, in many cases further diminishing the patients' quality of life;
- approximately 62% to 75% of newly diagnosed patients have not achieved an ability to read an additional 15 or more letters on the standardized chart of vision testing and have not experienced a marked improvement in their ability to enjoy the daily activities made difficult by wet AMD; and
- a majority of patients have not achieved final visual acuity of 20/40 or better, which is necessary to obtain a driver's license in many states.

In addition, in 2013, *Ophthalmology* published the results of an uncontrolled study of patients who had received two years of treatment with an anti-VEGF agent in clinical trials and then received additional anti-VEGF therapy at physician's discretion for two more years. When assessed at their last evaluation in this study, approximately 46% of such patients had lost additional vision, defined as the loss of the ability to read one or more letters on a standardized chart of vision testing. Moreover, in 2013, *Ophthalmology* published the results of a separate follow-up study of a cohort of these same patients. When assessed approximately three years after completing their participation in the prior study, approximately one-third had poor outcomes, defined as the loss of the ability to read 15 or more letters on a standardized chart of vision testing, according to the study conclusions. In addition, approximately 57% of such patients had lost additional vision, defined as the loss of the ability to read one or more letters on a standardized chart of vision testing, compared to baseline prior to receiving therapy in the original clinical trials, and approximately 37% had visual acuity at the level of legal blindness, defined as visual acuity of 20/200 or worse. The study authors noted that wet AMD patients remain at risk for substantial visual decline.

We believe that the presence of pericytes and their local production of VEGF and other factors protect endothelial cells from the effects of anti-VEGF drugs. Other possible sources of anti-VEGF resistance include inflammation and increased levels of other growth factors and proteins not targeted by anti-VEGF drugs that are involved in the complex orchestration of neovascular proliferation.

Fovista

We are developing Fovista to be administered in combination with anti-VEGF drugs for the treatment of wet AMD. Fovista is designed to target PDGF and administered in combination with anti-VEGF drugs disrupt abnormal new blood vessels in wet AMD. We believe Fovista prevents PDGF from binding to its natural receptor on pericytes, thus causing pericytes to be stripped from newly formed abnormal blood vessels. We believe that the endothelial cells are left unprotected and are then highly vulnerable to the effects of anti-VEGF drugs. Because of the ability of Fovista to induce pericyte stripping from newly formed blood vessels, we believe that the administration of Fovista in combination with anti-VEGF drugs may inhibit abnormal new blood vessel growth associated with wet AMD more effectively than anti-VEGF drugs alone. In addition, we believe that the administration of Fovista in combination with anti-VEGF drugs may enhance neovascular regression.

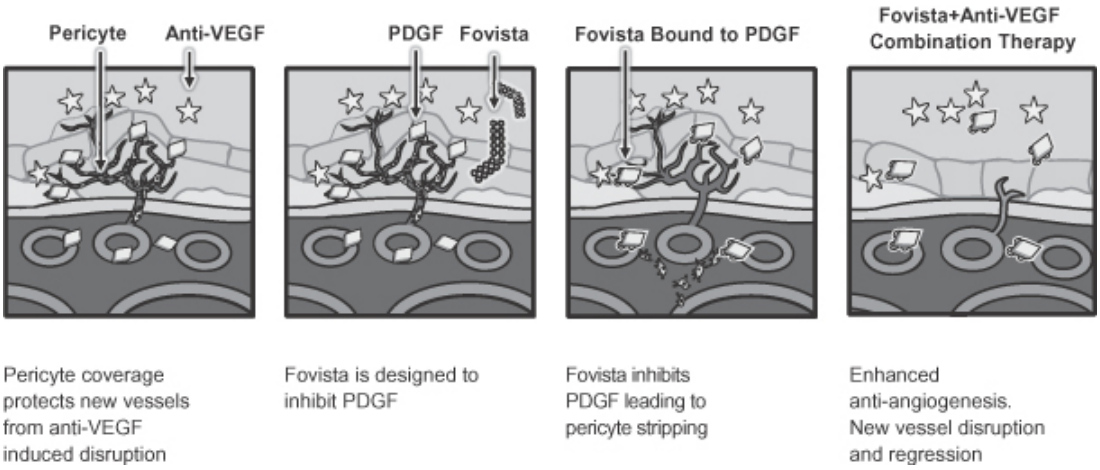
VEGF and PDGF are growth factors that share some structural similarities. The VEGF family consists of multiple members, called VEGF-A, VEGF-B, VEGF-C, VEGF-D and PlGF. The PDGF family also consists of multiple members, called PDGF-AA, PDGF-AB, PDGF-BB, PDGF-CC and PDGF-DD.

Lucentis, Avastin and Eylea all target VEGF-A, which we generally refer to in this prospectus simply as VEGF. Fovista targets PDGF-BB, which we generally refer to in this prospectus simply as PDGF. The biological effects of VEGF-A and PDGF-BB are mediated by binding to receptors on the cell surface. Once VEGF-A and PDGF-BB bind to their respective receptors, a variety of signals are generated inside the cell, which alters the cell's behavior. The specific receptors for VEGF-A are called VEGFR-1 and VEGFR-2. The specific receptors for PDGF-BB are called PDGFR-a and PDGF-b.

The anti-VEGF drugs Lucentis, Avastin and Eylea exert their biologic effect by binding to VEGF-A, which blocks its interaction with the endothelial cell surface receptor VEGFR-2. This results in inhibition of endothelial cell proliferation, survival and vascular permeability. Fovista exerts its biologic effect by binding to PDGF-BB, which blocks its interaction to the pericyte cell surface receptor PDGF-b. This results in stripping or death of the pericytes by interrupting the cell survival signals. PDGF-BB has been shown in multiple independent studies to be critical for pericyte survival and proliferation. Similarly, VEGF-A is critical for endothelial cell survival and proliferation.

We have measured Fovista's inhibition of PDGF-BB binding to both its receptors, PDGFR-a and PDGF-b, by widely accepted scientific methods. In *in vitro* assays, Fovista strongly inhibits PDGF-BB binding to its receptor with potency equal to an antibody that directly blocks the PDGFR-a and PDGF-b receptors. In preclinical models, we observed the marked stripping of pericytes from abnormally proliferating blood vessels in animals treated with Fovista. The combination of Fovista and anti-VEGF treatment in animal models of neovascularization disrupted and regressed abnormal new blood vessels to a greater degree than treatment with anti-VEGF monotherapy. Based on these preclinical results and our understanding of the mechanisms of action of anti-VEGF drugs and Fovista, we believe that Fovista has the potential to provide meaningful added benefit in the treatment of wet AMD regardless of the co-administered anti-VEGF drug.

The following diagram shows what we believe is the mechanism of action of Fovista.



The anti-PDGF ingredient in Fovista is a chemically synthesized aptamer. An aptamer is a single strand of nucleic acid that adopts a three-dimensional structure and binds with high specificity and affinity to a particular extracellular target, such as PDGF, in a manner similar to a monoclonal antibody. Aptamers have the following key attributes:

- aptamers are synthetically derived, making production predictable and reproducible; and
- aptamers are chemically stable and do not generate an immune response that could limit efficacy.

Fovista is a pegylated aptamer, which means that polyethylene glycol is linked to the strand of nucleic acid. This pegylation increases the half-life of Fovista, which in turn increases the time that Fovista actively targets PDGF.

Fovista is administered by intravitreal injection after a separate intravitreal injection of an anti-VEGF drug. Before a physician administers the intravitreal injections of the anti-VEGF drug and Fovista, the patient receives topical numbing drops or injection of a numbing agent. In addition, physicians typically rinse the ocular surface with an antiseptic solution. By injecting the medication into the vitreous, the physician delivers Fovista in close vicinity to the active disease site with minimal potential for exposure to non-ocular tissues. Many other therapies used to treat serious retinal disorders, including Lucentis, Avastin and Eylea, also are administered by intravitreal injection.

Clinical Development of Fovista

We have completed one Phase 1 clinical trial and one Phase 2b clinical trial of Fovista administered in combination with Lucentis for the treatment of wet AMD. We have initiated a pivotal Phase 3 clinical program for Fovista that will consist of three separate Phase 3 clinical trials designed to evaluate the safety and efficacy of Fovista administered in combination with anti-VEGF drugs compared to anti-VEGF monotherapy for the treatment of newly diagnosed wet AMD patients. We have begun treating patients in two of these three Phase 3 clinical trials, both of which are evaluating Fovista administered in combination with Lucentis. The third Phase 3 clinical trial will evaluate Fovista administered in combination with each of Avastin or Eylea. All three of these Phase 3 clinical trials will incorporate significant aspects from the design of our completed Phase 2b clinical trial. Based on our estimates regarding patient enrollment, we expect to have initial, top-line data from this Phase 3 clinical program available in 2016. If the results of this Phase 3 clinical program are favorable, we plan to submit applications for marketing approval for Fovista in both the United States and the European Union before the end of 2016.

Completed Phase 1 Clinical Trial

In 2009, we completed a multicenter, uncontrolled, open label, ascending dose Phase 1 clinical trial evaluating the safety and tolerability of Fovista administered in combination with Lucentis for the treatment of subfoveal wet AMD. We conducted our Phase 1 clinical trial in 23 patients at 11 centers in the United States. Fovista was generally well tolerated in this trial.

Patients enrolled in our Phase 1 clinical trial were 50 years of age and older and newly diagnosed with subfoveal choroidal neovascularization secondary to AMD with some classic component as documented by fluorescein angiography. Although treating physicians typically do not use subtype categorization as a diagnostic tool for choosing among pharmacological agents for treating wet AMD, we used the subtype classification so as to include in our trial only wet AMD patients with at least some well-defined abnormal new blood vessels. Since we could image and measure the well-defined blood vessels, we believed that we would be able to assess the response of those blood vessels to treatment with Fovista in combination with Lucentis. If we noted regression of abnormal new blood vessels or a disruption or change in the density of abnormal new blood vessels, we believed it would support our proposed mechanism of action of Fovista.

We enrolled patients with a range of baseline visual acuity. Visual acuity is measured as the number of letters, arranged in lines, that the patient can read on the Early Treatment Diabetic Retinopathy Study, or ETDRS, eye chart. Each line on the ETDRS eye chart has five letters. This is a well-established standardized chart of vision testing used in these types of trials. Normal visual acuity is commonly referred to as 20/20 vision. To qualify for enrollment in our Phase 1 clinical trial, the visual acuity in the patient's study eye had to be between 20/63 and 20/200. We enrolled patients with a wide range of lesion sizes and with a variety of other lesion characteristics.

We excluded patients from our Phase 1 clinical trial if they met any of the following key exclusion criteria:

- prior treatment for AMD in the study eye, other than oral supplements or vitamins and minerals;
- any intravitreal treatment in the study eye prior to the baseline visit, regardless of indication;
- intraocular surgery or thermal laser within three months of trial entry or any prior thermal laser in the macular region, regardless of indication;
- subfoveal scar or subfoveal atrophy; or
- diabetes mellitus.

Fovista administered in combination with Lucentis was generally well tolerated in our Phase 1 clinical trial. None of the patients experienced any dose limiting toxicities at any of the dose levels tested. We did not observe any evidence of drug related adverse events. Adverse events were primarily ocular adverse events in the study eye which were related to the injection procedure. There were no adverse events related to Fovista or Lucentis, and no patients discontinued from the trial due to an adverse event. We did not observe any meaningful clinical immunologic reactions to Fovista.

Our Phase 1 clinical trial had a small sample size and a short follow up period. It was not designed to compare Fovista combination therapy to another therapy. However, we noted improvements in visual acuity and anatomical changes in the newly formed blood vessels of the eye that suggested the Fovista combination therapy was enhancing the visual outcome compared to results previously seen with anti-VEGF monotherapy.

Completed Phase 2b Clinical Trial

In 2012, we completed a multicenter, randomized, double-masked, controlled Phase 2b clinical trial evaluating the safety and efficacy of Fovista administered in combination with Lucentis for the treatment of patients newly diagnosed with subfoveal wet AMD. We conducted this trial in 449 patients at approximately 69 centers in North America, South America, Europe and Israel.

The primary objective of this trial was to evaluate the effect of two different doses of Fovista administered in combination with Lucentis compared to Lucentis monotherapy. The primary efficacy endpoint of this trial was mean change in visual acuity from baseline at 24 weeks for Fovista and Lucentis combination therapy compared to Lucentis monotherapy. Prior to enrollment in the trial, we measured each patient's visual acuity to establish a baseline. Following assessment at baseline, visual acuity was measured at each subsequent four-week timepoint. We had diagnostic imaging techniques of fluorescein angiography and OCT performed and assessed by an independent reading center at baseline and at week 24.

Secondary efficacy endpoints for this trial included the following:

- mean change in visual acuity in ETDRS letters from baseline at 12 weeks;
- proportion of patients in each treatment group gaining 15 or more ETDRS letters from baseline at 12 weeks;
- proportion of patients in each treatment group gaining 15 or more ETDRS letters from baseline at 24 weeks; and
- mean change in area of choroidal neovascularization from baseline at 24 weeks.

We randomly assigned patients in this trial to one of three treatment groups. Patients were treated and assessed once every four weeks for 24 weeks. Treatment for the three groups in the trial were as follows:

- In the first group, 149 patients received intravitreal injections of 0.3 mg of Fovista following intravitreal injections of 0.5 mg of Lucentis.
- In the second group, 152 patients received intravitreal injections of 1.5 mg of Fovista following intravitreal injections of 0.5 mg of Lucentis.
- In the third group, which served as the control arm of the trial, 148 patients received sham injections of Fovista following intravitreal injections of 0.5 mg of Lucentis.

To reduce potential bias, the protocol for our Phase 2b clinical trial provided for a double-masked design so that neither the patient nor the investigational staff involved with assessing the vision of the patient knew to which group each patient belonged. The sham injection included all steps involved in the intravitreal treatment injections with the exception that patients in the control group had an empty syringe pressed against their eye walls without a needle. This procedure mimicked an intravitreal injection and helped to maintain proper masking.

We made no meaningful changes to the inclusion and exclusion criteria in our Phase 2b clinical trial from those we used in our Phase 1 clinical trial. As in our Phase 1 clinical trial, we did not enroll patients with pure occult choroidal neovascularization because it would be difficult to adequately observe and measure the changes in the choroidal neovascular morphology using routine imaging techniques in patients without any classic component to their choroidal neovascularization. We believed that data regarding neovascular regression would be useful in assessing the effects of Fovista administered in combination with Lucentis and in supporting the proposed mechanism of action for Fovista.

Measures of Mean Visual Acuity—Primary Efficacy Endpoint

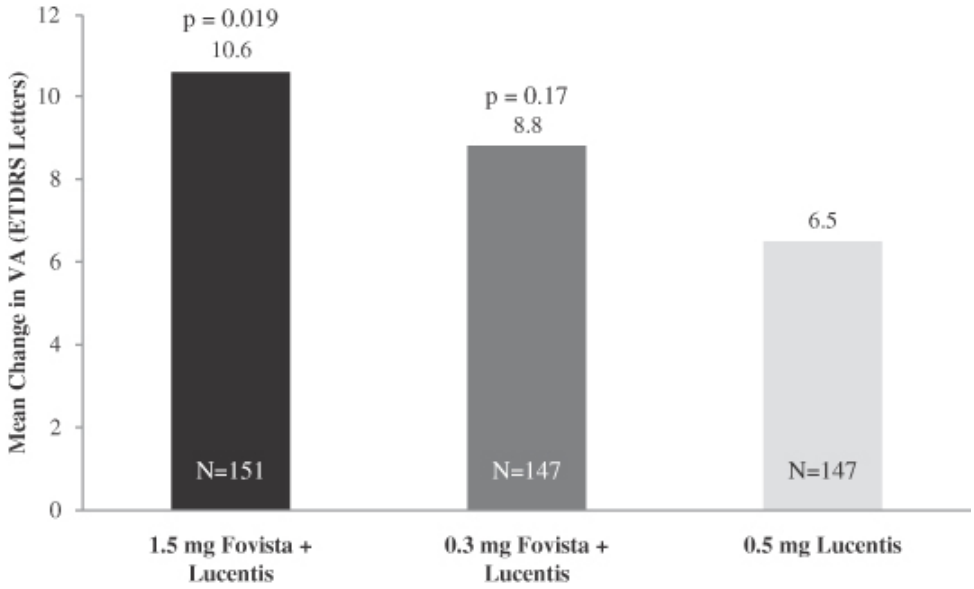
Mean Change in Visual Acuity from Baseline at 24 Weeks. In this trial, the combination of 1.5 mg of Fovista and Lucentis demonstrated statistically significant superiority compared to Lucentis monotherapy based on the pre-specified primary endpoint of mean change in visual acuity from baseline at the 24 week timepoint. We determined statistical significance based on a widely used, conventional statistical method that establishes the p-value of clinical results. Typically, a p-value of 0.05 or less represents statistical significance. However, when multiple doses of a drug are tested against a single control group, a more stringent statistical method that accounts for multiple comparisons must be applied. For this purpose, we used the Hochberg multiple comparison

procedure. Under the Hochberg procedure, in order to demonstrate statistical significance for any particular dose, it is necessary to establish a p-value that meets a stricter standard than the conventional standard of 0.05 or less unless each dose is statistically significant with a p-value of 0.05 or less. In the case of our Phase 2b clinical trial, in which we evaluated two doses of Fovista administered in combination with Lucentis, the Hochberg procedure required a more stringent p-value of 0.025 or less to establish statistical significance for the comparison of the combination of 1.5 mg of Fovista and Lucentis to Lucentis monotherapy.

At 24 weeks, patients receiving the combination of 1.5 mg of Fovista and Lucentis gained a mean of 10.6 ETDRS letters compared to a mean of 6.5 ETDRS letters for patients receiving Lucentis monotherapy, representing a 62% comparative benefit from baseline, with a p-value of 0.019. This result was statistically significant. At 24 weeks, patients receiving the combination of 0.3 mg of Fovista and Lucentis gained a mean of 8.8 ETDRS letters. This result was not statistically significant, having a p-value greater than 0.05, compared to Lucentis monotherapy. However, as discussed in more detail below, we believe that the relative visual benefit of the combination of 1.5 mg of Fovista and Lucentis compared to the relative visual benefit of the combination of 0.3 mg of Fovista and Lucentis at all timepoints exhibits a dose-response curve in which the response to treatment increases with higher drug concentrations of Fovista. We will not be testing the combination of 0.3 mg of Fovista and Lucentis compared to Lucentis monotherapy in our Phase 3 clinical program.

The graph below sets forth the results of the pre-specified primary endpoint in this Phase 2b clinical trial.

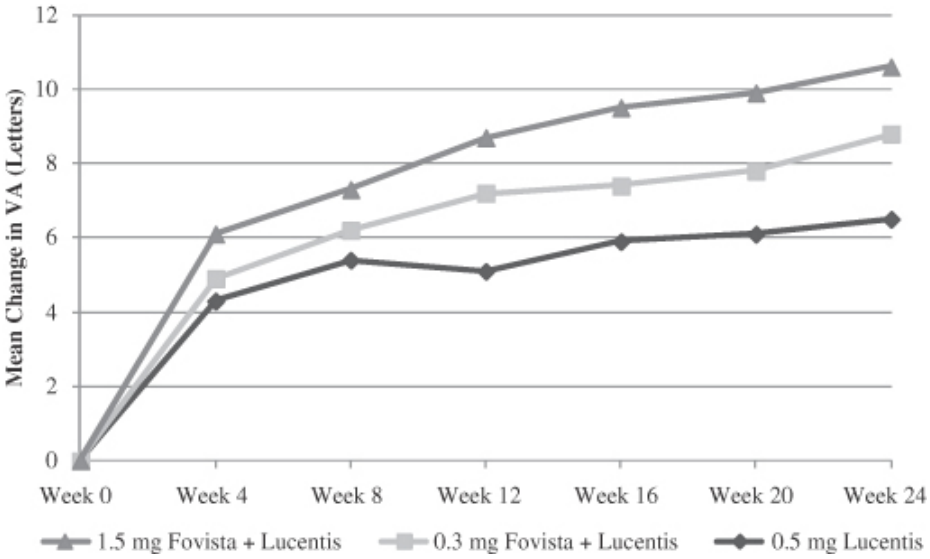
Mean Change in Visual Acuity (VA) from Baseline at 24 Weeks



Measures of Mean Visual Acuity—Mean Change in Visual Acuity From Baseline Over Time

Patients treated with the combination of 1.5 mg of Fovista and Lucentis showed greater improvement in visual acuity from baseline compared to patients treated with Lucentis monotherapy at week four and at each subsequent four-week assessment. In addition, the relative magnitude of visual benefit favoring the combination of 1.5 mg of Fovista and Lucentis increased over the study period. The graph below sets forth the mean change in visual acuity from baseline for each treatment group over the course of the trial.

Mean Change in Visual Acuity (VA) from Baseline Over Time



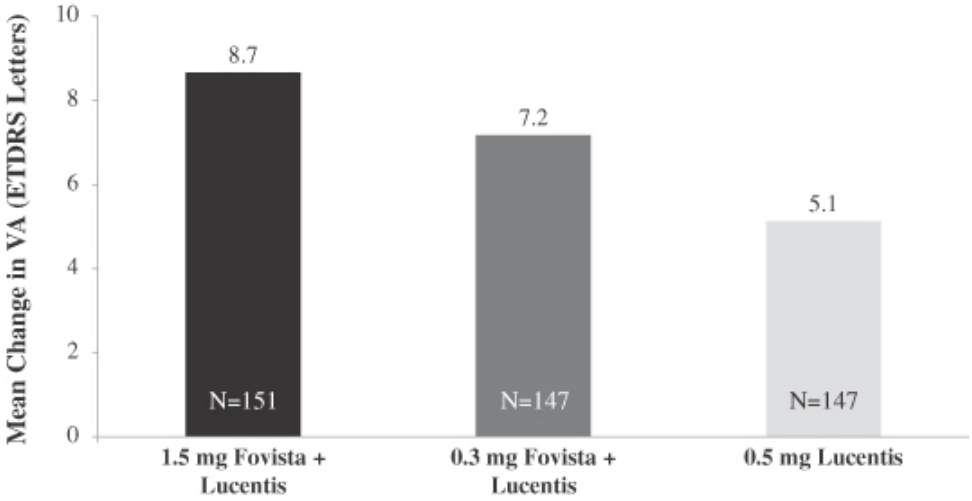
We believe that the divergence of the efficacy curves suggests an increasing relative benefit in visual outcome for the combination of 1.5 mg of Fovista and Lucentis over time compared to Lucentis monotherapy. If we observe a similar pattern of visual benefit in our Phase 3 clinical program, we believe that chronic administration of 1.5 mg of Fovista with Lucentis may be indicated. In addition, we believe that the relative visual benefit of the combination of 1.5 mg of Fovista and Lucentis compared to the relative visual benefit of the combination of 0.3 mg of Fovista and Lucentis at all timepoints exhibits a dose-response curve in which the response to treatment increases with higher drug concentrations of Fovista.

Measures of Mean Visual Acuity—Secondary Endpoints

We evaluated measures of visual outcomes as secondary endpoints. Results from secondary endpoints are used to help interpret the primary result of the trial and to provide information for future research and clinical development. However, the statistical analysis plan for our Phase 2b clinical trial was not designed to establish and, as a result, we could not and did not demonstrate, statistical significance with respect to these secondary endpoints. Accordingly, only descriptive analyses and trends for secondary endpoints are presented below.

Mean Change in Visual Acuity from Baseline at 12 Weeks. We observed differences on the secondary endpoint of mean change in visual acuity from baseline at the 12 week timepoint favoring the combination of 1.5 mg of Fovista and Lucentis compared to Lucentis monotherapy. At 12 weeks, patients receiving the combination of 1.5 mg of Fovista and Lucentis gained a mean of 8.7 ETDRS letters compared to patients receiving Lucentis monotherapy who gained a mean of 5.1 ETDRS letters. The graph below sets forth the results of this secondary endpoint of visual acuity at 12 weeks.

Mean Change in Visual Acuity (VA) from Baseline at 12 Weeks



Proportion of Patients Gaining 15 or More Letters from Baseline at 12 Weeks and at 24 Weeks. We observed differences in the proportion of patients that showed improvement of 15 ETDRS letters, or three lines, or better in visual acuity favoring the combination of 1.5 mg of Fovista and Lucentis compared to Lucentis monotherapy both at 12 weeks and at 24 weeks of treatment.

The table below sets forth at 12 weeks and 24 weeks the number of patients in the treatment group and the percentage of patients in such treatment group who gained the specified number of lines in visual acuity and the percentage of patients whose final visual acuity improved to the specified level.

Proportion of Patients Gaining 15 or More ETDRS Letters

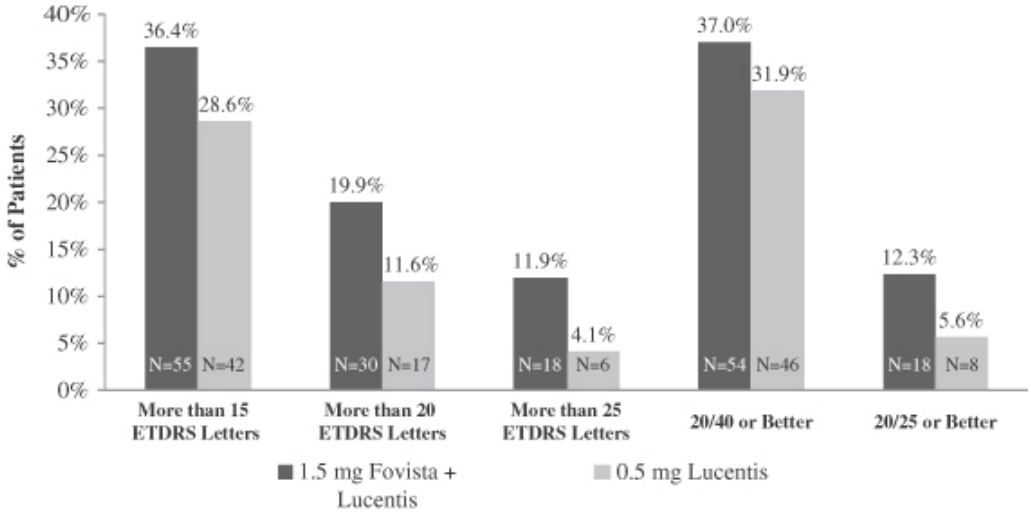
Arm	# (%) of Patients Gaining [3] 15 letters at Week 12	# (%) of Patients Gaining [3] 15 letters at Week 24
1.5 mg Fovista + Lucentis	48 (31.8%)	59 (39.1%)
0.3 mg Fovista + Lucentis	31 (21.1%)	49 (33.3%)
0.5 mg Lucentis	33 (22.4%)	50 (34.0%)

Measures of Mean Visual Acuity—Clinically Relevant Retrospective Analyses

We performed additional retrospective analyses of visual acuity measures that were not pre-specified primary or secondary endpoints in our Phase 2b clinical trial design. Although a retrospective analysis performed after unblinding trial results can result in the introduction of bias, we believe that these retrospective analyses may further support the results from our primary endpoint and our proposed mechanism of action.

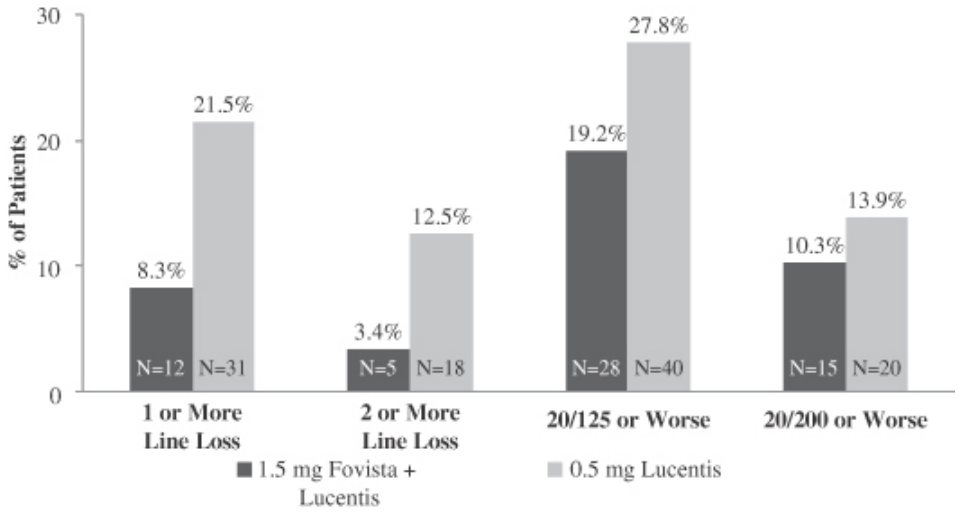
Retrospective Analysis of Visual Gain. We observed differences in the proportion of patients that showed improvement when measured by the number of lines of improvement in visual acuity from baseline, referred to as final visual acuity, favoring the combination of 1.5 mg of Fovista and Lucentis compared to Lucentis monotherapy. The graphs below set forth for each of these two treatment groups at 24 weeks the percentage of patients in such treatment group who gained the specified number of lines in visual acuity and the percentage of patients whose final visual acuity improved to the specified level.

Visual Gain at 24 Weeks



Retrospective Analysis of Visual Loss. We observed differences in loss of visual acuity from baseline favoring the combination of 1.5 mg of Fovista and Lucentis compared to Lucentis monotherapy. The graphs below set forth for each of these two treatment groups the percentage of patients in such treatment group who lost the specified number of lines in visual acuity and the percentage of patients whose final visual acuity declined to the specified level.

Visual Loss at 24 Weeks



Measures of Anatomical Changes—Secondary Endpoint

We evaluated one measure of anatomical change as a secondary endpoint. Results from secondary endpoints are used to help interpret the primary result of the trial and to provide information for future research and clinical development. However, the statistical analysis plan for our Phase 2b clinical trial was not designed to establish and, as a result, we could not and did not demonstrate, statistical significance with respect to this secondary endpoint. Accordingly, only descriptive analyses and trends for this secondary endpoint are presented below.

Mean Change in Area of Choroidal Neovascularization from Baseline at 24 Weeks. In our Phase 2b clinical trial, the mean change in area of choroidal neovascularization, or CNV, from baseline at 24 weeks as determined by review of fluorescein angiograms was greater in patients treated with Lucentis monotherapy than in patients treated with the combination of 1.5 mg of Fovista and Lucentis. We believe that the inclusion of both larger and smaller CNV sizes in the single analysis of this secondary endpoint had the potential to create a distortion in the analysis of the mean change in area of CNV. This is because the average level of regression, as numerically measured, was approximately tenfold greater in the large CNV size patient group compared to the small CNV size patient group. The treatment group with the greater number of patients with larger CNV sizes will show a markedly larger amount of regression on average. That was the case in our Phase 2b trial in which the Lucentis monotherapy group had a greater proportion of patients with large CNV sizes compared to the group treated with a combination of 1.5 mg of Fovista and Lucentis. Therefore, as discussed in more detail below, we performed retrospective analyses by creating subgroups based on the size of CNV at baseline.

Measures of Anatomical Changes—Retrospective Analyses

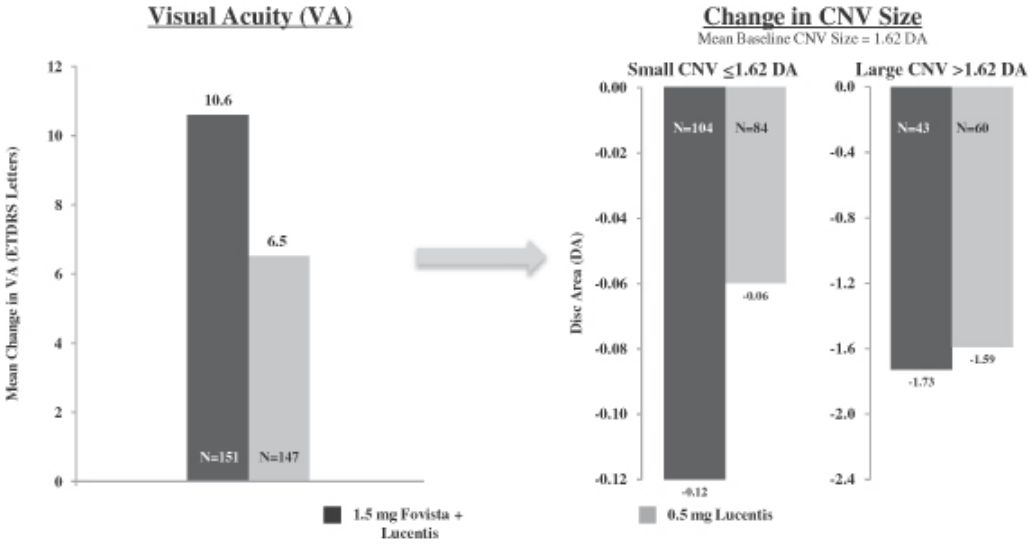
We performed retrospective analyses of anatomical changes, based on choroidal neovascularization and subretinal hyper-reflective material, that were not pre-specified primary or secondary endpoints in the trial design. Although a retrospective analysis performed after unblinding trial results can result in the introduction of bias, we believe that these retrospective analyses may further support the results from our primary endpoint and our proposed mechanism of action.

Retrospective Analysis of Choroidal Neovascularization. We performed several retrospective analyses of neovascular regression by creating subgroups based on CNV sizes. Size of CNV is measured in units called disc area. A disc area is the size of the area of the retina where a standard sized optic nerve emerges. We determined that the mean CNV size for all patients in the Phase 2b clinical trial at baseline was 1.62 disc areas. We created two subgroups of patients based on mean CNV size at baseline. One subgroup of patients, referred to as the large CNV size patients, had initial CNV size greater than 1.62 disc areas. The other subgroup of patients, referred to as the small CNV size patients, had initial CNV size of less than or equal to 1.62 disc areas.

We believe the results described below of our retrospective analyses of mean change in area of choroidal neovascularization from baseline at 24 weeks determined by review of fluorescein angiograms in patients treated with the combination of 1.5 mg of Fovista and Lucentis compared to patients receiving Lucentis monotherapy may support the proposed mechanism of action for Fovista. We included in these retrospective analyses only those patients whose CNV size we were able to assess both at baseline and at 24 weeks.

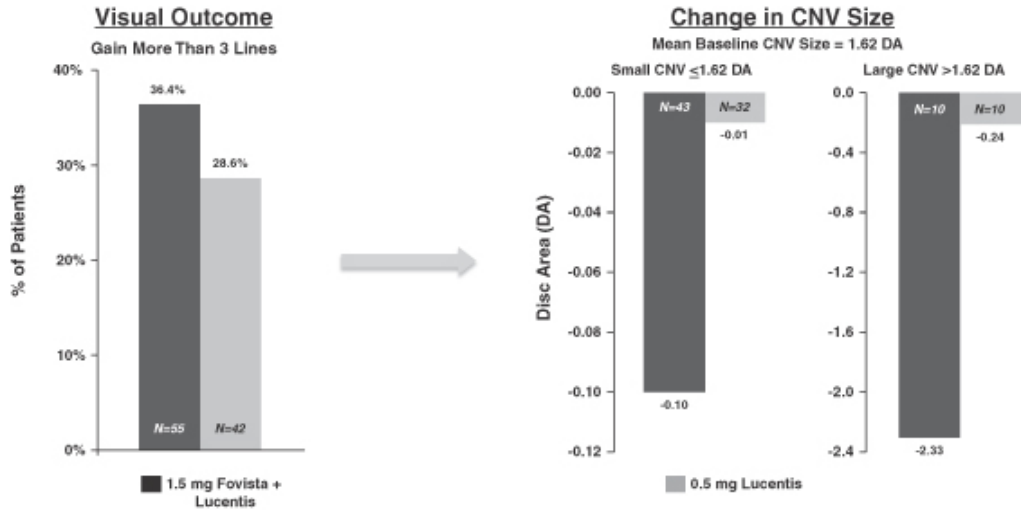
Patients in both the large CNV size patient subgroup and small CNV size patient subgroup showed greater reductions in the size of choroidal neovascularization from baseline when treated with the combination of 1.5 mg of Fovista and Lucentis as compared to patients in the applicable subgroup receiving Lucentis monotherapy. The graphs below set forth the results of this subgroup analysis.

Mean Change in Area of CNV at 24 Weeks



In addition, we performed a further retrospective subgroup analysis of patients who experienced a visual gain of more than three lines from baseline after 24 weeks of treatment. Both large CNV size patients and small CNV size patients treated with the combination of 1.5 mg of Fovista and Lucentis showed a marked reduction in the average size of choroidal neovascularization from baseline when compared to large CNV size patients and small CNV size patients treated with Lucentis monotherapy. The graphs below set forth the results of this subgroup analysis.

Mean Change in Area of CNV at 24 Weeks
in Patients with Visual Gain of More Than 3-Lines

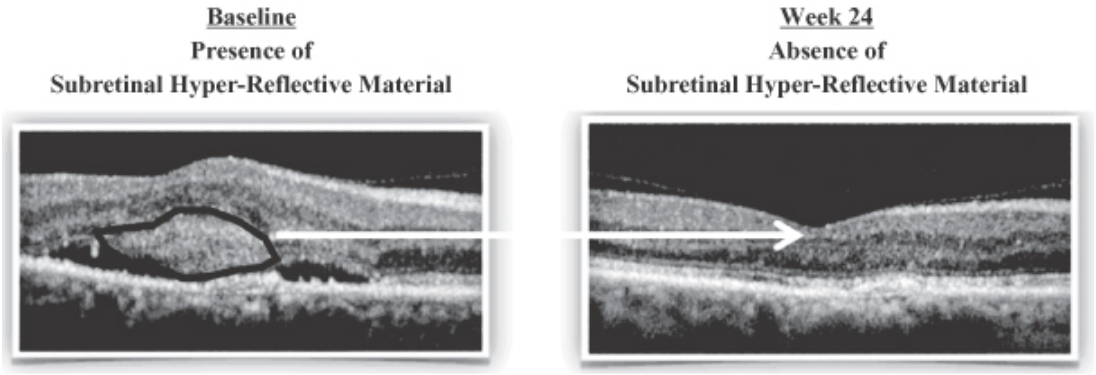


Retrospective Analysis of Subretinal Hyper-Reflective Material. We performed a retrospective review of OCT images of patients who participated in the trial without regard to baseline size of choroidal neovascularization. OCT is the imaging technique most widely used today in clinical practice for the evaluation of wet AMD. Unlike fluorescein angiograms, OCT images show a cross-sectional view of the retina that permits excellent resolution of the space under the retina and at the RPE-choroid interface where the neovascularization of wet AMD is present. The presence of subretinal hyper-reflective material is thought by many experts to indicate the presence of the CNV lesion. The subsequent resolution of subretinal hyper-reflective material is thought to correlate with regression of the CNV lesion.

In our retrospective analysis, masked readers trained in the reading of the OCT retinal images assessed the retinal images of patients who participated in the trial for the presence of subretinal hyper-reflective material at baseline and at 24 weeks. We conducted this retrospective analysis based on the OCT retinal images which were read for each patient group at baseline and at week 24. The analysis at week 24 included only patients who completed the study and had OCT retinal images acceptable for analysis.

Patients treated with the combination of 1.5 mg of Fovista and Lucentis exhibited greater resolution of subretinal hyper-reflective material from baseline compared to patients treated with Lucentis monotherapy. In addition, based on our review of OCT images, patients who experienced a visual gain of more than three lines from baseline at 24 weeks and were treated with the combination of 1.5 mg of Fovista and Lucentis exhibited greater resolution of subretinal hyper-reflective material from baseline than patients who experienced a similar visual gain and were treated with Lucentis monotherapy. The graphs below set forth for each of these two treatment groups the percentage of patients in such treatment group who had subretinal hyper-reflective material at baseline and the percentage of those patients who exhibited an absence of such subretinal hyper-reflective material at 24 weeks.

Subretinal Hyper-Reflective Material



All Patients	Presence of Subretinal Hyper-Reflective Material at Baseline	Absence of Subretinal Hyper-Reflective Material at Week 24
1.5 mg Fovista + Lucentis	92.8% (N=141)	32.4% (N=47)
0.5 mg Lucentis	93.2% (N=138)	21.5% (N=31)

Patients With Significant Visual Gain (>3-Lines)	Presence of Subretinal Hyper-Reflective Material at Baseline	Absence of Subretinal Hyper-Reflective Material at Week 24
1.5 mg Fovista + Lucentis	87.3% (N=48)	53.8% (N=28)
0.5 mg Lucentis	90.5% (N=38)	38.1% (N=16)

We believe the results of our retrospective analysis of OCT retinal images at baseline and at 24 weeks in patients treated with the combination of 1.5 mg of Fovista and Lucentis compared to patients receiving Lucentis monotherapy supports the proposed mechanism of action for Fovista.

Safety

Fovista was generally well tolerated in this trial at both doses tested in combination with Lucentis. We did not observe any cases of infection inside the eye, or endophthalmitis. We observed one case of severe intraocular inflammation among the patients treated with 0.3 mg of Fovista in combination with Lucentis and no such cases among the patients treated with 1.5 mg of Fovista in combination with Lucentis. We did not observe any significant imbalances among treatment groups in the incidence of ocular adverse events or systemic adverse events, including cardiovascular events or stroke. The number of patients in our Phase 2b clinical trial with one or more serious systemic adverse events, the most common systemic serious adverse events in this trial organized by MedDRA system organ class, a standard method of reporting adverse events, and by antiplatelet trialists' collaboration events, a standard method of reporting cardiovascular adverse events, are set forth in the table below.

	Monotherapy Lucentis N = 148	0.3 mg Fovista + Lucentis N = 149	1.5 mg Fovista + Lucentis N = 152
Patients With One or More Systemic Serious Adverse Events	11 (7.4%)	13 (8.7%)	9 (5.9%)
MedDRA System Organ Class [(1)]			
Cardiac Disorders	2 (1.4%)	2 (1.3%)	2 (1.3%)
Gastrointestinal Disorders	1 (0.7%)	2 (1.3%)	3 (2.0%)
Infections	1 (0.7%)	2 (1.3%)	0 (0.0%)
Musculoskeletal Disorders	1 (0.7%)	0 (0.0%)	2 (1.3%)
Neoplasms	3 (2.0%)	3 (2.0%)	1 (0.7%)
Nervous System Disorders	3 (2.0%)	1 (0.7%)	0 (0.0%)
Respiratory Disorders	0 (0.0%)	3 (2.0%)	2 (1.3%)
Any Antiplatelet Trialists' Collaboration (APTC) Event			
Non-Fatal Myocardial Infarction	0 (0.0%)	0 (0.0%)	0 (0.0%)
Non-Fatal Stroke	2 (1.4%)	1 (0.7%)	0 (0.0%)
Vascular Death	1 (0.7%)	0 (0.0%)	0 (0.0%)

(1) Data are listed only for system organ classes with three or more events.

There was one serious adverse event in the study eye in each of the treatment groups. The serious adverse event was different among each of the treatment groups as shown in the table below.

	Monotherapy Lucentis N = 148	0.3 mg Fovista + Lucentis N = 149	1.5 mg Fovista + Lucentis N =152
Ocular Serious Adverse Events	1 (0.7%)	1 (0.7%)	1 (0.7%)
Corneal Erosion	0 (0.0%)	0 (0.0%)	1 (0.7%)
Uveitis	0 (0.0%)	1 (0.7%)	0 (0.0%)
Visual Acuity Reduced	1 (0.7%)	0 (0.0%)	0 (0.0%)

The most common adverse events in the study eye are set forth in the table below.

Ocular Adverse Events Reported in Study Eye in 5% or More of Patients in Any Arm

	Monotherapy Lucentis N = 148	0.3 mg Fovista + Lucentis N = 149	1.5 mg Fovista + Lucentis N = 152
Patients with One or More Adverse Events	75 (50.7%)	79 (53.0%)	79 (52.0%)
Conjunctival hemorrhage	37 (25.0%)	34 (22.8%)	51 (33.6%)
Punctate keratitis	10 (6.8%)	19 (12.8%)	15 (9.9%)
Eye pain	8 (5.4%)	10 (6.7%)	13 (8.6%)
Conjunctival hyperemia	13 (8.8%)	9 (6.0%)	13 (8.6%)
Subretinal fibrosis	8 (5.4%)	6 (4.0%)	5 (3.3%)
Intraocular pressure increase	4 (2.7%)	8 (5.4%)	9 (5.9%)

Most of the common ocular adverse events in this trial were related to the intravitreal preparation and injection procedure and were not drug related. These intravitreal adverse events, as reflected in the table above, included conjunctival hemorrhage, punctate keratitis, eye pain and conjunctival hyperemia. Most adverse events of increased intraocular pressure occurred after injection, were transient, were related to the injection and were treated and resolved the same day. Mean intraocular pressure in each treatment group returned to pre-injection level at the next assessment, including at the end of the trial.

Planned Phase 3 Clinical Trials

We have initiated a pivotal Phase 3 clinical program that will consist of three separate Phase 3 clinical trials to evaluate the safety and efficacy of Fovista administered in combination with anti-VEGF drugs for the treatment of newly diagnosed wet AMD patients compared to anti-VEGF monotherapy. We plan to conduct these trials in an aggregate of approximately 1,866 patients at up to approximately 225 centers internationally.

The primary efficacy endpoint of our Phase 3 clinical trials will be mean change in visual acuity from baseline for Fovista and anti-VEGF combination therapy compared to anti-VEGF monotherapy at 12 months. Secondary efficacy endpoints for our Phase 3 clinical trials include the following:

- proportion of patients in each treatment group gaining 20 or more ETDRS letters from baseline at month 12;
- proportion of patients in each treatment group gaining 25 or more ETDRS letters from baseline at month 12;
- proportion of patients in each treatment group losing 5 or more ETDRS letters from baseline at month 12; and
- mean change in visual acuity in ETDRS letters from baseline at month six.

Two of our three planned Phase 3 clinical trials will evaluate the safety and efficacy of 1.5 mg of Fovista administered in combination with Lucentis compared to Lucentis monotherapy. We have begun treating patients in these two clinical trials. The third Phase 3 clinical trial will evaluate the safety and efficacy of 1.5 mg of Fovista administered in combination with each of Avastin or Eylea compared to Avastin or Eylea monotherapy. All of these Phase 3 clinical trials will incorporate significant aspects from the design of our completed Phase 2b clinical trial. Neither the FDA, the European Medicines Agency, or EMA, or any other regulatory authority has cleared our plans for our Phase 3 clinical program. As a result, we may have to modify or amend our plans for our Phase 3 clinical program or conduct additional non-clinical studies in response to comments from such regulatory authorities in order to proceed with clinical trials. The FDA, the EMA or other regulatory authorities may be more likely to request any such modification with respect to our Phase 3 clinical trial evaluating the safety and efficacy of Fovista administered in combination with Avastin or Eylea because we have no clinical data on the effects of Fovista when administered in combination with Avastin or Eylea. For example, the EMA has informed us in connection with our seeking scientific advice from the EMA regarding our Phase 3 clinical program that we should provide full justification of our proposal to initiate, at the Phase 3 clinical trial stage, previously untested combinations of Fovista with other anti-VEGF therapies, discuss the implications of including Avastin in one of our trials given that it is not licensed for use in wet AMD and discuss the need to conduct toxicity studies with Fovista administered in combination with Avasin or Eylea prior to initiating our corresponding Phase 3 clinical trial. The EMA also has requested that we provide further justification for additional aspects of the trial design for each of our Phase 3 clinical trials. Although we believe that we have adequate responses to each of these issues, the EMA may nonetheless require us to modify or amend our Phase 3 clinical program or to conduct additional non-clinical studies.

Prior to enrollment in the trials, we plan to measure each patient’s visual acuity to establish a baseline. The protocol for each of these trials provides that patients will be treated and assessed once a month for 12 months and will continue in the trial for another 12 months thereafter. In the second 12 months of the trial, the protocol

currently provides that patients will continue to be assessed every month and treated every other month, with a final follow-up visit at 24 months. If, at any alternate month visit during the second 12 months of the trial, a patient's visual acuity has decreased by five or more ETDRS letters since the patient's previous visit, or the patient's visual acuity has decreased by any amount since the patient's previous visit and the treating physician makes certain negative findings based on fluorescein angiography or OCT, the patient also will be treated at that alternate month visit. We may change the treatment regimen, however, for the second 12 months after the trial has begun but before any patients begins the second 12 months of the trial, to provide for longer or shorter intervals between treatments.

Based on our estimates regarding patient enrollment, we expect to have initial, top-line data from this Phase 3 clinical program available in 2016. If the results of this Phase 3 clinical program evaluating Fovista are favorable, we plan to submit applications for marketing approval for Fovista in both the United States and the European Union before the end of 2016. In September 2013, the FDA notified us that we have obtained fast track designation for Fovista for the treatment of wet AMD.

We expect to submit applications for marketing approval of Fovista for the treatment of wet AMD in the United States and the European Union if we obtain positive outcomes in at least two of our three Phase 3 clinical trials. We believe that clinically meaningful favorable results from two of our Phase 3 clinical trials in which a combination of 1.5 mg of Fovista with an anti-VEGF drug achieves superiority over anti-VEGF drug monotherapy with statistical significance on the primary endpoint of mean change in visual acuity from baseline at 12 months, together with the results of our Phase 1 and Phase 2b clinical trials, will be sufficient to support applications for marketing approval of Fovista for the treatment of wet AMD in the United States and the European Union. However, if favorable results from two of our three Phase 3 clinical trials include results from only one of our Phase 3 clinical trials evaluating the safety and efficacy of a combination of 1.5 mg of Fovista and Lucentis, the FDA, the EMA or other regulatory authorities may not grant, or may request additional information, including the results of additional clinical trials, prior to granting, marketing approval for Fovista.

We expect to submit our applications for marketing approval based on data regarding the primary efficacy endpoint from our Phase 3 clinical trials after 12 months of treatment. We also expect that 12-month safety data will satisfy the safety database requirements for submission of our applications. Our Phase 3 clinical trials will continue after such submissions in accordance with the protocols for these trials. We expect that each of the FDA and the EMA will review any additional safety and efficacy data that is available from the ongoing Phase 3 clinical trials at the time of the FDA's or EMA's review of our applications for marketing approval.

In addition, we expect that we would commence a clinical trial in Japan of fewer than 100 patients in early 2017. We believe that favorable results from this small clinical trial together with the results of our Phase 1, Phase 2b and Phase 3 clinical trials will be sufficient to support an application for marketing approval of Fovista for the treatment of wet AMD in Japan.

We expect that the two Phase 3 clinical trials evaluating the safety and efficacy of 1.5 mg of Fovista administered in combination with Lucentis will have the same trial design. These two trials build upon and incorporate significant aspects from the design of our Phase 2b clinical trial of Fovista administered in combination with Lucentis while evaluating the administration of Fovista combination therapy over a longer overall treatment period in a greater number of patients. In these first two trials, we plan to randomly assign patients to one of two treatment groups with approximately 311 patients in each group. Treatment for the two groups in each of these two trials is as follows:

- Patients in the first group will receive intravitreal injections of 1.5 mg of Fovista following intravitreal injections of 0.5 mg of Lucentis.
- Patients in the second group, which will serve as the control arm of the trial, will receive sham injections of Fovista following intravitreal injections of 0.5 mg of Lucentis.

We expect that the third of these three Phase 3 clinical trials will follow a similar trial design. In this third trial, we plan to randomly assign patients to one of two treatment groups with approximately 311 patients in each group. Treatment for the two groups in this trial is as follows:

- Patients in the first group will be further randomized in a 1:1 ratio to receive intravitreal injections of one of the following treatments:
  - 1.5 mg of Fovista following intravitreal injections of 1.25 mg of Avastin; or
  - 1.5 mg of Fovista following intravitreal injections of 2.0 mg of Eylea.
- Patients in the second group, which will serve as the control arm of the trial, will be further randomized in a 1:1 ratio to receive one of the following treatments:
  - sham injections of Fovista following intravitreal injections of 1.25 mg of Avastin; or
  - sham injections of Fovista following intravitreal injections of 2.0 mg of Eylea.

We have made no meaningful changes to the inclusion and exclusion criteria in these Phase 3 clinical trials from those we used in our Phase 2b clinical trial. As was the case in both our Phase 1 clinical trial and our Phase 2b clinical trial, we will not enroll patients with pure occult choroidal neovascularization even though measurements of changes in choroidal neovascularization are not an endpoint in the Phase 3 clinical trials. To ensure that uniform criteria are applied in characterizing patients' lesions, we plan to engage a centralized reading center to review the fluorescein angiogram of each patient's affected eye. We believe that use of this centralized reading center will enable us to confirm patient eligibility and properly classify patients by wet AMD subtype before enrolling them in the trial. Furthermore, as was the case in both our Phase 1 clinical trial and our Phase 2b clinical trial, there will be a 30-minute delay in the injection of Fovista after the anti-VEGF drug.

Potential Additional Studies in Wet AMD

Each element of our Phase 3 clinical trial design has the potential to affect the label for Fovista if we receive marketing approval from the FDA, the EMA or another regulatory authority. In each of the cases described below, if we determine that a related change to the approved label has the potential to increase the use or market acceptance of Fovista, we likely would conduct an appropriate clinical study in cohorts of patients as part of our Phase 3 clinical program, in a separate pre-marketing approval clinical trial or in a post-marketing approval clinical trial.

Exclusion of Occult Lesions. Treating physicians typically do not use subtype categorization as a diagnostic tool for choosing among pharmacological agents for treating wet AMD. The determination of whether or not a patient has pure occult choroidal neovascularization is dependent on the reading center's judgment. There is significant variability among physicians and reading centers with respect to the determination of the presence and amount of occult lesions. Different reading centers may categorize a patient differently on the basis of the same image. In addition, microscopic examination of retinas taken from deceased patients who suffered from choroidal neovascularization shows that abnormal new blood vessels characterized as occult choroidal neovascularization have similar morphology to those characterized as classic choroidal neovascularization, including pericyte coverage.

Our Phase 3 clinical program will include patients with predominantly classic and minimally classic choroidal neovascularization, which will include patients with some amount of occult choroidal neovascularization. For example, in minimally classic choroidal neovascularization up to 99% of the blood vessels may be characterized as occult, thus only 1% different from 100% or pure occult. The FDA, EMA or other regulatory authority will determine, based on the data we present and the FDA's, EMA's or other regulatory authority's assessment of risks and benefits to patients, whether the label for Fovista, if approved, will exclude its use for the treatment of patients with pure occult choroidal neovascularization. If we determine that the Fovista label may exclude its use for the treatment of patients with pure occult choroidal neovascularization,

we likely would conduct an appropriate clinical study to evaluate the safety and efficacy of 1.5 mg of Fovista administered in combination with an anti-VEGF drug for the treatment of patients with pure occult choroidal neovascularization.

Waiting Period Prior to Injection of Fovista. An intravitreal injection results in an elevation of intraocular pressure, or IOP, which usually is transient. Labels for the currently approved anti-VEGF drugs include descriptions related to monitoring IOP after intravitreal injection of these drugs. We have provided for a delay in the intravitreal injection of Fovista to minimize the risk in our clinical trials of an unacceptable increase in IOP as a result of the amount of the two agents injected. We have not seen any meaningful or sustained increase in IOP in our clinical trials of Fovista to date, and we believe that Fovista likely could be delivered by intravitreal injection immediately after the anti-VEGF drug without an unacceptable increase in IOP. However, if we apply for marketing approval for Fovista, the FDA, the EMA or other regulatory authorities will determine, based on the data we present and the regulatory authority's assessment of risk to patients, whether the label for Fovista will provide for the administration of Fovista immediately after the anti-VEGF drug, 30 minutes after the anti-VEGF drug or after some other waiting period. If we determine that the Fovista label may provide for a waiting period between the administration of the anti-VEGF drug and Fovista, we likely would conduct an appropriate clinical study to evaluate the safety of administration of Fovista immediately after the administration of the anti-VEGF drug. Our pre-clinical research shows that Fovista could be co-formulated with an anti-VEGF drug, and we may conduct a post-marketing approval clinical study to evaluate the safety of such a co-formulation.

Potentially Expanding the Use of Fovista

We are exploring clinical development of a number of ophthalmic conditions with unmet medical need for which Fovista may prove beneficial. We are considering the potential therapeutic benefit of Fovista administered in combination with an anti-VEGF drug for the treatment of the following indications:

- *Treatment Failure Trial in Wet AMD.* A subpopulation of wet AMD patients treated with anti-VEGF monotherapy experience some form of visual decline or anti-VEGF resistance. Third-party preclinical studies suggest pericyte coverage of abnormally proliferating new vessels as a potential cause of resistance to anti-VEGF therapy. Therefore, we believe that a combination of Fovista with an anti-VEGF agent may prove beneficial in these VEGF-resistant patients. We anticipate that an exploratory trial would involve up to 50 patients with wet AMD. Based on results of third-party clinical trials, after one year of treatment with an anti-VEGF drug, approximately 18% to 22% of newly diagnosed wet AMD patients have lost additional vision, defined as the loss of the ability to read one or more letters on a standardized chart of vision testing. We believe that some portion of those patients are anti-VEGF resistant due to pericyte coverage and may benefit from treatment with a combination of Fovista and an anti-VEGF drug.
- *Proliferative Vitreoretinopathy*. Proliferative vitreoretinopathy, or PVR, is a complication that occurs in 5% to 10% of cases of retinal detachment. It is characterized by various degree of scarring in the retina. In its moderate to severe form, it may become recurrent with a subsequent poor visual outcome. It is usually treated by surgical intervention. However, the recurrent form is often untreatable. Local concentrations of PDGF have been shown to be elevated in patients suffering from PVR. In addition, results from animal studies indicate that PDGF may be one of the main agents responsible for proliferation of RPE cells and glial cells in the retina, leading to PVR. In an animal model of PVR, Fovista strongly inhibited scarring of the retina. Therefore, we believe that a combination of Fovista with surgical intervention may prove beneficial in these PVR patients. We anticipate that an exploratory trial would involve up to 25 patients with PVR. We estimate that there are approximately 5,000 to 10,000 new cases of PVR in the United States each year.

  Von Hippel-Lindau Disease. Von Hippel-Lindau disease, or VHL, is an inherited disease characterized by multiple benign and malignant tumors and cysts in the eye and other organs. Deficiency of the protein "pVHL" in multiple cell types is thought to cause VHL. In the eye, tumors consisting of blood cells called retinal capillary hemangiomas, or RCH, are the most common and earliest manifestation of VHL. These tumors cause significant retinal leakage and may lead to significant vision loss. Smaller

lesions, located away from the central regions of the retina can be treated by laser or freezing via cryotherapy. However, larger and poorly situated lesions are untreatable. Small trials with anti-VEGF monotherapy over six months have not demonstrated any improvement in patients with RCH. PDGF levels have been shown to be elevated in cells with deficiency of pVHL. Therefore, we believe that a combination of Fovista with an anti-VEGF agent may prove beneficial in RCH patients. We anticipate that an exploratory trial would involve up to 20 patients with RCH. VHL is rare, and we estimate that there are approximately 5,000 people having the disease in the United States.

We may pursue the clinical development of Fovista administered in combination with anti-VEGF drugs for the treatment of the foregoing indications as small, exploratory trials conducted in parallel with our Phase 3 clinical program for Fovista or as subsequent Phase 3b/4 clinical trials if we receive marketing approval for Fovista after completion of our Phase 3 clinical program. If we initiate small, exploratory clinical trials for any such indication in 2014, we expect that initial data from such clinical trials could be available before the end of 2015.

ARC1905

We are evaluating further clinical development of ARC1905 administered in combination with an anti-VEGF drug for the treatment of wet AMD. ARC1905 is a chemically synthesized, pegylated aptamer that inhibits complement factor C5. ARC1905 is administered by intravitreal injection.

We believe that the biological mechanism and role of complement is different in wet AMD from dry AMD. Third-party clinical trials of other complement inhibitors for the treatment of dry AMD have not been successful to date. Based on the results from our own Phase 1/2a clinical trials of ARC1905 administered in combination with Lucentis for the treatment of dry AMD and wet AMD, we have decided to evaluate further clinical development of ARC1905 in combination with an anti-VEGF drug only for the treatment of wet AMD.

Based on preclinical and pharmacogenetic studies, there is evidence that development of AMD involves a complement mediated inflammatory component. The complement pathway is part of the innate immune system and is a complex system of proteins that interact in a cascade. Third-party studies have implicated local inflammation and activation of the complement cascade in drusen formation. ARC1905 is a potent and selective inhibitor of complement factor C5, a central component of the complement cascade that we believe is involved in the development of AMD. Inhibiting complement factor C5 prevents the formation of the key terminal fragments, C5a and C5b-9, with relative sparing of immunoprotective functions. C5a is an inflammatory activator, and C5b-9 induces cell death.

We anticipate that our development plans for ARC1905 will be directed toward a subpopulation of patients with wet AMD who do not respond adequately to treatment with anti-VEGF monotherapy and are defined as anti-VEGF resistant on the basis of complement mediated inflammation.

Phase 1/2a Clinical Trial for Wet AMD

In 2009, we completed a multicenter, ascending dose and parallel group open-label Phase 1/2a clinical trial evaluating the safety and tolerability of ARC1905 administered in combination with Lucentis for the treatment of wet AMD. We enrolled 60 patients in this trial. ARC1905 was generally well tolerated in this trial when tested in combination with Lucentis. None of the patients experienced any dose limiting toxicities at any of the dose levels tested. We observed only a single adverse event assessed by the investigators to be related to ARC1905, mild subcapsular cataract in one patient in the group treated with 2.0 mg of ARC1905. Adverse events were primarily ocular adverse events in the study eye which were related to the injection procedure. One patient withdrew from the trial as a result of a serious adverse event of bacteremia unrelated to study drug or injection procedure, which resulted in a subsequent fatality. Systemic adverse events in this trial were not frequently reported. No systemic adverse events were assessed as drug related.

In addition, we performed assessments of visual acuity primarily as safety assessments to detect any decrease in vision associated with the intravitreal injections. We did not identify any safety issues through measurements of visual acuity. In a subgroup of 43 patients who had not previously been treated with anti-VEGF therapy and who received six injections at doses of 0.3 mg, 1.0 mg or 2.0 mg of ARC1905 administered in combination with Lucentis, there was a clear trend toward a mean increase in visual acuity from baseline at all timepoints. At a follow-up visit at week 24 of the trial, there was an improvement in mean visual acuity from baseline of 13.6 letters for the 0.3 mg dose group, 11.7 letters for the 1.0 mg dose group and 15.3 letters for the 2.0 mg dose group. In this subgroup, 22 patients (51%) gained at least 15 letters, consisting of six patients (46%) in the 0.3 mg dose group, seven patients (47%) in the 1.0 mg dose group and nine patients (60%) in the 2.0 mg dose group.

Further Clinical Development of ARC1905 for Wet AMD

We are evaluating a clinical trial of ARC1905 administered in combination with an anti-VEGF drug for the treatment of wet AMD patients who have experienced anti-VEGF treatment failure and are defined as anti-VEGF resistant on the basis of complement mediated inflammation. We anticipate that an exploratory trial would involve up to 50 patients. We likely would include in this exploratory clinical trial a group of patients with a variant of wet AMD called polypoidal choroidal vasculopathy, or PCV. There is high prevalence of PCV in Asia. The therapeutic response of PCV to anti-VEGF agents is sub-optimal, and we believe that complement mediated inflammation may play a role.

Sales and Marketing

In light of our stage of development, we have not yet established a commercial organization or distribution capabilities. We generally expect to retain commercial rights for our product candidates for which we may receive marketing approvals in territories in which we believe it is possible to access the market through a focused, specialty sales force.

If Fovista receives marketing approval, we plan to commercialize it in the United States with our own focused, specialty sales force. We believe that retinal specialists in the United States, who perform most of the medical procedures involving diseases of the back of the eye, are sufficiently concentrated that we will be able to effectively promote Fovista to these specialists with a specialty sales and marketing group of fewer than 100 persons. Intravitreal injection is a specialized procedure. In the vast majority of cases in the United States, retinal specialists perform intravitreal injections. Based on our examination of the membership lists of three prominent organizations for retinal specialists, The Macula Society, The American Society of Retina Specialists and the Retina Society, we estimate that there are approximately 2,000 retinal specialists in the United States.

In addition, we expect to utilize a variety of types of collaboration, distribution and other marketing arrangements with one or more third parties to commercialize Fovista in markets outside the United States.

Manufacturing

We do not currently own or operate manufacturing facilities for the production of clinical or commercial quantities of our product candidates. Although we intend to rely on third-party contract manufacturers to produce our products, we have recruited personnel with experience to manage the third-party contract manufacturers producing Fovista, ARC1905 and other products that we may develop in the future.

The process for manufacturing Fovista consists of chemical synthesis, purification, pegylation, further purification and finally freeze drying to form a powder. Each of these steps involves a relatively common chemical engineering process. The chemical synthesis is similar to small molecule manufacturing.

We currently engage a single third-party manufacturer to provide clinical supplies of Fovista drug substance and another single third-party manufacturer to provide fill-finish services for clinical supplies of Fovista. We obtain these supplies and services on a purchase order basis. Under a license, manufacturing and supply

agreement with Nektar Therapeutics, or Nektar, described in more detail below under "—Acquisition and License Agreements—Nektar Therapeutics," we must purchase our entire clinical and commercial requirements for the polyethylene glycol, or PEG, reagent, which we use to make Fovista, exclusively from Nektar at an agreed price, which is subject to annual adjustment in accordance with changes in the producer price index, except under specified circumstances relating to Nektar's failure to supply, in which event Nektar has agreed to enable a third-party manufacturer to supply us. Under this agreement, Nektar has agreed to supply our entire clinical and commercial requirements for this PEG reagent, subject to certain forecasting and ordering requirements and other limitations, and has agreed to supply this PEG reagent only to us for the purpose of manufacturing a product produced by linking the active ingredient in Fovista to this PEG reagent by means of pegylation. The PEG reagent supplied by Nektar is proprietary to Nektar, and, to our knowledge, this PEG reagent is not currently available from any third party.

Competition

The biotechnology and pharmaceutical industries are characterized by rapidly advancing technologies, intense competition and a strong emphasis on proprietary products. While we believe that our technologies, knowledge, experience and scientific resources provide us with competitive advantages, we face potential competition from many different sources, including major pharmaceutical, specialty pharmaceutical and biotechnology companies, academic institutions and governmental agencies and public and private research institutions. Any product candidates that we successfully develop and commercialize will compete with existing therapies and new therapies that may become available in the future.

Our potential competitors include large pharmaceutical and biotechnology companies, and specialty pharmaceutical and generic drug companies. Many of our competitors have significantly greater financial resources and expertise in research and development, manufacturing, preclinical testing, conducting clinical trials, obtaining regulatory approvals and marketing approved products than we do. These competitors also compete with us in recruiting and retaining qualified scientific and management personnel and establishing clinical trial sites and patient registration for clinical trials, as well as in acquiring technologies complementary to, or necessary for, our programs. Smaller or early stage companies may also prove to be significant competitors, particularly through collaborative arrangements with large and established companies.

The key competitive factors affecting the success of Fovista, if approved, are likely to be its efficacy, safety, method of administration, convenience, price, the level of generic competition and the availability of coverage and reimbursement from government and other third-party payors. The method of administration of Fovista, intravitreal injection, is commonly used to administer ophthalmic drugs for the treatment of severe disease and generally accepted by patients facing the prospect of severe visual loss or blindness. However, a therapy that offers a less invasive method of administration might have a competitive advantage over one administered by intravitreal injection, depending on the relative safety of the other method of administration.

There are a variety of therapies used for the treatment of wet AMD, principally Avastin, Lucentis and Eylea. These anti-VEGF drugs are well established therapies and are widely accepted by physicians, patients and third-party payors as the standard of care for the treatment of wet AMD. Physicians, patients and third-party payors may not accept the addition of Fovista to their current treatment regimens for a variety of potential reasons, including:

- if they do not wish to incur the additional cost of Fovista;
- if they perceive the addition of Fovista to be of limited benefit to patients; or
- if they wish to treat with anti-VEGF drugs as monotherapy first and add Fovista only if and when resistance to continued anti-VEGF therapy limits further enhancement of visual outcome with anti-VEGF monotherapy.

We are developing Fovista for administration in combination with these anti-VEGF drugs. Accordingly, we do not believe Fovista would be directly competitive with these therapies. However, a standalone therapy for wet AMD with demonstrated improved efficacy over currently marketed therapies with a favorable safety profile and any of the following characteristics might pose a significant competitive threat to Fovista:

- a mechanism of action that does not involve VEGF;
- a duration of action that obviates the need for frequent intravitreal injection; or
- an effect on wet AMD that makes combination therapy with Fovista unnecessary.

Our commercial opportunity could be reduced or eliminated if our competitors develop and commercialize products that are safer, more effective, have fewer or less severe side effects, are more convenient or are less expensive than any products that we may develop. For example, a single drug, or a co-formulated injection, that combines an anti-PDGF drug and an anti-VEGF drug would be more convenient to administer an intravitreal injection of each of Fovista and an anti-VEGF drug. Such greater convenience might make such a drug or co-formulated injection more attractive to physicians and patients. An anti-VEGF gene therapy product might substantially reduce the number and frequency of intravitreal injections when treating wet AMD and make monthly intravitreal injections of Fovista unattractive to physicians and patients. Our competitors also may obtain FDA or other regulatory approval for their products more rapidly than we may obtain approval for ours. In addition, our ability to compete may be affected because in many cases insurers or other third-party payors seek to encourage the use of generic products.

There are a number of products in preclinical research and clinical development by third parties to treat wet AMD. We expect that product candidates currently in clinical development, or that could enter clinical development in the near future, that inhibit the function of PDGF, the molecule whose function Fovista also inhibits, or inhibit the function of both VEGF and PDGF, which could obviate the separate use of an anti-PDGF agent, such as Fovista, may represent significant competition if approved. These product candidates may provide efficacy, safety, convenience and other benefits that are not provided by currently marketed therapies. Based on publicly available information, we have identified, among others, the following product candidates:

- Regeneron Pharmaceuticals, Inc. has an anti-PDGF product candidate that is being co-formulated with Eylea for administration in a single intravitreal injection and that is expected to enter clinical development in 2013.
- Allergan has an anti-PDGF, anti-VEGF DARPin product candidate that is being co-formulated for administration in a single intravitreal injection and that is expected to enter clinical development in 2014.
- Xcovery Vision has an anti-PDGF, anti-VEGF product candidate in Phase 1 clinical development that is designed for oral administration.
- Neurotech has a PDGF antagonist that is in preclinical development that is designed as an encapsulated cell technology implant.
- Somalogic has an anti-PDGF product candidate in preclinical development.

Because there are a variety of means to block the activity and signaling of PDGF, our patents and other proprietary protections for Fovista will not prevent development or commercialization of product candidates that are different from Fovista.

Intellectual Property

Our success depends in part on our ability to obtain and maintain proprietary protection for our product candidates, technology and know-how, to operate without infringing the proprietary rights of others and to prevent others from infringing our proprietary rights. We seek to protect our proprietary position by, among other methods, filing U.S. and certain foreign patent applications related to our proprietary technology, inventions and

improvements that are important to the development of our business, where patent protection is available. We also rely on trade secrets, know-how, continuing technological innovation and in-licensing opportunities to develop and maintain our proprietary position.

As of August 31, 2013, we owned or exclusively licensed a total of 106 U.S. patents and 18 U.S. patent applications, including original filings, continuations and divisional applications, as well as numerous foreign counterparts of many of these patents and patent applications. Our patent portfolio includes the following patents and patent applications that we own or license:

- composition-of-matter patents covering Fovista, which have issued in the United States, Europe and Japan, the last to expire of which is expected to expire in the United States in 2017 and in Europe and Japan in 2018;
- patents covering the treatment of wet AMD with a combination of Fovista and an anti-VEGF-A antibody or binding fragment thereof (such as Avastin or Lucentis), or the use of Fovista in the manufacture of a medicine for the treatment of wet AMD when administered with an anti-VEGF-A antibody or binding fragment thereof, which have issued in the United States, Europe and Japan and are expected to expire in 2024, and pending patent applications covering the treatment of wet AMD with a combination of Fovista and an anti-VEGF-A antibody or binding fragment thereof or the use of Fovista in the manufacture of a medicine for the treatment of wet AMD when administered with an anti-VEGF-A antibody or binding fragment thereof, in certain other jurisdictions;
- patent applications in various jurisdictions covering the treatment of wet AMD with a combination of Fovista and Eylea, or the use of Fovista in the manufacture of a medicine for the treatment of wet AMD when administered with Eylea, which, if granted, are expected to expire in the United States in 2030;
- a U.S. patent covering methods for treating AMD with a combination of Fovista and Macugen, which is expected to expire in 2024;
- a U.S. patent covering methods for treating AMD with a combination of a particular anti-PDGFR antibody and an anti-VEGF-A antibody or binding fragment thereof, which is expected to expire in 2024;
- patent applications in various jurisdictions covering co-formulations and other proprietary technology relating to Fovista;
- composition-of-matter patents covering ARC1905, which have issued in the United States, Europe and Japan, which are expected to expire in the United States and Europe in 2025 and the last of which is expected to expire in Japan in 2026; and
- patents covering the treatment of certain complement mediated disorders with ARC1905, ARC1905 for use in a method of treating certain complement mediated disorders and a composition comprising ARC1905 for treating certain complement mediated disorders, which have issued in the United States, Europe and Japan, and which are expected to expire in Europe in 2025 and in the United States and Japan in 2026.

The term of individual patents depends upon the legal term for patents in the countries in which they are granted. In most countries, including the United States, the patent term is generally 20 years from the earliest claimed filing date of a non-provisional patent application in the applicable country. In the United States, a patent’s term may, in certain cases, be lengthened by patent term adjustment, which compensates a patentee for administrative delays by the U.S. Patent and Trademark Office in examining and granting a patent, or may be shortened if a patent is terminally disclaimed over a commonly owned patent or a patent naming a common inventor and having an earlier expiration date. The Drug Price Competition and Patent Term Restoration Act of 1984, or the Hatch-Waxman Act, permits a patent term extension of up to five years beyond the expiration date of a U.S. patent as partial compensation for the length of time the drug is under regulatory review while the

patent is in force. A patent term extension cannot extend the remaining term of a patent beyond a total of 14 years from the date of product approval, only one patent applicable to each regulatory review period may be extended and only those claims covering the approved drug, a method for using it or a method for manufacturing it may be extended.

Similar provisions are available in the European Union and certain other foreign jurisdictions to extend the term of a patent that covers an approved drug. In the future, if and when our product candidates, including Fovista, receive approval by the FDA or foreign regulatory authorities, we expect to apply for patent term extensions on issued patents covering those products, depending upon the length of the clinical trials for each drug and other factors. The expiration dates referred to above are without regard to potential patent term extension or other market exclusivity that may be available to us.

We may rely, in some circumstances, on trade secrets to protect our technology. However, trade secrets can be difficult to protect. We seek to protect our proprietary technology and processes, in part, by confidentiality agreements with our employees, consultants, scientific advisors and contractors. We also seek to preserve the integrity and confidentiality of our data and trade secrets by maintaining physical security of our premises and physical and electronic security of our information technology systems.

Acquisition and License Agreements

OSI (Eyetech)

In July 2007, we entered into a divestiture agreement with OSI (Eyetech), Inc., or Eyetech, which agreement is now held by OSI Pharmaceuticals LLC, or OSI Pharmaceuticals, a subsidiary of Astellas US LLC, under which we acquired specified technology, rights, and other assets owned or controlled by Eyetech relating to particular anti-PDGF aptamers, including Fovista, and assumed Eyetech's liabilities and obligations under specified agreements between Eyetech and Archemix Corp., or Archemix, and between Eyetech and Nektar. These agreements with Archemix and Nektar, as subsequently amended, are described in more detail below.

We have agreed that we will not, alone or with any other party, research, develop or commercialize any compound, other than anti-PDGF products covered by the divestiture agreement, that solely and specifically binds to PDGF for its mode of action.

Financial Terms

In connection with the agreement, we paid Eyetech a $4,000,000 upfront payment and issued Eyetech 3,000,000 shares of our junior series A preferred stock. We are obligated to pay OSI Pharmaceuticals additional one-time payments of $12,000,000 in the aggregate upon marketing approval in the United States and the European Union, of a covered anti-PDGF product. We are obligated to pay OSI Pharmaceuticals a royalty at a low single-digit percentage of net sales of any covered anti-PDGF product we successfully commercialize. Our obligation to pay such royalties will expire on a product-by-product and country-by-country basis on the later of 10 years after the first commercial sale of each product in each country or the expiration of the last-to-expire valid claim of specified patents that cover the composition, manufacture or use of each product in each country.

Diligence Obligations

We are required to use commercially reasonable efforts to conduct the development and manufacture of a covered anti-PDGF product so as to obtain marketing approval and, thereafter, to commercialize a covered anti-PDGF product in the United States and in the European Union.

Term and Termination

The agreement, unless terminated earlier by us or by OSI Pharmaceuticals, will remain in effect until we no longer have any financial obligations to OSI Pharmaceuticals, after which the rights granted to us will become perpetual and fully paid-up. The agreement provides that either party may terminate the agreement in the event of the other party's insolvency, bankruptcy or comparable proceedings, or if the other party materially breaches the agreement and does not cure such breach during a specified cure period.

If we fail to use commercially reasonable efforts to meet our specified diligence obligations and fail to take specified steps after receiving written notice thereof from OSI Pharmaceuticals, then OSI Pharmaceuticals may terminate the agreement as to such countries with respect to which such failure has occurred, and upon such termination we will be obligated to grant, assign and transfer to OSI Pharmaceuticals specified rights and licenses related to our anti-PDGF aptamer technology and other related assets, and if we are manufacturing such anti-PDGF products at the time of such termination, may be obligated to provide transitional supply to OSI Pharmaceuticals of covered anti-PDGF products, for such countries.

Archemix

In September 2011, we entered into two amended and restated exclusive license agreements with Archemix, one relating to anti-PDGF aptamers, which we refer to as the PDGF agreement, and the other relating to anti-C5 aptamers, which we refer to as the C5 agreement. The PDGF agreement superseded a 2004 agreement between Eyetech and Archemix that we assumed under the divestiture agreement described above. The C5 agreement superseded a July 2007 agreement between us and Archemix. Under these amended and restated agreements, we hold exclusive worldwide licenses (subject to certain pre-existing rights) under specified patents and technology owned or controlled by Archemix to develop, make, use, sell, offer for sale, distribute for sale, import and export pharmaceutical products comprised of or derived from any anti-PDGF aptamer or anti-C5 aptamer for the prevention, treatment, cure or control of human indications, diseases, disorders or conditions of the eye, adnexa of the eye, orbit and optic nerve, other than certain expressly excluded applications.

The licenses we received under these agreements include sublicenses to us of rights to specified technology, which we refer to as the SELEX technology, licensed by University License Equity Holdings, Inc., or ULEHI, to Gilead Sciences, Inc., or Gilead, and sublicensed by Gilead to Archemix, as well as sublicenses to us of rights to certain other technology licensed by Gilead to Archemix, including the composition-of-matter patents relating to Fovista. Our agreements with Archemix contemplate that our rights to these sublicensed technologies will survive termination of the license from ULEHI to Gilead as long as we are not in breach of the C5 agreement or PDGF agreement, as applicable, and will survive termination of the sublicense from Gilead to Archemix as long as such termination did not arise from our action or inaction, provided in each case that we agree to be bound to ULEHI or Gilead, as applicable, under the terms of our agreements with Archemix. However, if Archemix, its affiliates and all of Archemix's assignees and sublicensees, including us, cease to exercise reasonable efforts to develop commercial applications of products and services using the SELEX technology, then Archemix's rights to the SELEX technology may revert to Gilead or ULEHI, and we would lose our rights to the SELEX technology.

Financial Terms

In connection with these agreements, as amended, we paid Archemix aggregate upfront licensing fees of $1,000,000 and issued to Archemix an aggregate of 2,000,000 shares of our series A-1 preferred stock and 500,000 shares of our series B-1 preferred stock. We have also paid Archemix an aggregate of $4,250,000 in fees as a result of our achievement of specified clinical milestone events under these agreements. An additional payment of $2,500,000 was triggered by the initiation of our Phase 3 clinical program of Fovista in August 2013.

Under the PDGF agreement, we are also obligated to make additional future payments to Archemix of up to an aggregate of $14,000,000 if we achieve specified clinical and regulatory milestones with respect to Fovista,

including up to an aggregate of $3,000,000 if we achieve specified commercial milestones with respect to Fovista. Under the PDGF agreement, we also are obligated to make additional payments to Archemix of up to an aggregate of $18,750,000 if we achieve specified clinical and regulatory milestones with respect to each other anti-PDGF aptamer product that we may develop under the agreement, and up to an aggregate of $3,000,000 if we achieve specified commercial milestones with respect to such other anti-PDGF aptamer product.

Under the C5 agreement, for each anti-C5 aptamer product that we may develop under the agreement, including ARC1905, we are obligated to make additional payments to Archemix of up to an aggregate of $57,500,000 if we achieve specified development, clinical and regulatory milestones and, as to all anti-C5 products under the agreement collectively, up to an aggregate of $22,500,000 if we achieve specified commercial milestones. We are also obligated to pay Archemix a double-digit percentage of specified non-royalty payments we may receive from any sublicensee of our rights under the C5 agreement.

No royalties are payable to Archemix under either of the PDGF agreement or the C5 agreement.

Diligence Obligations

We are required to exercise commercially reasonable efforts in developing and commercializing at least one anti-PDGF aptamer product and at least one anti-C5 aptamer product and in undertaking investigations and actions required to obtain regulatory approvals necessary to market such products in the United States, the European Union, and Japan, and in such other markets where we determine that it is commercially reasonable to do so. We are required to complete a Phase 2 clinical trial of an anti-C5 aptamer product for age-related macular degeneration, or AMD, by December 31, 2014. If we fail to meet this timeline, but are otherwise in compliance with our diligence obligations, Archemix and we have agreed to negotiate an extension in good faith. If we breach any of these diligence obligations with respect to any given product in any given country, including failing to meet any such agreed extension date, Archemix may terminate our corresponding license to such product for such country or convert such license to a non-exclusive license.

Term and Termination

Unless earlier terminated, the PDGF agreement will expire upon the later of 10 years after the first commercial sale in any country of the last licensed product and the expiration of the last-to-expire valid claim of the licensed patents that covers a licensed product.

Unless earlier terminated, the C5 agreement will expire upon the later of 12 years after the first commercial sale in any country of the last licensed product, the expiration of the last-to-expire valid claim of the licensed patents that covers a licensed product, and the date on which no further payments of sublicensing income are to be received by us.

Either we or Archemix may terminate each of the agreements if the other party materially breaches the applicable agreement and the breach remains uncured for a specified period. Archemix may also terminate each of the agreements, or may convert our exclusive licenses under the applicable agreement to non-exclusive licenses, if we challenge or assist a third party in challenging the validity or enforceability of any of the patents licensed under the applicable agreement. We may terminate each of the agreements at any time and for any or no reason effective at the end of a specified period following our written notice to Archemix of termination.

Nektar Therapeutics

In April 2012, we amended a 2006 license, manufacturing and supply agreement between Eyetech and Nektar that we assumed under the Eyetech divestiture agreement described above. Under the agreement, as amended, Nektar has granted us the following licenses:

- an exclusive, worldwide license under specified patent rights and know-how owned or controlled by Nektar to make, have made, develop, use, import, offer for sale and sell particular products that are produced by linking the active pharmaceutical ingredient in Fovista to a specified polyethylene glycol, or PEG, reagent by means of pegylation; and
- non-exclusive sublicenses of certain other patent rights controlled by Nektar.

Financial Terms

We have paid $750,000, and Eyetech previously paid $250,000, to Nektar under the agreement. An additional payment of $1,000,000 was triggered by the initiation of our Phase 3 clinical program for Fovista in August 2013. We are also obligated to pay Nektar additional specified amounts in relation to certain milestone events until we grant any third-party commercialization rights to a licensed product under the agreement. Such specified milestone amounts that may be payable by us in the future include an aggregate of $4,500,000 payable upon achievement of specified clinical and regulatory milestones. In addition, a payment of $3,000,000 will be triggered upon the achievement of a specified commercial sale milestone with respect to Fovista.

If we grant to any third-party commercialization rights to a licensed product under the agreement, we have agreed to pay Nektar a low double-digit percentage of any upfront payment we receive from such third party, less certain milestone amounts we have paid to Nektar. In addition, in lieu of any further specified milestone amounts described in the paragraph above, we have agreed to pay Nektar, in relation to the milestone events, amounts calculated at a higher double-digit percentage of the revenues we receive from such third party in connection with any such commercialization agreement, subject to specified minimum and maximum amounts.

We are also obligated to pay Nektar tiered royalties at low to mid single-digit percentages of net sales of any licensed product we successfully commercialize, with the royalty percentage determined by our level of licensed product sales, the extent of patent coverage for the licensed product and whether we have granted a third party commercialization rights to the licensed product. Our obligation to pay such royalties will expire on a licensed product-by-licensed product and country-by-country basis on the later of 10 years after first commercial sales of such licensed product in such country, and the expiration of the last-to-expire valid claim in the licensed patents that cover such licensed product in such country.

Exclusive Supply

Under the agreement, we must provide binding forecasts of requirements for the PEG reagent to Nektar and purchase our entire requirements for the PEG reagent, which we currently use to formulate Fovista, exclusively from Nektar at an agreed price, which is subject to annual adjustment in accordance with changes in the producer price index, except under specified circumstances relating to Nektar’s failure to supply, in which event Nektar has agreed to enable a third-party manufacturer to supply us.

Under the agreement, Nektar has agreed to supply our entire clinical and commercial requirements for this PEG reagent, subject to certain forecasting and ordering requirements and certain other limitations, and has agreed to supply this PEG reagent only to us for the purpose of manufacturing a product produced by linking the active pharmaceutical ingredient in Fovista to this PEG reagent by means of pegylation.

Diligence Obligations

Under the terms of the agreement, if we fail to use commercially reasonable efforts to achieve the first commercial sale of Fovista in the United States or one of a specified group of other countries by December 31, 2017, which date Nektar and we may agree in good faith to extend in specified circumstances, Nektar may either terminate our license or convert our license for such country to a non-exclusive license. In addition, if we fail to use commercially reasonable efforts to develop Fovista and file and seek approval of NDAs on a schedule permitting us to make first commercial sales of Fovista in specified countries by December 31, 2017, do not make such first commercial sales of Fovista by such date, or thereafter fail to use commercially reasonable efforts to continue to commercialize and market Fovista in such countries, we will be in material breach of the agreement.

Term and Termination

The agreement, unless earlier terminated by us or Nektar, will expire upon the expiration of our obligation to pay royalties to Nektar on net sales of licensed products. We and Nektar each may terminate the agreement if the other party materially breaches the agreement and does not cure such breach within a specified cure period. We may terminate the agreement at any time, without cause, effective at the end of a specified period following our written notice to Nektar of termination, in which event we will be obligated to pay Nektar specified termination fees and reimburse Nektar for certain costs.

If we challenge the validity or enforceability of any Nektar licensed patent right, we must pay for the defense of such challenge if such challenge is not successful and our licenses under certain licensed patent rights will terminate.

Government Regulation

Government authorities in the United States, at the federal, state and local level, in the European Union and in other countries and jurisdictions extensively regulate, among other things, the research, development, testing, manufacture, including any manufacturing changes, packaging, storage, recordkeeping, labeling, advertising, promotion, distribution, marketing, import and export of pharmaceutical products such as those we are developing. The processes for obtaining regulatory approvals in the United States and in foreign countries and jurisdictions, along with subsequent compliance with applicable statutes and regulations, require the expenditure of substantial time and financial resources.

U.S. Drug Approval Process

In the United States, the FDA regulates drugs under the Federal Food, Drug, and Cosmetic Act, or FDCA, and implementing regulations. The process of obtaining regulatory approvals and the subsequent compliance with appropriate federal, state, local and foreign statutes and regulations requires the expenditure of substantial time and financial resources. Failure to comply with the applicable U.S. requirements at any time during the product development process, approval process or after approval, may subject an applicant to a variety of administrative or judicial sanctions, such as the FDA's refusal to approve pending NDAs, withdrawal of an approval, imposition of a clinical hold, issuance of warning letters, product recalls, product seizures, total or partial suspension of production or distribution, injunctions, fines, refusals of government contracts, restitution, disgorgement or civil or criminal penalties.

The process required by the FDA before a drug may be marketed in the United States generally involves the following:

- completion of preclinical laboratory tests, animal studies and formulation studies in compliance with the FDA's good laboratory practice, or GLP, regulations;

- submission to the FDA of an IND which must become effective before human clinical trials may begin;
- approval by an independent institutional review board, or IRB, at each clinical site before each trial may be initiated;
- performance of adequate and well-controlled human clinical trials in accordance with good clinical practices, or GCP, to establish the safety and efficacy of the proposed drug or biological product for each indication;
- submission to the FDA of a new drug application, or NDA;
- satisfactory completion of an FDA advisory committee review, if applicable;
- satisfactory completion of an FDA inspection of the manufacturing facility or facilities at which the product is produced to assess compliance with cGMP, and to assure that the facilities, methods and controls are adequate to preserve the drug's identity, strength, quality and purity; and
- FDA review and approval of the NDA.

Preclinical Studies

Preclinical studies include laboratory evaluation of product chemistry, toxicity and formulation, as well as animal studies to assess its potential safety and efficacy. An IND sponsor must submit the results of the preclinical tests, together with manufacturing information, analytical data and any available clinical data or literature, among other things, to the FDA as part of an IND. Some preclinical testing may continue even after the IND is submitted. An IND automatically becomes effective 30 days after receipt by the FDA, unless before that time the FDA raises concerns or questions related to one or more proposed clinical trials and places the clinical trial on a clinical hold. In such a case, the IND sponsor and the FDA must resolve any outstanding concerns before the clinical trial can begin. As a result, submission of an IND may not result in the FDA allowing clinical trials to commence.

Clinical Trials

Clinical trials involve the administration of the investigational new drug to human subjects under the supervision of qualified investigators in accordance with GCP requirements, which include the requirement that all research subjects provide their informed consent in writing for their participation in any clinical trial. Clinical trials are conducted under protocols detailing, among other things, the objectives of the study, the parameters to be used in monitoring safety and the effectiveness criteria to be evaluated. A protocol for each clinical trial and any subsequent protocol amendments must be submitted to the FDA as part of the IND. In addition, an IRB at each institution participating in the clinical trial must review and approve the plan for any clinical trial before it commences at that institution. Information about certain clinical trials must be submitted within specific timeframes to the National Institutes of Health, or NIH, for public dissemination on their ClinicalTrials.gov website.

Human clinical trials are typically conducted in three sequential phases, which may overlap or be combined:

- Phase 1: The drug is initially introduced into healthy human subjects or patients with the target disease or condition and tested for safety, dosage tolerance, absorption, metabolism, distribution, excretion and, if possible, to gain an early indication of its effectiveness.
- Phase 2: The drug is administered to a limited patient population to identify possible adverse effects and safety risks, to preliminarily evaluate the efficacy of the product for specific targeted diseases and to determine dosage tolerance and optimal dosage.
- Phase 3: The drug is administered to an expanded patient population, generally at geographically dispersed clinical trial sites, in well-controlled clinical trials to generate enough data to statistically evaluate the efficacy and safety of the product for approval, to establish the overall risk-benefit profile of the product, and to provide adequate information for the labeling of the product.

Progress reports detailing the results of the clinical trials must be submitted at least annually to the FDA and more frequently if serious adverse events occur. Phase 1, Phase 2 and Phase 3 clinical trials may not be completed successfully within any specified period, or at all. Furthermore, the FDA or the sponsor may suspend or terminate a clinical trial at any time on various grounds, including a finding that the research subjects are being exposed to an unacceptable health risk. Similarly, an IRB can suspend or terminate approval of a clinical trial at its institution if the clinical trial is not being conducted in accordance with the IRB's requirements or if the drug has been associated with unexpected serious harm to patients.

Marketing Approval

Assuming successful completion of the required clinical testing, the results of the preclinical and clinical studies, together with detailed information relating to the product's chemistry, manufacture, controls and proposed labeling, among other things, are submitted to the FDA as part of an NDA requesting approval to market the product for one or more indications. In most cases, the submission of an NDA is subject to a substantial application user fee. Under the new PDUFA V guidelines that are currently in effect, the FDA has a goal of ten months from the date of the FDA's acceptance for filing of a standard non-priority NDA to review and act on the submission.

The FDA also may require submission of a risk evaluation and mitigation strategy, or REMS, plan to mitigate any identified or suspected serious risks. The REMS plan could include medication guides, physician communication plans, assessment plans, and elements to assure safe use, such as restricted distribution methods, patient registries, or other risk minimization tools.

The FDA conducts a preliminary review of all NDAs within the first 60 days after submission, before accepting them for filing, to determine whether they are sufficiently complete to permit substantive review. The FDA may request additional information rather than accept an NDA for filing. In this event, the application must be resubmitted with the additional information. The resubmitted application is also subject to review before the FDA accepts it for filing. Once the submission is accepted for filing, the FDA begins an in-depth substantive review. The FDA reviews an NDA to determine, among other things, whether the drug is safe and effective and the facility in which it is manufactured, processed, packaged or held meets standards designed to assure the product's continued safety, quality and purity. The FDA is required to refer an application for a novel drug to an advisory committee or explain why such referral was not made. An advisory committee is a panel of independent experts, including clinicians and other scientific experts, that reviews, evaluates and provides a recommendation as to whether the application should be approved and under what conditions. The FDA is not bound by the recommendations of an advisory committee, but it considers such recommendations carefully when making decisions.

Before approving an NDA, the FDA typically will inspect the facility or facilities where the product is manufactured. The FDA will not approve an application unless it determines that the manufacturing processes and facilities are in compliance with cGMP requirements and adequate to assure consistent production of the product within required specifications. Additionally, before approving an NDA, the FDA will typically inspect one or more clinical sites to assure compliance with GCP.

The testing and approval process requires substantial time, effort and financial resources, and each may take several years to complete. Data obtained from clinical activities are not always conclusive and may be susceptible to varying interpretations, which could delay, limit or prevent regulatory approval. The FDA may not grant approval on a timely basis, or at all.

If the FDA's evaluation of the NDA and inspection of the manufacturing facilities are favorable, the FDA may issue an approval letter, or, in some cases, a complete response letter. A complete response letter generally contains a statement of specific conditions that must be met in order to secure final approval of the NDA and may require additional clinical or preclinical testing in order for FDA to reconsider the application. Even with submission of this additional information, the FDA ultimately may decide that the application does not satisfy the

regulatory criteria for approval. If and when those conditions have been met to the FDA's satisfaction, the FDA will typically issue an approval letter. An approval letter authorizes commercial marketing of the drug with specific prescribing information for specific indications.

Even if the FDA approves a product, it may limit the approved indications for use for the product, require that contraindications, warnings or precautions be included in the product labeling, require that post-approval studies, including phase 4 clinical trials, be conducted to further assess a drug's safety after approval, require testing and surveillance programs to monitor the product after commercialization, or impose other conditions, including distribution restrictions or other risk management mechanisms, which can materially affect the potential market and profitability of the product. The FDA may prevent or limit further marketing of a product based on the results of post-marketing studies or surveillance programs. After approval, some types of changes to the approved product, such as adding new indications, manufacturing changes, and additional labeling claims, are subject to further testing requirements and FDA review and approval.

Special FDA Expedited Review and Approval Programs

The FDA has various programs, including fast track designation, accelerated approval and priority review, that are intended to expedite or simplify the process for the development and FDA review of drugs that are intended for the treatment of serious or life threatening conditions and demonstrate the potential to address unmet medical needs. The purpose of these programs is to provide important new drugs to patients earlier than under standard FDA review procedures.

To be eligible for a fast track designation, the FDA must determine, based on the request of a sponsor, that a product is intended to treat a serious or life-threatening disease or condition and the drug demonstrates the potential to address unmet medical needs for this disease or condition. The FDA will determine that a product will fill an unmet medical need if it will provide a therapy where none exists or provide a therapy that may be potentially superior to existing therapy based on efficacy or safety factors. In September 2013, the FDA notified us that we have obtained fast track designation for Fovista for the treatment of wet AMD.

The FDA may give a priority review designation to drugs that offer major advances in treatment, or provide a treatment where no adequate therapy exists. A priority review means that the goal for the FDA to review an application is six months from the date of the FDA's acceptance for filing of the application, rather than the standard review period of ten months under current PDUFA V guidelines. Most products that are eligible for fast track designation are also likely to be considered appropriate to receive a priority review.

In addition, products studied for their safety and effectiveness in treating serious or life-threatening illnesses and that provide meaningful therapeutic benefit over existing treatments may receive accelerated approval and may be approved on the basis of adequate and well-controlled clinical trials establishing that the drug product has an effect on a surrogate endpoint that is reasonably likely to predict clinical benefit or on the basis of an effect on a clinical endpoint other than survival or irreversible morbidity. As a condition of approval, the FDA may require a sponsor of a drug receiving accelerated approval to perform post-marketing studies to validate and describe the predicted effect on irreversible morbidity or mortality or other clinical endpoint, and the drug may be subject to accelerated withdrawal procedures.

Even if a product qualifies for one or more of these programs, the FDA may later decide that the product no longer meets the conditions for qualification or decide that the time period for FDA review or approval will not be shortened. The FDA may withdraw our fast track designation for Fovista for the treatment of wet AMD if it believes that the designation is no longer supported by data from our clinical development program.

Post-Approval Requirements

Drugs manufactured or distributed pursuant to FDA approvals are subject to pervasive and continuing regulation by the FDA, including, among other things, requirements relating to recordkeeping, periodic reporting,

product sampling and distribution, advertising and promotion and reporting of adverse experiences with the product. After approval, most changes to the approved product, such as adding new indications or other labeling claims are subject to prior FDA review and approval. There also are continuing, annual user fee requirements for any marketed products and the establishments at which such products are manufactured, as well as new application fees for supplemental applications with clinical data.

The FDA may impose a number of post-approval requirements as a condition of approval of an NDA. For example, the FDA may require post-marketing testing, including phase 4 clinical trials, and surveillance to further assess and monitor the product's safety and effectiveness after commercialization.

In addition, drug manufacturers and other entities involved in the manufacture and distribution of approved drugs are required to register their establishments with the FDA and state agencies, and are subject to periodic unannounced inspections by the FDA and these state agencies for compliance with cGMP requirements. Changes to the manufacturing process are strictly regulated and often require prior FDA approval before being implemented. FDA regulations also require investigation and correction of any deviations from cGMP and impose reporting and documentation requirements upon the sponsor and any third-party manufacturers that the sponsor may decide to use. Accordingly, manufacturers must continue to expend time, money, and effort in the area of production and quality control to maintain cGMP compliance.

Once an approval is granted, the FDA may withdraw the approval if compliance with regulatory requirements and standards is not maintained or if problems occur after the product reaches the market. Later discovery of previously unknown problems with a product, including adverse events of unanticipated severity or frequency, or with manufacturing processes, or failure to comply with regulatory requirements, may result in revisions to the approved labeling to add new safety information; imposition of post-market studies or clinical trials to assess new safety risks; or imposition of distribution or other restrictions under a REMS program. Other potential consequences include, among other things:

- restrictions on the marketing or manufacturing of the product, complete withdrawal of the product from the market or product recalls;
- fines, warning letters or holds on post-approval clinical trials;
- refusal of the FDA to approve pending NDAs or supplements to approved NDAs, or suspension or revocation of product license approvals;
- product seizure or detention, or refusal to permit the import or export of products; or
- injunctions or the imposition of civil or criminal penalties.

The FDA strictly regulates marketing, labeling, advertising and promotion of products that are placed on the market. Drugs may be promoted only for the approved indications and in accordance with the provisions of the approved label. The FDA and other agencies actively enforce the laws and regulations prohibiting the promotion of off-label uses, and a company that is found to have improperly promoted off-label uses may be subject to significant liability.

In addition, the distribution of prescription pharmaceutical products is subject to the Prescription Drug Marketing Act, or PDMA, which regulates the distribution of drugs and drug samples at the federal level, and sets minimum standards for the registration and regulation of drug distributors by the states. Both the PDMA and state laws limit the distribution of prescription pharmaceutical product samples and impose requirements to ensure accountability in distribution.

Hatch-Waxman Exclusivity

Market and data exclusivity provisions under the FDCA can delay the submission or the approval of certain applications for competing products. The FDCA provides a five-year period of non-patent data exclusivity within

the United States to the first applicant to gain approval of an NDA for a new chemical entity. A drug is a new chemical entity if the FDA has not previously approved any other new drug containing the same active moiety, which is the molecule or ion responsible for the action of the drug substance. During the exclusivity period, the FDA may not accept for review an abbreviated new drug application, or ANDA, or a 505(b)(2) NDA submitted by another company that references the previously approved drug. However, an ANDA or 505(b)(2) NDA may be submitted after four years if it contains a certification of patent invalidity or non-infringement. The FDCA also provides three years of marketing exclusivity for an NDA, 505(b)(2) NDA or supplement to an existing NDA or 505(b)(2) NDA if new clinical investigations, other than bioavailability studies, that were conducted or sponsored by the applicant, are deemed by the FDA to be essential to the approval of the application, for example, for new indications, dosages, strengths or dosage forms of an existing drug. This three-year exclusivity covers only the conditions of use associated with the new clinical investigations and, as a general matter, does not prohibit the FDA from approving ANDAs or 505(b)(2) NDAs for generic versions of the original, unmodified drug product. Five-year and three-year exclusivity will not delay the submission or approval of a full NDA. However, an applicant submitting a full NDA would be required to conduct or obtain a right of reference to all of the preclinical studies and adequate and well-controlled clinical trials necessary to demonstrate safety and effectiveness.

Foreign Regulation

In order to market any product outside of the United States, we would need to comply with numerous and varying regulatory requirements of other countries and jurisdictions regarding quality, safety and efficacy and governing, among other things, clinical trials, marketing authorization, commercial sales and distribution of our products. Whether or not we obtain FDA approval for a product, we would need to obtain the necessary approvals by the comparable foreign regulatory authorities before we can commence clinical trials or marketing of the product in foreign countries and jurisdictions. Although many of the issues discussed above with respect to the United States apply similarly in the context of the European Union, the approval process varies between countries and jurisdictions and can involve additional product testing and additional administrative review periods. The time required to obtain approval in other countries and jurisdictions might differ from and be longer than that required to obtain FDA approval. Regulatory approval in one country or jurisdiction does not ensure regulatory approval in another, but a failure or delay in obtaining regulatory approval in one country or jurisdiction may negatively impact the regulatory process in others.

Pursuant to the European Clinical Trials Directive, a system for the approval of clinical trials in the European Union has been implemented through national legislation of the member states. Under this system, we must obtain approval from the competent national authority of a European Union member state in which the clinical trial is to be conducted. Furthermore, we may only start a clinical trial after a competent ethics committee has issued a favorable opinion. Our clinical trial application must be accompanied by an investigational medicinal product dossier with supporting information prescribed by the European Clinical Trials Directive and corresponding national laws of the member states and further detailed in applicable guidance documents.

To obtain marketing approval of a drug under European Union regulatory systems, we may submit a marketing authorization application, or MAA, either under a centralized or decentralized procedure. The centralized procedure provides for the grant of a single marketing authorization by the European Commission that is valid for all European Union member states. The centralized procedure is compulsory for specific products, including medicines produced by certain biotechnological processes, products designated as orphan medicinal products, advanced therapy products and products with a new active substance indicated for the treatment of certain diseases. For products with a new active substance indicated for the treatment of other diseases and products that are highly innovative or for which a centralized process is in the interest of patients, the centralized procedure may be optional. Under the centralized procedure, the Committee for Medicinal Products for Human Use, or the CHMP, established at the EMA is responsible for conducting the initial assessment of a drug. The CHMP also is responsible for several post-authorization and maintenance activities, such as the assessment of modifications or extensions to an existing marketing authorization. Under the centralized procedure in the European Union, the maximum timeframe for the evaluation of an MAA is 210 days,

excluding clock stops, when additional information or written or oral explanation is to be provided by the applicant in response to questions of the CHMP. Accelerated evaluation might be granted by the CHMP in exceptional cases, when a medicinal product is of major interest from the point of view of public health and in particular from the viewpoint of therapeutic innovation. In this circumstance, the EMA ensures that the opinion of the CHMP is given within 150 days.

The decentralized procedure is available to applicants who wish to market a product in various European Union member states where such product has not previously received marketing approval in any European Union member state. The decentralized procedure provides for approval by one or more other, or concerned, member states of an assessment of an application performed by one member state designated by the applicant, known as the reference member state. Under this procedure, an applicant submits an application based on identical dossiers and related materials, including a draft summary of product characteristics, and draft labeling and package leaflet, to the reference member state and concerned member states. The reference member state prepares a draft assessment report and drafts of the related materials within 120 days after receipt of a valid application. Within 90 days of receiving the reference member state's assessment report and related materials, each concerned member state must decide whether to approve the assessment report and related materials.

If a member state cannot approve the assessment report and related materials on the grounds of potential serious risk to public health, the disputed points are subject to a dispute resolution mechanism and may eventually be referred to the European Commission, whose decision is binding on all member states.

In the European Union, new chemical entities qualify for eight years of data exclusivity upon marketing authorization and an additional two years of market exclusivity. This data exclusivity, if granted, prevents regulatory authorities in the European Union from referencing the innovator's data to assess a generic (abbreviated) application for eight years, after which generic marketing authorization can be submitted, and the innovator's data may be referenced, but not approved for two years. The overall ten-year period will be extended to a maximum of eleven years if, during the first eight years of those ten years, the marketing authorization holder obtains an authorization for one or more new therapeutic indications which, during the scientific evaluation prior to their authorization, are held to bring a significant clinical benefit in comparison with existing therapies. Even if a compound is considered to be a new chemical entity and the sponsor is able to gain the prescribed period of data exclusivity, another company nevertheless could also market another version of the drug if such company can complete a full MAA with a complete database of pharmaceutical test, preclinical tests and clinical trials and obtain marketing approval of its product.

Pharmaceutical Coverage, Pricing and Reimbursement

Significant uncertainty exists as to the coverage and reimbursement status of any drug products for which we may obtain regulatory approval. Sales of any of our product candidates, if approved, will depend, in part, on the extent to which the costs of the products will be covered by third-party payors, including government health programs such as Medicare and Medicaid, commercial health insurers and managed care organizations. The process for determining whether a payor will provide coverage for a drug product may be separate from the process for setting the price or reimbursement rate that the payor will pay for the drug product once coverage is approved. Third-party payors may limit coverage to specific drug products on an approved list, or formulary, which might not include all of the approved drugs for a particular indication.

In order to secure coverage and reimbursement for any product that might be approved for sale, we may need to conduct expensive pharmacoeconomic studies in order to demonstrate the medical necessity and cost-effectiveness of the product, in addition to the costs required to obtain FDA or other comparable regulatory approvals. Our product candidates may not be considered medically necessary or cost-effective. A payor's decision to provide coverage for a drug product does not imply that an adequate reimbursement rate will be approved. Third party reimbursement may not be sufficient to enable us to maintain price levels high enough to realize an appropriate return on our investment in product development.

The containment of healthcare costs has become a priority of federal, state and foreign governments, and the prices of drugs have been a focus in this effort. Third-party payors are increasingly challenging the prices charged for medical products and services and examining the medical necessity and cost-effectiveness of medical products and services, in addition to their safety and efficacy. If these third-party payors do not consider our products to be cost-effective compared to other available therapies, they may not cover our products after approval as a benefit under their plans or, if they do, the level of payment may not be sufficient to allow us to sell our products at a profit. The U.S. government, state legislatures and foreign governments have shown significant interest in implementing cost-containment programs to limit the growth of government-paid healthcare costs, including price controls, restrictions on reimbursement and requirements for substitution of generic products for branded prescription drugs. Adoption of such controls and measures, and tightening of restrictive policies in jurisdictions with existing controls and measures, could limit payments for pharmaceuticals such as the drug product candidates that we are developing and could adversely affect our net revenue and results.

Pricing and reimbursement schemes vary widely from country to country. Some countries provide that drug products may be marketed only after a reimbursement price has been agreed. Some countries may require the completion of additional studies that compare the cost-effectiveness of a particular product candidate to currently available therapies. For example, the European Union provides options for its member states to restrict the range of drug products for which their national health insurance systems provide reimbursement and to control the prices of medicinal products for human use. European Union member states may approve a specific price for a drug product or it may instead adopt a system of direct or indirect controls on the profitability of the company placing the drug product on the market. Other member states allow companies to fix their own prices for drug products, but monitor and control company profits. The downward pressure on healthcare costs in general, particularly prescription drugs, has become intense. As a result, increasingly high barriers are being erected to the entry of new products. In addition, in some countries, cross-border imports from low-priced markets exert competitive pressure that may reduce pricing within a country. Any country that has price controls or reimbursement limitations for drug products may not allow favorable reimbursement and pricing arrangements for any of our products.

The marketability of any products for which we receive regulatory approval for commercial sale may suffer if the government and third-party payors fail to provide adequate coverage and reimbursement. In addition, emphasis on managed care in the United States has increased and we expect will continue to increase the pressure on drug pricing. Coverage policies, third-party reimbursement rates and drug pricing regulation may change at any time. In particular, the Patient Protection and Affordable Care Act of 2010, as amended by the Health Care and Education Reconciliation Act of 2010, which we collectively refer to as the Affordable Care Act or ACA, contains provisions that may reduce the profitability of drug products, including, for example, increased rebates for covered out-patient drugs sold to Medicaid programs, extension of Medicaid rebates to Medicaid managed care plans, mandatory discounts for certain Medicare Part D beneficiaries, and annual fees based on pharmaceutical companies' share of sales to federal healthcare programs. Even if favorable coverage and reimbursement status is attained for one or more products for which we receive regulatory approval, less favorable coverage policies and reimbursement rates may be implemented in the future.

New Legislation and Regulations

From time to time, legislation is drafted, introduced and passed in Congress that could significantly change the statutory provisions governing the testing, approval, manufacturing and marketing of products regulated by the FDA. For example, the FDAAA, ACA and FDASIA provisions discussed above were enacted in 2007, 2010 and 2012, respectively. In addition to new legislation, FDA regulations and policies are often revised or interpreted by the agency in ways that may significantly affect our business and our products. It is impossible to predict whether further legislative changes will be enacted, or FDA regulations, guidance, policies or interpretations changed or what the impact of such changes, if any, may be.

Healthcare Law and Regulation

Healthcare providers, physicians and third-party payors play a primary role in the recommendation and prescription of any product candidates for which we may obtain marketing approval. Our future arrangements with third-party payors and customers may expose us to broadly applicable fraud and abuse and other healthcare laws and regulations that may constrain the business or financial arrangements and relationships through which we market, sell and distribute our products for which we obtain marketing approval. Restrictions under applicable federal and state healthcare laws and regulations, include the following:

- the federal healthcare Anti-Kickback Statute prohibits, among other things, persons from knowingly and willfully soliciting, offering, receiving or providing remuneration, directly or indirectly, in cash or in kind, to induce or reward either the referral of an individual for, or the purchase, order or recommendation of, any good or service, for which payment may be made, in whole or in part, under a federal healthcare program such as Medicare and Medicaid;
- the federal False Claims Act imposes civil penalties, and provides for civil whistleblower or qui tam actions, against individuals or entities for knowingly presenting, or causing to be presented, to the federal government, claims for payment that are false or fraudulent or making a false statement to avoid, decrease or conceal an obligation to pay money to the federal government;
- the federal Health Insurance Portability and Accountability Act of 1996, or HIPAA, imposes criminal and civil liability for executing a scheme to defraud any healthcare benefit program or making false statements relating to healthcare matters;
- HIPAA, as amended by the Health Information Technology for Economic and Clinical Health Act and its implementing regulations, also imposes obligations, including mandatory contractual terms, with respect to safeguarding the privacy, security and transmission of individually identifiable health information;
- the federal false statements statute prohibits knowingly and willfully falsifying, concealing or covering up a material fact or making any materially false statement in connection with the delivery of or payment for healthcare benefits, items or services;
- the federal transparency requirements under the Health Care Reform Law will require manufacturers of drugs, devices, biologics and medical supplies to report to the Department of Health and Human Services information related to payments and other transfers of value to physicians and teaching hospitals and physician ownership and investment interests; and
- analogous state and foreign laws and regulations, such as state anti-kickback and false claims laws, may apply to sales or marketing arrangements and claims involving healthcare items or services reimbursed by non-governmental third-party payors, including private insurers.

Some state laws require pharmaceutical companies to comply with the pharmaceutical industry's voluntary compliance guidelines and the relevant compliance guidance promulgated by the federal government in addition to requiring drug manufacturers to report information related to payments to physicians and other healthcare providers or marketing expenditures. State and foreign laws also govern the privacy and security of health information in some circumstances, many of which differ from each other in significant ways and often are not preempted by HIPAA, thus complicating compliance efforts.

Efforts to ensure that our business arrangements with third parties will comply with applicable healthcare laws and regulations will involve substantial costs. It is possible that governmental authorities will conclude that our business practices may not comply with current or future statutes, regulations or case law involving applicable fraud and abuse or other healthcare laws and regulations. If our operations are found to be in violation of any of these laws or any other governmental regulations that may apply to us, we may be subject to significant civil, criminal and administrative penalties, damages, fines, exclusion from government funded healthcare programs, such as Medicare and Medicaid, and the curtailment or restructuring of our operations. If any of the

physicians or other providers or entities with whom we expect to do business are found to be not in compliance with applicable laws, they may be subject to criminal, civil or administrative sanctions, including exclusions from government funded healthcare programs.

Employees

As of August 31, 2013, we had 22 full-time employees, including a total of five employees with M.D. or Ph.D. degrees. Of our workforce, 14 employees are engaged in research and development. None of our employees are represented by labor unions or covered by collective bargaining agreements. We consider our relationship with our employees to be good.

Facilities

Our principal facilities consist of office space in New York, New York and Princeton, New Jersey. We occupy approximately 4,000 square foot of office space in New York, New York under a lease that expires in 2020 and that allows us to expand our office space to approximately 7,000 square feet. We occupy approximately 4,000 square feet of office space in Princeton, New Jersey under a lease that expires on September 30, 2013. We have an arrangement that allows us to continue to occupy this space until October 31, 2013. We do not intend to renew our lease for this office space and believe that replacement office space is available on commercially reasonable terms. We also occupy approximately 1,800 square feet of additional office space in Princeton, New Jersey under a lease that expires in September 2016.

Legal Proceedings

We are not currently subject to any material legal proceedings.

MANAGEMENT

The following table sets forth the name, age and position of each of our executive officers and directors as of August 31, 2013.

Name	Age	Position
David R. Guyer, M.D.	53	Chief Executive Officer and Chairman of our Board of Directors
Samir C. Patel, M.D.	53	President and Vice Chairman of our Board of Directors
Bruce Peacock	62	Chief Financial and Business Officer
Axel Bolte (1)(3)	41	Director
Thomas Dyrberg, M.D., D.M.Sc. (2)(3)	58	Director
Nicholas Galakatos, Ph.D. (1)(2)	55	Director
Michael Ross, Ph.D (2)(3)	64	Director
Glenn Sblendorio (1)	57	Director

(1) Member of the Audit Committee
(2) Member of the Compensation Committee
(3) Member of the Nominating and Corporate Governance Committee

David R. Guyer, M.D. is a co-founder of our company and has served as Chairman of our board of directors since our inception in January 2007 and as our Chief Executive Officer since April 2013. Prior to serving as our Chief Executive Officer, Dr. Guyer, served as a Partner at SV Life Sciences, a venture capital firm, from 2009 to 2013, and as a Venture Partner at SV Life Sciences from 2006 to 2009. Dr. Guyer co-founded Eyetech Pharmaceuticals Inc. and served as Chief Executive Officer and as a member of its board of directors from 2000 to 2006. Prior to co-founding Eyetech Pharmaceuticals, Dr. Guyer was a Professor and served as Chairman of the Department of Ophthalmology at New York University School of Medicine. Dr. Guyer received a B.S. from Yale College and an M.D. from Johns Hopkins Medical School. Dr. Guyer completed his ophthalmology residency at Wilmer Ophthalmological Institute, Johns Hopkins Hospital and a retinal fellowship at the Massachusetts Eye and Ear Infirmary at Harvard Medical School. We believe that Dr. Guyer is qualified to serve on our board of directors because of his extensive executive leadership experience, his extensive experience in the life sciences industry as an entrepreneur and venture capital investor, and his service on our board of directors and the board of directors of other life sciences companies.

Samir C. Patel, M.D. is a co-founder of our company and has served as our President and a member of our board of directors since our inception in January 2007. Dr. Patel served as our Chief Executive Officer from our inception until April 2013. Dr. Patel co-founded Eyetech Pharmaceuticals and served as its Chief Medical Officer and as a member of its board of directors from 2000 to 2006. Prior to co-founding Eyetech Pharmaceuticals, Dr. Patel was an Associate Professor and served as director of the Retina Service in the residency program in the Department of Ophthalmology and Visual Science at the University of Chicago. Dr. Patel received a B.A. from Boston University and an M.D. from the University of Massachusetts Medical School. Dr. Patel completed his ophthalmology training at the University of Chicago and his training in retinal surgery from the Massachusetts Eye and Ear Infirmary at the Harvard Medical School. We believe that Dr. Patel is qualified to serve on our board of directors because of his extensive experience in the life sciences industry and as an entrepreneur and his many years of service as our Chief Executive Officer.

Bruce A. Peacock has served as our Chief Financial Officer since August 2013 and our Chief Business Officer since September 2010 and is also our secretary and treasurer. Since May 2006, Mr. Peacock also has served as a Venture Partner at SV Life Sciences, a venture capital firm. Mr. Peacock served as President and Chief Executive Officer of Alba Therapeutics, a biopharmaceutical company, from April 2008 to February 2011, and has served as Co-Chairman of the board of directors of Alba Therapeutics since April 2008. Prior to joining SV Life Sciences, Mr. Peacock served as Chief Executive Officer and a Director of The Little Clinic, a medical

care services company. Previously, Mr. Peacock served as President and Chief Executive Officer and a director of Adolor Corporation, a publicly-held biotechnology company; as President, Chief Executive Officer and a member of the board of directors of Orthovita, Inc., a publicly-held orthopaedic biomaterials company; as Executive Vice President, Chief Operating Officer and a member of the board of directors of Cephalon, Inc.; as Chief Financial Officer of Cephalon, Inc.; and as Chief Financial Officer of Centocor, Inc. Mr. Peacock serves as a member of the boards of directors of Discovery Laboratories, Inc., Invisible Sentinel Inc. and Ocean Power Technologies, Inc. and has served as a member of the boards of directors of Pharmacopeia, Inc., Ligand Pharmaceuticals Incorporated, and NeurogesX, Inc. Mr. Peacock earned a bachelor's degree in Business Administration from Villanova University and is a certified public accountant.

Axel Bolte has served as a member of our board of directors since August 2007. Since March 2003, Mr. Bolte has served as investment advisor to HBM Partners AG, a provider of investment advisory services in the life sciences industry. From March 2001 to February 2003, Mr. Bolte was an investment manager of NMT New Medical Technologies AG, a Swiss venture capital company focused on life sciences. Prior to joining NMT New Medical Technologies AG, Mr. Bolte served as a scientist at Serono SA, a biotechnology company. He currently serves or has served on the board of directors of several biotechnology companies, including Newron Pharmaceuticals SpA, Nabriva Therapeutics AG, PTC Therapeutics, Inc., MPex Pharmaceuticals, Inc., Lux Biosciences, Inc. and Kolltan Pharmaceuticals, Inc. Mr. Bolte received a degree in Biochemistry from the Swiss Federal Institute of Technology, Zurich, Switzerland and an M.B.A. from the University of St. Gallen, Switzerland. We believe that Mr. Bolte is qualified to serve on our board of directors because of his many years of service as one of our directors, his extensive experience as a venture capital investor in the life sciences industry and his service on the board of directors of other life sciences companies.

Thomas Dyrberg, M.D., D.M.Sc. has served as a member of our board of directors since August 2007. In December 2000, Dr. Dyrberg joined Novo A/S, a limited liability company wholly-owned by the Novo Nordisk Foundation that is responsible for managing the Foundation's assets, where he serves as a Senior Partner. Dr. Dyrberg serves or has served on the board of directors of Veloxis A/S, Lux Biosciences, Inc., Allocure Inc., Delenex AG, Sapphire Inc., Gloucester Inc. and Hemofocus A/S. In 1990, he joined Novo Nordisk A/S, initially working in Health Care Discovery. From 1996 to 2000, Dr. Dyrberg served as an International Clinical Project Manager at Novo Nordisk A/S. Dr. Dyrberg received a D.M.Sc and an M.D. from the University of Copenhagen. Dr. Dyrberg has held research positions at the Hagedorn Research Institute in Denmark, and at the Scripps Research Institute in California. We believe that Dr. Dyrberg is qualified to serve on our board of directors because of his many years of industry experience, his extensive experience as a venture capital investor in the life sciences industry and his service on the board of directors of other life sciences companies.

Nicholas Galakatos, Ph.D. has served as a member of our board of directors since December 2009. Dr. Galakatos co-founded and has served as a Managing Director of Clarus Ventures, a global venture capital firm focused on life science investments, since its inception in 2005. Dr. Galakatos has been a venture capital investor since 1992, initially at Venrock Associates and then at MPM Capital where he served as a General Partner of the BioVentures II and BioVentures III funds. From 1997 to 2000, Dr. Galakatos served as Vice President, New Business and a member of the Management Team at Millennium Pharmaceuticals, Inc. (presently Takeda). Dr. Galakatos currently serves or has served on the board of directors of several other biotechnology companies, including Affymax, Inc., Aveo Pharmaceuticals, Inc., NanoString Technologies, Inc., Catabasis Pharmaceuticals, Inc. and Portola Pharmaceuticals, Inc. Dr. Galakatos received a B.A. in Chemistry from Reed College and a Ph.D. in organic chemistry from the Massachusetts Institute of Technology. Dr. Galakatos performed postdoctoral studies in Molecular Biology at Harvard Medical School. We believe that Dr. Galakatos is qualified to serve on our board of directors because of his many years of service as one of our directors, his extensive experience in the life sciences industry and his service on the board of directors of other life sciences companies.

Michael Ross, Ph.D. has served as a member of our board of directors since May 2013. Dr. Ross has served as a Managing Partner at SV Life Sciences, a venture capital firm, since January 2001. Dr. Ross served as a

Managing Partner at Didyma, LLC, a biotechnology management consulting firm, from 1999 to 2002. Previously, Dr. Ross served as the Chief Executive Officer of CyThera, Inc., Carta Proteomics Inc., MetaXen LLC and Arris Pharmaceutical Corporation. Earlier in his career, Dr. Ross was employed at Genentech, serving in several roles, including Vice President of Development and later Vice President of Medicinal and Biomolecular Chemistry. Dr. Ross serves or has served on the boards of directors of Arris Pharmaceutical Corporation and Archemix Corp., and the board of directors of the Thayer School of Engineering at Dartmouth College. Dr. Ross received an A.B. from Dartmouth College, a Ph.D. in chemistry from the California Institute of Technology and completed post doctorate training in molecular biology at Harvard University. We believe that Dr. Ross is qualified to serve on our board of directors because of his extensive executive leadership experience and knowledge of the life sciences industry and his service on the board of directors of other life sciences companies.

Glenn Sblendorio has served as a member of our board of directors since July 2013. Mr. Sblendorio currently serves as the Chief Financial Officer and President of The Medicines Company, a medical solutions company, which he joined in March 2006. Mr. Sblendorio has served as a member of the board of directors of The Medicines Company since July 2011 and of Amicus Therapeutics Inc. since June 2007. Prior to joining The Medicines Company, Mr. Sblendorio served as Executive Vice President and Chief Financial Officer of Eyetech Pharmaceuticals, Inc. from February 2002 until it was acquired by OSI Pharmaceuticals, Inc. in November 2005. From July 2000 to February 2002, Mr. Sblendorio served as Senior Vice President of Business Development at The Medicines Company. Mr. Sblendorio received a B.B.A. from Pace University and an M.B.A. from Fairleigh Dickinson University. We believe that Mr. Sblendorio is qualified to serve on our board of directors because of his extensive executive leadership experience, finance and accounting background, knowledge of the life sciences industry and service on the board of directors of other life sciences companies.

Board Composition and Election of Directors

Our board of directors is currently authorized to have eight members. Our board currently consists of seven members. Following this offering, we anticipate possibly appointing an additional independent director to our board of directors. In accordance with the terms of our certificate of incorporation and bylaws that will become effective upon the closing of this offering, our board of directors will be divided into three classes, class I, class II and class III, with members of each class serving staggered three-year terms. Upon the closing of this offering, the members of the classes will be divided as follows:

- the class I directors are Dr. Galakatos and Dr. Ross, and their term expires at our annual meeting of stockholders to be held in 2014;
- the class II directors are Mr. Bolte and Dr. Patel, and their term expires at our annual meeting of stockholders to be held in 2015; and
- the class III directors are Dr. Dyrberg, Dr. Guyer and Mr. Sblendorio, and their term expires at our annual meeting of stockholders to be held in 2016.

Upon the expiration of the term of a class of directors, directors in that class are eligible to be elected for a new three-year term at the annual meeting of stockholders in the year in which their term expires. In accordance with the terms of our certificate of incorporation and bylaws that will become effective upon the closing of this offering, our directors may be removed only for cause by the affirmative vote of the holders of 75% or more of our voting stock.

Under applicable NASDAQ rules, a director will only qualify as an “independent director” if, in the opinion of our board of directors, that person does not have a relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. Our board of directors intends to review its composition, the composition of its committees and the independence of each director according to the independence standards established by applicable SEC rules and NASDAQ rules. In making an independence

determination, the board of directors will consider the relationships that each such non-employee director has with our company and all other facts and circumstances that the board of directors deems relevant in determining their independence, including the beneficial ownership of our capital stock by each non-employee director.

There are no family relationships among any of our directors or executive officers.

Board Committees

Our board of directors has established an audit committee, a compensation committee and a nominating and corporate governance committee, each of which will operate, as of the date of this prospectus, under a charter that has been approved by our board. The composition of each committee will be effective as of the date of this prospectus.

Our board of directors has determined that all of the members of the audit committee, the compensation committee and the nominating and corporate governance committee are independent as defined under the NASDAQ rules, including, in the case of all the members of our audit committee, the independence requirements contemplated by Rule 10A-3 under the Exchange Act. In making such determination, our board of directors considered the relationships that each such director has with our company and all other facts and circumstances that our board of directors deemed relevant in determining independence, including the beneficial ownership of our capital stock by each non-employee director.

Audit Committee

The members of our audit committee are Mr. Sblendorio, Mr. Bolte and Dr. Galakatos. Mr. Sblendorio chairs our audit committee. Our audit committee's responsibilities will include:

- appointing, approving the compensation of, and assessing the independence of our registered public accounting firm;
- overseeing the work of our independent registered public accounting firm, including through the receipt and consideration of reports from such firm;
- reviewing and discussing with management and our independent registered public accounting firm our annual and quarterly financial statements and related disclosures;
- monitoring our internal control over financial reporting, disclosure controls and procedures and code of business conduct and ethics;
- overseeing our internal audit function;
- overseeing our risk assessment and risk management policies;
- establishing policies regarding hiring employees from our independent registered public accounting firm and procedures for the receipt and retention of accounting related complaints and concerns;
- meeting independently with our internal auditing staff, our independent registered public accounting firm and management;
- reviewing and approving or ratifying any related person transactions; and
- preparing the audit committee report required by Securities and Exchange Commission, or SEC, rules.

All audit and non-audit services, other than *de minimis* non-audit services, to be provided to us by our independent registered public accounting firm must be approved in advance by our audit committee.

Our board of directors has determined that Mr. Sblendorio is an "audit committee financial expert" as defined in applicable SEC rules.

Compensation Committee

The members of our compensation committee are Dr. Galakatos, Dr. Dyrberg and Dr. Ross. Dr. Galakatos chairs our compensation committee. Our compensation committee's responsibilities will include:

- reviewing and approving, or making recommendations to our board with respect to, the compensation of our chief executive officer and our other executive officers;
- overseeing an evaluation of our senior executives;
- overseeing and administering our cash and equity incentive plans;
- reviewing and making recommendations to our board with respect to director compensation;
- reviewing and discussing annually with management our compensation disclosure required by SEC rules; and
- preparing the compensation committee report required by SEC rules.

Nominating and Corporate Governance Committee

The members of our nominating and corporate governance committee are Dr. Dyrberg, Mr. Bolte and Dr. Ross. Dr. Dyrberg chairs our nominating and corporate governance committee. Our nominating and corporate governance committee's responsibilities will include:

- identifying individuals qualified to become members of our board;
- recommending to our board the persons to be nominated for election as directors and to each of our board's committees;
- reviewing and making recommendations to our board with respect to our board leadership structure;
- reviewing and making recommendations to our board with respect to management succession planning;
- developing and recommending to our board corporate governance principles; and
- overseeing a periodic evaluation of our board.

Compensation Committee Interlocks and Insider Participation

None of our executive officers serves as a member of the board of directors or compensation committee, or other committee serving an equivalent function, of any other entity that has one or more of its executive officers serving as a member of our board of directors or our compensation committee. None of the members of our compensation committee is, or has ever been, an officer or employee of our company.

EXECUTIVE COMPENSATION

This section describes the material elements of compensation awarded to, earned by or paid to each of our named executive officers in 2012. Our named executive officers for 2012 are Samir C. Patel, who served as our President and Chief Executive Officer during 2012, Bruce Peacock, who served as our Chief Business Officer during 2012, and Evelyn Harrison, who served as our Chief Operating Officer during 2012. This section also provides qualitative information regarding the manner and context in which compensation is awarded to and earned by our executive officers and is intended to place in perspective the data presented in the tables and narrative that follow.

Summary Compensation Table

The following table sets forth information regarding compensation awarded to, earned by or paid to our named executive officers during 2012.

Name and principal position	Year	Salary ($)	Option Awards ($) (1)	Non-Equity Incentive Plan Compensation ($) (2)	All Other Compensation ($) (3)	Total ($)
Samir C. Patel, M.D. (4) *President and previously Chief Executive Officer*	2012	434,765	77,558	177,308	26,162	715,793
Bruce Peacock *Chief Business Officer*	2012	362,305	38,799	105,727	1,072	507,903
Evelyn Harrison *Chief Operating Officer*	2012	319,552	14,542	68,381	9,197	411,672

(1) The amounts reported in the "Option Awards" column reflect the aggregate fair value of share-based compensation awarded during the year computed in accordance with the provisions of Financial Accounting Standards Board Accounting Standard Codification, or ASC, Topic 718. See Note 12 to our financial statements appearing at the end of this prospectus regarding assumptions underlying the valuation of equity awards.

(2) The amounts reported in the "Non-Equity Incentive Plan Compensation" column represent awards to our named executive officers under our annual cash bonus program.

(3) The compensation included in the "All Other Compensation" column consists of premiums we paid with respect to each of our named executive officers for (a) medical, dental and vision insurance, (b) personal accident insurance, (c) life insurance, (d) long-term disability insurance, (e) short-term disability insurance, and fees related to an education assistance program, In particular, with respect to Dr. Patel and Ms. Harrison, we paid medical, dental and vision insurance premiums of $25,086 and $8,125, respectively.

(4) Dr. Patel also serves as a member of our board of directors but does not receive any additional compensation for his service as a director. Dr. Patel served as our Chief Executive Officer until April 2013.

In 2012, we paid base salaries of $434,765 to Dr. Patel, $362,305 to Mr. Peacock and $319,552 to Ms. Harrison. Base salaries are used to recognize the experience, skills, knowledge and responsibilities required of all our employees, including our named executive officers. None of our named executive officers is currently party to an employment agreement or other agreement or arrangement that provides for automatic or scheduled increases in base salary.

In addition, for 2012, we paid performance-based bonuses of $177,308 to Dr. Patel, $105,727 to Mr. Peacock and $68,381 to Ms. Harrison. The performance-based bonuses, which are calculated as a percentage of base salary, are designed to motivate our employees to achieve annual goals based on our strategic, financial, and operating performance objectives.

Although we do not have a formal policy with respect to the grant of equity incentive awards to our executive officers, or any formal equity ownership guidelines applicable to them, we believe that equity grants provide our executives with a strong link to our long-term performance, create an ownership culture and help to align the interests of our executives and our stockholders. In addition, we believe that equity grants with a time-based vesting feature promote executive retention because this feature incents our executive officers to remain in our employment during the vesting period. Accordingly, our board of directors periodically reviews the equity incentive compensation of our named executive officers and from time to time may grant equity incentive awards to them in the form of stock options. In 2012, based upon our overall performance, we granted to Dr. Patel an option to purchase 67,796 shares of our common stock, to Mr. Peacock an option to purchase 33,898 shares of our common stock and to Ms. Harrison an option to purchase 12,711 shares of our common stock.

Outstanding Option Awards at December 31, 2012

The following table sets forth information regarding outstanding stock options held by our named executive officers as of December 31, 2012:

Name	Number of Securities Underlying Unexercised Options Exercisable (#)	Number of Securities Underlying Unexercised Options Unexercisable (#)	Option Exercise Price ($/share)	Option Expiration Date
Samir C. Patel, M.D.	101,686	—	$ 1.59	5/17/2020
	77,788	11,115(1)	$ 1.59	5/17/2020
	5,602	2,334(2)	$ 1.59	5/17/2020
	24,919	12,458(3)	$ 1.59	5/17/2020
	22,810	34,816(4)	$ 1.65	5/10/2021
	11,299	56,497(5)	$ 1.65	4/8/2022
Bruce Peacock	118,738	118,737(6)	$ 1.65	9/27/2020
	55,870	17,071(7)	$ 1.65	9/27/2020
	9,571	11,230(8)	$ 1.65	5/10/2021
	1,163	5,154(9)	$ 1.65	5/10/2021
	5,650	28,248(5)	$ 1.65	4/8/2022
Evelyn Harrison	17,383	—	$ 0.11	3/3/2018
	3,392	—	$ 0.11	4/13/2018
	6,893	—	$ 0.11	12/8/2018
	6,001	—	$ 0.17	5/13/2019
	2,833	—	$ 1.59	12/2/2019
	9,290	403(10)	$ 1.59	2/2/2020
	9,852	5,402(11)	$ 1.65	5/10/2021
	2,119	10,593(5)	$ 1.65	4/8/2022

(1) The unvested shares vest monthly in approximately equal amounts through May 2013.
(2) The unvested shares vest monthly in approximately equal amounts through October 2013.
(3) The unvested shares vest monthly in approximately equal amounts through December 2013.
(4) The unvested shares vest monthly in approximately equal amounts through May 2015.
(5) The unvested shares vest monthly in equal amounts through April 2016.
(6) The unvested shares vest monthly as to 4,947 shares from January 2013 to October 2013; 5,031 shares in November 2013; 6,026 in December 2013; and in approximately equal amounts from January 2014 to September 2014.
(7) The unvested shares vest monthly as to 1,519 shares from January 2013 to October 2013; 1,435 shares in November 2013; and 440 shares in December 2013.
(8) The unvested shares vest monthly as to 564 shares from January 2013 to December 2013; 497 shares in May 2014; and 564 shares from June 2014 to December 2014.
(9) The unvested shares vest monthly as to 564 shares from January 2014 to April 2014; 67 shares in May 2014; 564 shares from January 2015 to April 2015; and 566 shares in May 2015.
(10) The unvested shares vest monthly in equal amounts through February 2014.
(11) The unvested shares vest monthly in equal amounts through May 2015.

In April 2013, our board of directors granted stock options to Dr. Guyer in connection with his appointment as Chief Executive Officer. In May 2013, our board of directors granted stock options to Dr. Patel in recognition of his continued service as President. The following table sets forth information regarding these grants to Dr. Guyer and to Dr. Patel.

Name	Option Award (#)	Exercise Price per share	Grant Date Fair Value
David R. Guyer, M.D. *Chief Executive Officer*	674,958	$ 10.03	$6.96
Samir C. Patel, M.D.	56,858[1]	$ 13.22	$9.24
President	56,858[2]	$ 13.22	$9.24

(1) The unvested shares vest monthly in equal amounts.

(2) This option is subject to performance-based vesting. The unvested shares vest upon the occurrence of certain milestones.

Employment Agreements with Executive Officers

We have written employment agreements with Dr. Guyer, Dr. Patel and Mr. Peacock. Dr. Patel's agreement provides for an employment term of one year, with the term automatically renewing for successive one-year terms, unless we or Dr. Patel give written notice of non-renewal at least 90 days prior to the renewal date. Our agreements with Dr. Guyer and Mr. Peacock do not have a stated term. The agreements with each of Dr. Guyer, Dr. Patel and Mr. Peacock provide for at-will employment. In addition, each of our executive officers are subject to invention assignment, non-disclosure, non-competition and non-solicitation agreements, either directly under their employment agreements or through separate agreements that were executed and delivered by the executives in connection with their employment agreements.

Pursuant to these agreements, each of our executive officers is entitled to receive an annual base salary as follows: Dr. Guyer $520,000; Dr. Patel $448,000; and Mr. Peacock $373,349.

In addition, following the end of each calendar year, each executive is eligible to receive an annual bonus based on the achievement of individual and company performance objectives, which will be determined by our board of directors in its sole discretion. The bonus is calculated as a percentage of the executive's annual base salary. For any calendar year that includes or follows the consummation of this offering, the target bonus percentages for each executive officer are as follows: Dr. Guyer 60%; Dr. Patel 37.5%; and Mr. Peacock 35%. Except as otherwise provided in their respective employment agreements, each executive must be actively employed on the date the bonus is paid in order to be eligible for and receive his annual bonus.

Potential Payments Upon Termination or Change in Control

Upon execution and effectiveness of a separation agreement and release of claims, each executive officer is entitled to severance payments if his employment is terminated under specified circumstances.

Dr. Guyer. If we terminate Dr. Guyer's employment without cause or if Dr. Guyer terminates his employment with us for good reason, each as defined in his employment agreement, Dr. Guyer is entitled to receive a lump sum payment in an amount equal to 12 months of his base salary; a pro-rated portion of his target bonus for the year in which his employment terminates; and continued coverage, at our expense, under our medical and dental benefit plans for 12 months immediately following the date of termination of his employment.

Upon the occurrence of a change in control event, as defined in our 2007 plan, subject to Dr. Guyer's continued employment as of the date of such event, or termination of Dr. Guyer's employment by us without

cause within 75 days prior to (and in contemplation of) such event, the options awarded to Dr. Guyer in connection with his appointment as Chief Executive Officer in April 2013 become immediately exercisable in full with respect to all the unvested shares subject to such options.

Dr. Patel. If we terminate Dr. Patel's employment without cause or Dr. Patel terminates his employment with us for good reason, each as defined in his employment agreement, Dr. Patel is entitled to receive an amount equal to 12 months of his base salary payable in 12 equal monthly installments. If such termination occurs on a date within six months following the completion of this offering, Dr. Patel will retain the right to exercise any vested options held by him on the date his employment terminates for the nine-month period following the closing of the offering (provided such period does not extend beyond the maximum term of his options). If such termination occurs on or after the date that is six months following the completion of this offering, Dr. Patel will retain the right to exercise any vested options held by him on the date his employment terminates for three months following such termination.

Mr. Peacock. If we terminate Mr. Peacock's employment without cause or if Mr. Peacock terminates his employment with us for good reason, each as defined in his employment agreement, Mr. Peacock is entitled to receive an amount equal to nine months of his base salary payable in nine equal monthly installments and continued coverage, at our expense, under our medical and dental benefit plans for nine months immediately following the termination of his employment.

If we or our successor terminates Mr. Peacock's employment without cause or if Mr. Peacock terminates his employment with us or our successor for good reason, in each case within the one-year period following a change in control event, as defined in our 2007 plan, and such event also constitutes a "change in control event" within the meaning of the regulations promulgated under Section 409A of the Internal Revenue Code, as amended, or the Code, in addition to the payments and other benefits described above, Mr. Peacock is also entitled to receive an amount equal to his target bonus for the year in which his employment terminates.

Alternatively (and not in addition to the payments described above), if, following Mr. Peacock attaining the age of 63, which will occur in June 2014, he voluntarily terminates his employment on or after the earlier of the date that is one year following the completion of this offering and November 15, 2014, Mr. Peacock is entitled to receive an amount equal to 12 months of his base salary payable in 12 equal monthly installments; his target bonus for the year in which his employment terminates; the bonus he would have otherwise been entitled to receive for the year in which his employment terminates, had he remained an employee for the entire calendar year; and continued coverage, at our expense, under our medical and dental benefit plans for 12 months immediately following the termination of his employment. In addition, Mr. Peacock will be entitled to receive an offer to enter into a consulting arrangement with us following such a termination of his employment, in connection with which he will be entitled to receive, in exchange for the provision of consulting services: one twelfth of his then-current annualized base salary for each of the first three months he provides consulting services to us; 75% of such amount for each of the next three months during which he provides consulting services to us; and 50% of such amount for each of the following six months during which he provides consulting services to us. Provided Mr. Peacock is then providing consulting services to us, upon the occurrence of a change in control event, as defined in our 2007 plan, that also constitutes a "change in control event" within the meaning of the regulations promulgated under Section 409A of the Code, or in the event of our termination of the consulting arrangement without cause, Mr. Peacock is entitled to receive a lump sum payment in an amount equal to the maximum amount of payments he could have received under the consulting arrangement had he provided consulting services for a full 12 month period (less any amounts he has already received). Mr. Peacock's employment agreement provides that any fees for consulting services provided by Mr. Peacock following the first anniversary of his termination of employment will be negotiated at arm's length.

Taxation

To the extent that any payment, benefit, or distribution (or combination thereof) by us or any of our affiliates to Dr. Guyer pursuant to his employment agreement or any other agreement, plan or arrangement would

be subject to the excise tax imposed by Section 4999 of the Code, Dr. Guyer is entitled to receive an amount that, after payment of all applicable taxes by Dr. Guyer, is equal to the excise tax and any other applicable interest or penalties that Dr. Guyer may owe in connection with such excise tax.

Stock Option and Other Compensation Plans

The two equity incentive plans described in this section are our amended and restated 2007 stock incentive plan, as amended to date, or the 2007 plan, and our 2013 stock incentive plan. Prior to this offering, we granted awards to eligible participants under the 2007 plan. Following the closing of this offering, we expect to grant awards to eligible participants under the 2013 stock incentive plan.

Amended and Restated 2007 Stock Incentive Plan

The 2007 plan was adopted by our board of directors and approved by our stockholders in December 2007. The 2007 plan provides for the grant of incentive stock options, nonstatutory stock options, restricted stock awards, restricted stock unit awards, stock appreciation rights and other stock-based awards. Our employees, officers, directors, consultants and advisors are eligible to receive awards under our 2007 plan; however, incentive stock options may only be granted to our employees. A maximum of 3,899,868 shares of our common stock are authorized for issuance under the 2007 plan.

The type of award granted under our 2007 plan and the terms of such award are set forth in the applicable award agreement.

Effect of Certain Changes in Capitalization.

Upon the occurrence of any of a stock split, reverse stock split, stock dividend, recapitalization, combination of shares, reclassification of shares, spin-off or other similar change in capitalization or event, or any dividend or distribution to holders of common stock other than an ordinary cash dividend, our board of directors shall equitably adjust:

- the number and class of securities available under the 2007 plan;
- the number and class of securities and exercise price per share of each outstanding option;
- the number of shares subject to and the repurchase price per share subject to each outstanding restricted stock award; and
- the terms of each other outstanding award under the 2007 plan.

Effect of Certain Corporate Transactions

Upon the occurrence of a merger or consolidation of the company with or into another entity, as a result of which all of the outstanding shares of our common stock are exchanged for cash, securities or other property or is cancelled, or any exchange of all of the outstanding shares of our common stock for cash, securities or other property pursuant to a share exchange transaction or upon a liquidation or dissolution of the company, our board of directors may take any one or more of the following actions:

- provide that awards shall be assumed, or substantially equivalent awards shall be substituted, by the acquiring or succeeding corporation (or an affiliate thereof);
- upon written notice to a plan participant, provide that the participant’s unexercised awards will terminate immediately prior to the consummation of such transaction unless exercised by the participant within a specified period;
- provide that outstanding awards shall become exercisable, realizable, or deliverable, or restrictions applicable to an award shall lapse, in whole or in part prior to or upon such transaction;

- in the event of such a transaction, under the terms of which holders of common stock will receive upon consummation thereof a cash payment for each share surrendered in the transaction, make or provide for a cash payment to a plan participant;
- provide that, in connection with a liquidation or dissolution of the company, awards shall convert into the right to receive liquidation proceeds; or
- any combination of the foregoing.

Our board of directors does not need to take the same action with respect to all awards and may take different actions with respect to portions of the same award.

Effect of a Change of Control

Pursuant to the terms of the 2007 plan, if, on or prior to the first anniversary of a change in control, the employment of a plan participant is terminated for good reason by the participant or without cause by the company, as such terms are defined in the 2007 plan:

- all unvested options then held by such participant shall immediately become exercisable in full; and
- all restricted stock then held by such participant shall immediately become free from all conditions or restrictions.

Our board of directors may at any time provide that any award will become immediately exercisable in full or in part, free from some or all restrictions or conditions, or otherwise realizable in full or in part, as the case may be.

As of August 31, 2013, there were options to purchase 2,622,866 shares of our common stock outstanding under the 2007 plan, at a weighted-average exercise price of $6.51 per share, and options to purchase 537,591 shares of our common stock had been exercised.

2013 Stock Incentive Plan

Our board of directors has adopted and our stockholders have approved the 2013 stock incentive plan, which will become effective immediately prior to the closing of this offering. The 2013 stock incentive plan provides for the grant of incentive stock options, nonstatutory stock options, stock appreciation rights, restricted stock awards, restricted stock unit awards, and other stock-based awards. Upon effectiveness of the 2013 stock incentive plan, the number of shares of our common stock that will be reserved for issuance under the 2013 stock incentive plan will be the sum of (1) the number of shares (up to 3,362,256 shares) equal to the sum of the number of shares of our common stock then available for issuance under the 2007 plan and the number of shares of our common stock subject to outstanding awards under the 2007 plan that expire, terminate or are otherwise surrendered, canceled, forfeited or repurchased by us at their original issuance price pursuant to a contractual repurchase right plus (2) an annual increase, to be added the first day of each fiscal year, beginning with the fiscal year ending December 31, 2014 and continuing until, and including, the fiscal year ending December 31, 2023, equal to the lowest of 2,542,372 shares of our common stock, 4% of the number of shares of our common stock outstanding on the first day of the fiscal year and an amount determined by our board of directors. Our employees, officers, directors, consultants and advisors are eligible to receive awards under the 2013 stock incentive plan. However, incentive stock options may only be granted to our employees.

Pursuant to the terms of the 2013 stock incentive plan, our board of directors (or a committee delegated by our board of directors) administers the plan and, subject to any limitations in the plan, selects the recipients of awards and determines:

- the number of shares of our common stock covered by options and the dates upon which the options become exercisable;
- the type of options to be granted;

- the duration of options, which may not be in excess of ten years;
- the exercise price of options, which must be at least equal to the fair market value of our common stock on the date of grant; and
- the number of shares of our common stock subject to and the terms of any stock appreciation rights, restricted stock awards, restricted stock units or other stock-based awards and the terms and conditions of such awards, including conditions for repurchase, measurement price, issue price and repurchase price (though the measurement price of stock appreciation rights must be at least equal to the fair market value of our common stock on the date of grant and the duration of such awards may not be in excess of ten years).

If our board of directors delegates authority to an executive officer to grant awards under the 2013 stock incentive plan, the executive officer has the power to make awards to all of our employees, except officers. Our board of directors will fix the terms of the awards to be granted by such executive officer, including the exercise price of such awards (which may include a formula by which the exercise will be determined), and the maximum number of shares subject to awards that such executive officer may make.

In the event of any stock split, reverse stock split, stock dividend, recapitalization, combination of shares, reclassification of shares, spin-off or other similar change in capitalization or event, or any dividend or distribution to holders of our common stock other than an ordinary cash dividend, our board of directors is required by the 2013 stock incentive plan to make equitable adjustments, in a manner determined by our board, to:

- the number and class of securities available and the share counting rules under the 2013 stock incentive plan;
- the number and class of securities and exercise price per share of each outstanding option;
- the share and per-share provisions and measurement price of each outstanding stock appreciation right;
- the number of shares and the repurchase price per share subject to each outstanding restricted stock award or restricted stock unit award; and
- the share and per-share-related provisions and purchase price, if any, of any outstanding other stock-based award.

Upon a merger or other reorganization event (as defined in our 2013 stock incentive plan), our board of directors may, in its sole discretion, take any one or more of the following actions pursuant to the 2013 stock incentive plan as to some or all outstanding awards other than restricted stock:

- provide that all outstanding awards shall be assumed, or substantially equivalent awards shall be substituted, by the acquiring or successor corporation (or an affiliate thereof);
- upon written notice to a participant, provide that all of the participant's unvested and/or unexercised awards will terminate immediately prior to the consummation of such reorganization event unless exercised by the participant;
- provide that outstanding awards shall become exercisable, realizable or deliverable, or restrictions applicable to an award shall lapse, in whole or in part, prior to or upon such reorganization event;
- in the event of a reorganization event pursuant to which holders of shares of our common stock will receive a cash payment for each share surrendered in the reorganization event, make or provide for a cash payment to the participants with respect to each award held by a participant equal to (1) the number of shares of our common stock subject to the vested portion of the award (after giving effect to any acceleration of vesting that occurs upon or immediately prior to such reorganization event) multiplied by (2) the excess, if any, of the cash payment for each share surrendered in the reorganization event over the exercise, measurement or purchase price of such award and any applicable tax withholdings, in exchange for the termination of such award; and/or

- provide that, in connection with a liquidation or dissolution, awards shall convert into the right to receive liquidation proceeds (if applicable, net of the exercise, measurement or purchase price thereof and any applicable tax withholdings).

Our board of directors does not need to take the same action with respect to all awards and may take different actions with respect to portions of the same award.

In the case of certain restricted stock units, no assumption or substitution is permitted, and the restricted stock units will instead be settled in accordance with the terms of the applicable restricted stock unit agreement.

Upon the occurrence of a reorganization event other than a liquidation or dissolution, the repurchase and other rights with respect to outstanding awards of restricted stock will continue for the benefit of the successor company and will, unless the board of directors may otherwise determine, apply to the cash, securities or other property into which shares of our common stock are converted or exchanged pursuant to the reorganization event. Upon the occurrence of a reorganization event involving a liquidation or dissolution, all restrictions and conditions on each outstanding restricted stock award will automatically be deemed terminated or satisfied, unless otherwise provided in the agreement evidencing the award of restricted stock.

At any time, our board of directors may, in its sole discretion, provide that any award under the 2013 stock incentive plan will become immediately exercisable in full or in part, free of some or all restrictions or conditions, or otherwise realizable in full or in part.

In addition, the 2013 stock incentive plan provides that, notwithstanding the provisions of the plan that may apply upon a reorganization event and except as otherwise provided for in the instrument evidencing an option or award of restricted stock or any other agreement between us and the participant, upon the occurrence of a change in control event (as defined in the 2013 stock incentive plan) each option shall become immediately exercisable and each award of restricted stock shall become immediately free from all conditions and restrictions, if, in either case, the employment of the participant holding such award is terminated by us (or our acquirer or successor) without cause (as defined in the 2013 stock incentive plan) or by the participant for good reason (as defined in the 2013 stock incentive plan), on or prior to the first anniversary of the date of the change in control event. Our board of directors may specify in an award at the time of grant the effect of a change in control event on any stock appreciation right, restricted stock unit or other stock-based award.

Unless our stockholders approve such action, the 2013 stock incentive plan provides that the we may not:

- amend any outstanding stock option or stock appreciation right granted under the plan to provide an exercise or measurement price per share that is lower than the then-current exercise or measurement price per share of such outstanding award;
- cancel any outstanding option or stock appreciation right (whether or not granted under the plan) and grant in substitution therefor new awards under the plan (other than as substitute awards in the event of a merger or consolidation involving us) covering the same or a different number of shares of common stock and having an exercise or measurement price per share lower than the then-current exercise or measurement price per share of the cancelled award;
- cancel in exchange for a cash payment any outstanding option or stock appreciation right with an exercise or measurement price per share above the then-current fair market value of our common stock; or
- take any other action that constitutes a “repricing” within the meaning of the rules of the NASDAQ Stock Market.

No award may be granted under the 2013 stock incentive plan on or after August 26, 2023. Our board of directors may amend, suspend or terminate the 2013 stock incentive plan at any time, except that stockholder approval may be required to comply with applicable law or stock market requirements.

401(k) Retirement Plan

We maintain a 401(k) retirement plan that is intended to be a tax-qualified defined contribution plan under Section 401(k) of the Internal Revenue Code. In general, all of our employees are eligible to participate, beginning on the first day of the month following commencement of their employment. The 401(k) plan includes a salary deferral arrangement pursuant to which participants may elect to reduce their current compensation by up to the statutorily prescribed limit, equal to $17,500 in 2013, and have the amount of the reduction contributed to the 401(k) plan.

Limitations on Liability and Indemnification

Our certificate of incorporation, which will become effective upon the closing of this offering, limits the personal liability of directors for breach of fiduciary duty to the maximum extent permitted by the Delaware General Corporation Law and provides that no director will have personal liability to us or to our stockholders for monetary damages for breach of fiduciary duty or other duty as a director. However, these provisions do not eliminate or limit the liability of any of our directors:

- for any breach of the director's duty of loyalty to us or our stockholders;
- for acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of law;
- for voting for or assenting to unlawful payments of dividends, stock repurchases or other distributions; or
- for any transaction from which the director derived an improper personal benefit.

Any amendment to or repeal of these provisions will not eliminate or reduce the effect of these provisions in respect of any act, omission or claim that occurred or arose prior to such amendment or repeal. If the Delaware General Corporation Law is amended to provide for further limitations on the personal liability of directors of corporations, then the personal liability of our directors will be further limited to the greatest extent permitted by the Delaware General Corporation Law.

In addition, our certificate of incorporation, which will become effective upon the closing of this offering, provides that we must indemnify our directors and officers and we must advance expenses, including attorneys' fees, to our directors and officers in connection with legal proceedings, subject to very limited exceptions.

We maintain a general liability insurance policy that covers certain liabilities of our directors and officers arising out of claims based on acts or omissions in their capacities as directors or officers. In addition, we have entered into indemnification agreements with our directors. These indemnification agreements may require us, among other things, to indemnify each such director for some expenses, including attorneys' fees, judgments, fines and settlement amounts incurred by him in any action or proceeding arising out of his service as one of our directors.

Certain of our non-employee directors may, through their relationships with their employers, be insured and/or indemnified against certain liabilities incurred in their capacity as members of our board of directors.

Rule 10b5-1 Sales Plans

Our directors and executive officers may adopt written plans, known as Rule 10b5-1 plans, in which they will contract with a broker to buy or sell shares of our common stock on a periodic basis. Under a Rule 10b5-1 plan, a broker executes trades pursuant to parameters established by the director or officer when entering into the plan, without further direction from the director or officer. It also is possible that the director or officer could amend or terminate the plan when not in possession of material, nonpublic information. In addition, our directors and executive officers may buy or sell additional shares outside of a Rule 10b5-1 plan when they are not in possession of material, nonpublic information.

Director Compensation

Dr. Guyer, Chairman of our board of directors who now also serves as our Chief Executive Officer, does not receive any additional compensation for his service as a director.

Dr. Patel, the Vice Chairman of our board of directors who also serves as our President, does not receive any additional compensation for his service as a director.

Mr. Sblendorio received an option to purchase 15,084 shares of our common stock in connection with his election to our board of directors. The stock options granted to Mr. Sblendorio have an exercise price equal to the fair market value of our common stock on the date of grant and will expire ten years after the date of grant. The stock options granted to Mr. Sblendorio vest according to the same schedule as the initial stock option grants that are contemplated for our other non-employee directors and which are described below.

Following this offering, our non-employee directors will be compensated for their services on our board of directors as follows:

- each non-employee director will receive an option to purchase 22,033 shares of our common stock upon his or her initial election or appointment to our board of directors; similar awards will also be made to each currently-serving non-employee director (other than Mr. Sblendorio) as of the twenty-first trading day of our common stock on the NASDAQ Global Market, at which time a supplemental award of an option to purchase an additional 6,949 shares will be granted to Mr. Sblendorio;
- each non-employee director who has served on our board of directors for at least six months will receive an annual grant of an option to purchase 9,322 shares of our common stock on the date of the first meeting of our board of directors held after each annual meeting of stockholders;
- each non-employee director will receive an annual fee of $40,000; and
- each non-employee director who serves as chairman of a committee of our board of directors will receive additional compensation as follows:
    - chairman of the audit committee–an additional annual fee of $15,000;
    - chairman of the compensation committee–an additional annual fee of $12,000; and
    - chairman of the nominating and corporate governance committee–an additional annual fee of $10,000.

The stock options granted to our non-employee directors will have an exercise price equal to the fair market value of our common stock on the date of grant and will expire ten years after the date of grant. The initial stock options granted to our non-employee directors will, subject to the director's continued service on our board, vest monthly in equal amounts over a three-year period through the earlier of the business day before the next annual meeting or the first anniversary of the grant date at which time they will vest in full. The annual stock options granted to our non-employee directors will, subject to the director's continued service on our board, vest monthly in equal amounts over a one-year period. Stock options granted to our non-employee directors will vest in full upon the occurrence of a change in control of us.

Each annual fee will be payable in arrears in four equal quarterly installments on the last day of each quarter, provided that the amount of each payment will be prorated for any portion of a quarter that a director is not serving on our board and no fee will be payable in respect of any period prior to the effective date of the registration statement of which this prospectus is a part.

Each member of our board of directors will also continue to be entitled to be reimbursed for reasonable travel and other expenses incurred in connection with attending meetings of the board of directors and any committee of the board of directors on which he or she serves.

Prior to this offering, other than the stock options granted to Mr. Sblendorio, we have not paid cash retainers or other compensation (other than the stock options previously granted to Mr. Sblendorio) with respect to service
on our board of directors. We have historically reimbursed our directors for reasonable travel and other expenses incurred in connection with attending meetings of the board of directors or committees of the board of directors.

TRANSACTIONS WITH RELATED PERSONS

Since January 1, 2010, we have engaged in the following transactions with our directors, executive officers and holders of more than 5% of our voting securities, and affiliates of our directors, executive officers and holders of more than 5% of our voting securities. We believe that all of these transactions were on terms as favorable as could have been obtained from unrelated third parties.

Series C Preferred Stock Financing

In May 2013, we issued and sold an aggregate of 6,666,667 shares of our series C preferred stock at a price per share of $2.50, for an aggregate purchase price of $16,666,667. In August 2013, we issued and sold an aggregate of 13,333,333 additional shares of our series C preferred stock to the same purchasers at a price per share of $2.50, for an aggregate purchase price of $33,333,333. The following table sets forth the total number of shares of our series C preferred stock purchased by our directors, executive officers and 5% stockholders and their affiliates and the aggregate purchase price for such shares.

Name	Shares of Series C Preferred Stock Purchased	Aggregate Purchase Price
Clarus Lifesciences II, LP[1]	1,097,562	$ 2,743,905
SV Life Sciences Fund IV, L.P.[2]	56,476	141,190
SV Life Sciences Fund IV Strategic Partners, L.P.[2]	1,989,255	4,973,138
Novo A/S[3]	15,438,009	38,595,023
HBM Healthcare Investments (Cayman) Ltd.[4]	1,209,349	3,023,373
Samir C. Patel LLC[5]	136,179	340,448

(1) Clarus Ventures II GP, L.P., as the sole general partner of Clarus Lifesciences II, L.P., may be deemed to beneficially own certain of the shares held by Clarus Lifesciences II, L.P. Clarus Ventures II GP, L.P. disclaims beneficial ownership of all shares held by Clarus Lifesciences II, L.P. in which Clarus Ventures II GP, L.P. does not have an actual pecuniary interest. Clarus Ventures II, LLC, as the sole general partner of Clarus Ventures II GP, L.P., may be deemed to beneficially own certain of the shares held by Clarus Lifesciences II, L.P. Clarus Ventures II, LLC disclaims beneficial ownership of all shares held by Clarus Lifesciences II, L.P. in which it does not have an actual pecuniary interest. Each of Nicholas Galakatos, a member of our board of directors, and Denis Henner, Robert Liptak, Nicholas Simon, Michale Steinmetz and Kurt Wheeler, as individual Managing Directors of Clarus Ventures II, LLC, individually have investment and voting control over the shares held by Clarus Lifesciences II, L.P. Each of Messrs. Galakatos, Henner, Liptak, Simon, Steinmetz and Wheeler disclaims beneficial ownership of all shares held by Clarus Lifesciences II, L.P except to the extent of any pecuniary interest therein.

(2) The general partner of SV Life Sciences Fund IV, L.P. and SV Life Sciences Fund IV Strategic Partners, L.P. is SV Life Sciences Fund IV (GP), LP. The general partner of SV Life Sciences Fund IV (GP), LP is SVLSF IV, LLC. The members of the investment committee for SVLSF IV, LLC are Kate Bingham, James Garvey, Lutz Giebel, Eugene D. Hill, III, David Milne and Michael Ross. Michael Ross, Ph.D., one of our directors, is a Managing Partner of SV Life Sciences Advisers, LLC. Dr. Ross disclaims beneficial ownership of such shares except to the extent of any pecuniary interest therein. David R.Guyer, M.D., our Chief Executive Officer and Chairman of our board of directors, and Bruce Peacock, our Chief Financial and Business Officer, are Venture Partners of SV Life Sciences Advisers, LLC. Neither Dr. Guyer nor Mr. Peacock exercises investment or voting control over such shares and each disclaims beneficial ownership of such shares except to the extent of any pecuniary interest therein.

(3) Novo A/S is a Danish limited liability company. The board of directors of Novo A/S, which consists of Sten Scheibye, Göran Ando, Jørgen Boe, Jeppe Christiansen, Steen Riisgaard and Per Wold-Olsen, has sole voting and investment power with respect to the shares held by Novo A/S. None of the members of the board of directors of Novo A/S has individual voting or investment power with respect to such shares and

each disclaims beneficial ownership of such shares except to the extent of any pecuniary interest therein. Dr. Dyrberg, a member of our board of directors, is employed as a Senior Partner of Novo A/ S. Dr. Dyrberg disclaims beneficial ownership of such shares, except to the extent of his pecuniary interest arising as a result of his employment with Novo A/S.

(4) The board of directors of HBM Healthcare Investments (Cayman) Ltd. has sole voting and investment power with respect to the shares by held by such entity. The board of directors of HBM Healthcare Investments (Cayman) Ltd. is comprised of Jean-Marc Le Sieur, Richard Coles, Sophia Harris, Dr. Andreas Wicki and John Urquhart, none of whom has individual voting or investment power with respect to such shares, and each disclaims beneficial ownership of such shares except to the extent of any pecuniary interest therein. Mr. Bolte, a member of our board of directors, is an advisor to HBM Partners (Cayman) Ltd. HBM Partners (Cayman) Ltd. provides investment management services to HBM Healthcare Investments (Cayman) Ltd. Mr. Bolte has no voting or investment power over the shares held by HBM Healthcare Investments (Cayman) Ltd., and disclaims beneficial ownership of such shares except to the extent of any pecuniary interest therein.

(5) Dr. Patel exercises voting control over shares held by Samir C. Patel LLC.

Royalty Financing

In May 2013, we entered into our royalty purchase and sale agreement, or the royalty agreement, with Novo A/S, a 5% stockholder of which our director Dr. Dyrberg is an employee, pursuant to which we may obtain royalty financing in three tranches in an amount of up to $125,000,000 in return for the sale to Novo A/S of aggregate royalties at low to mid single-digit percentages of worldwide sales of Fovista, with the percentage determined by the amount of funding provided by Novo A/S. The first tranche of the royalty financing, in which Novo A/S purchased a low single-digit royalty interest and paid us $41,666,666, closed concurrently with our entry into the royalty agreement. Under the royalty agreement, Novo A/S agreed to purchase from us, and we agreed to sell to Novo A/S, two additional low single-digit royalty interests on worldwide sales of Fovista, in each case, for a purchase price of $41,666,666, or $83,333,332 in the aggregate for both additional tranches. The closing of each of the two subsequent financing tranches is subject to the enrollment of a specified number of patients in our Phase 3 clinical trials of Fovista and our satisfying additional closing conditions and other obligations. Under specified circumstances, however, including terminations, suspensions or delays of our Phase 3 clinical trials for Fovista or transactions involving a change of control of us in which the acquiring party does not meet certain specifications, Novo A/S has the option to cancel the subsequent purchase and sale of the additional royalty interests. We also have the option to cancel the subsequent purchase and sale of the additional royalty interests in specified circumstances, including terminations, suspensions or delays in our Phase 3 clinical trials for Fovista, any change of control of us, or the completion of equity financings meeting specified thresholds. The royalty agreement provides that we will use the remaining proceeds we received from the first tranche of financing and future proceeds, if any, under the royalty agreement primarily to support clinical development and regulatory activities for Fovista and for certain other permitted purposes. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Royalty Financing” for more information regarding this agreement.

Series B Preferred Stock Financing

In December 2009, we issued and sold an aggregate of 15,000,000 shares of our series B preferred stock, at a price per share of $1.00, for an aggregate purchase price of $15,000,000. In addition, in March 2011, we issued and sold an aggregate of 15,000,000 additional shares of our series B preferred stock to the same purchasers at a price per share of $1.00, for an aggregate purchase price of $15,000,000. The following table sets forth the aggregate number of shares of our series B preferred stock purchased by our directors, executive officers and 5% stockholders and their affiliates and the aggregate purchase price for such shares.

Name	Shares of Series B Preferred Stock Purchased	Aggregate Purchase Price
Clarus Lifesciences II, LP[1]	15,000,000	$ 15,000,000
SV Life Sciences Fund IV, L.P.[2]	6,117,974	6,117,974
SV Life Sciences Fund IV Strategic Partners, L.P.[2]	173,692	173,692
Novo A/S[3]	5,208,334	5,208,334
HBM Healthcare Investments (Cayman) Ltd.[4]	2,083,334	2,083,334
Samir C. Patel LLC[5]	416,666	416,666

(1) Clarus Ventures II GP, L.P., as the sole general partner of Clarus Lifesciences II, L.P., may be deemed to beneficially own certain of the shares held by Clarus Lifesciences II, L.P. Clarus Ventures II GP, L.P. disclaims beneficial ownership of all shares held by Clarus Lifesciences II, L.P. in which Clarus Ventures II GP, L.P. does not have an actual pecuniary interest. Clarus Ventures II, LLC, as the sole general partner of Clarus Ventures II GP, L.P., may be deemed to beneficially own certain of the shares held by Clarus Lifesciences II, L.P. Clarus Ventures II, LLC disclaims beneficial ownership of all shares held by Clarus Lifesciences II, L.P. in which it does not have an actual pecuniary interest. Each of Nicholas Galakatos, a member of our board of directors, and Denis Henner, Robert Liptak, Nicholas Simon, Michale Steinmetz and Kurt Wheeler, as individual Managing Directors of Clarus Ventures II, LLC, individually have investment and voting control over the shares held by Clarus Lifesciences II, L.P. Each of Messrs. Galakatos, Henner, Liptak, Simon, Steinmetz and Wheeler disclaims beneficial ownership of all shares held by Clarus Lifesciences II, L.P except to the extent of any pecuniary interest therein.

(2) The general partner of SV Life Sciences Fund IV, L.P. and SV Life Sciences Fund IV Strategic Partners, L.P. is SV Life Sciences Fund IV (GP), LP. The general partner of SV Life Sciences Fund IV (GP), LP is SVLSF IV, LLC. The members of the investment committee for SVLSF IV, LLC are Kate Bingham, James Garvey, Lutz Giebel, Eugene D. Hill, III, David Milne and Michael Ross. Michael Ross, Ph.D., one of our directors, is a Managing Partner of SV Life Sciences Advisers, LLC. Dr. Ross disclaims beneficial ownership of such shares except to the extent of any pecuniary interest therein. David R.Guyer, M.D., our Chief Executive Officer and Chairman of our board of directors, and Bruce Peacock, our Chief Financial and Business Officer, are Venture Partners of SV Life Sciences Advisers, LLC. Neither Dr. Guyer nor Mr. Peacock exercises investment or voting control over such shares and each disclaims beneficial ownership of such shares except to the extent of any pecuniary interest therein.

(3) Novo A/S is a Danish limited liability company. The board of directors of Novo A/S, which consists of Sten Scheibye, Göran Ando, Jørgen Boe, Jeppe Christiansen, Steen Riisgaard and Per Wold-Olsen, has sole voting and investment power with respect to the shares held by Novo A/S. None of the members of the board of directors of Novo A/S has individual voting or investment power with respect to such shares and each disclaims beneficial ownership of such shares except to the extent of any pecuniary interest therein. Dr. Dyrberg, a member of our board of directors, is employed as a Senior Partner of Novo A/ S. Dr. Dyrberg disclaims beneficial ownership of such shares, except to the extent of his pecuniary interest arising as a result of his employment with Novo A/S.

(4) The board of directors of HBM Healthcare Investments (Cayman) Ltd. has sole voting and investment power with respect to the shares by held by such entity. The board of directors of HBM Healthcare

Investments (Cayman) Ltd. is comprised of Jean-Marc Le Sieur, Richard Coles, Sophia Harris, Dr. Andreas Wicki and John Urquhart, none of whom has individual voting or investment power with respect to such shares, and each disclaims beneficial ownership of such shares except to the extent of any pecuniary interest therein. Mr. Bolte, a member of our board of directors, is an advisor to HBM Partners (Cayman) Ltd. HBM Partners (Cayman) Ltd. provides investment management services to HBM Healthcare Investments (Cayman) Ltd. Mr. Bolte has no voting or investment power over the shares held by HBM Healthcare Investments (Cayman) Ltd., and disclaims beneficial ownership of such shares except to the extent of any pecuniary interest therein.

(5) Dr. Patel exercises voting control over shares held by Samir C. Patel LLC.

Consulting Arrangement

In connection with the initial closing of our series B preferred stock financing in December 2009, we entered into a consulting arrangement with David R. Guyer, pursuant to which Dr. Guyer provided certain consulting services to us in exchange for cash payments of $10,833.33 per month. Dr. Guyer's consulting arrangement with us terminated in April 2013.

Participation in this Offering

Our existing principal stockholders and their affiliated entities have indicated an interest in purchasing an aggregate of approximately $25 million in shares of our common stock in this offering at the initial public offering price. However, because indications of interest are not binding agreements or commitments to purchase, these stockholders may determine to purchase fewer shares than they indicate an interest in purchasing or not to purchase any shares in this offering. It is also possible that these stockholders could indicate an interest in purchasing more shares of our common stock. In addition, the underwriters could determine to sell fewer shares to any of these stockholders than the stockholders indicate an interest in purchasing or not to sell any shares to these stockholders.

Registration Rights

We are a party to an investors' rights agreement with certain holders of our common stock and certain holders of our preferred stock, including some of our directors, executive officers and 5% stockholders and their affiliates and entities affiliated with our officers and directors. The investors' rights agreement provides these holders the right, following the completion of this offering, to demand that we file a registration statement or request that their shares be covered by a registration statement that we are otherwise filing. See "Description of capital stock—registration rights" for additional information regarding these registration rights.

Indemnification Agreements

Our certificate of incorporation in effect upon the closing of this offering provides that we will indemnify our directors and officers to the fullest extent permitted by Delaware law. In addition, we have entered into indemnification agreements with each of our directors. See "Executive compensation—Limitation of Liability and Indemnification" for additional information regarding these agreements.

Policies and Procedures for Related Person Transactions

Our board of directors has adopted written policies and procedures for the review of any transaction, arrangement or relationship in which Ophthotech is a participant, the amount involved exceeds $120,000 and one of our executive officers, directors, director nominees or 5% stockholders, or their immediate family members, each of whom we refer to as a "related person," has a direct or indirect material interest.

If a related person proposes to enter into such a transaction, arrangement or relationship, which we refer to as a "related person transaction," the related person must report the proposed related person transaction to our Chief Financial Officer. The policy calls for the proposed related person transaction to be reviewed and, if

deemed appropriate, approved by our audit committee. Whenever practicable, the reporting, review and approval will occur prior to entry into the transaction. If advance review and approval is not practicable, the committee will review, and, in its discretion, may ratify the related person transaction. The policy also permits the chairman of the audit committee to review and, if deemed appropriate, approve proposed related person transactions that arise between committee meetings, subject to ratification by the committee at its next meeting. Any related person transactions that are ongoing in nature will be reviewed annually.

A related person transaction reviewed under the policy will be considered approved or ratified if it is authorized by the audit committee after full disclosure of the related person's interest in the transaction. As appropriate for the circumstances, the committee will review and consider:

- the related person's interest in the related person transaction;
- the approximate dollar value of the amount involved in the related person transaction;
- the approximate dollar value of the amount of the related person's interest in the transaction without regard to the amount of any profit or loss;
- whether the transaction was undertaken in the ordinary course of our business;
- whether the terms of the transaction are no less favorable to us than terms that could have been reached with an unrelated third party;
- the purpose of, and the potential benefits to us of, the transaction; and
- any other information regarding the related person transaction or the related person in the context of the proposed transaction that would be material to investors in light of the circumstances of the particular transaction.

The audit committee may approve or ratify the transaction only if the committee determines that, under all of the circumstances, the transaction is in our best interests. The committee may impose any conditions on the related person transaction that it deems appropriate.

In addition to the transactions that are excluded by the instructions to the SEC's related person transaction disclosure rule, our board of directors has determined that the following transactions do not create a material direct or indirect interest on behalf of related persons and, therefore, are not related person transactions for purposes of this policy:

- interests arising solely from the related person's position as an executive officer of another entity (whether or not the person is also a director of such entity) that is a participant in the transaction, where (a) the related person and all other related persons own in the aggregate less than a 10% equity interest in such entity, (b) the related person and his or her immediate family members are not involved in the negotiation of the terms of the transaction and do not receive any special benefits as a result of the transaction and (c) the amount involved in the transaction is less than the greater of $200,000 or 5% of the annual gross revenues of the company receiving payment under the transaction; and
- a transaction that is specifically contemplated by provisions of our charter or bylaws.

The policy provides that transactions involving compensation of executive officers shall be reviewed and approved by the compensation committee in the manner specified in its charter.

We did not have a written policy regarding the review and approval of related person transactions prior to this offering. Nevertheless, with respect to such transactions, it was our policy for our board of directors to consider the nature of and business reason for such transactions, how the terms of such transactions compared to those which might be obtained from unaffiliated third parties and whether such transactions were otherwise fair to and in the best interests of, or not contrary to, our best interests. In addition, all related person transactions required prior approval, or later ratification, by our board of directors.

PRINCIPAL STOCKHOLDERS

The following table sets forth information with respect to the beneficial ownership of our common stock as of August 31, 2013 by:

- each of our directors;
- each of our named executive officers;
- all of our directors and executive officers as a group; and
- each person, or group of affiliated persons, who is known by us to beneficially own more than 5% of our common stock.

The column entitled "Percentage of shares beneficially owned—Before Offering" is based on a total of 22,510,287 shares of our common stock outstanding as of August 31, 2013, assuming the conversion of all outstanding shares of our preferred stock, including shares of preferred stock that are issuable as accrued stock dividends, into an aggregate of 21,040,489 shares of our common stock upon the closing of this offering, assuming the closing of the offering occurs on October 1, 2013. The column entitled "Percentage of shares beneficially owned—after offering" is based on 28,230,287 shares of our common stock to be outstanding after this offering, including the 5,720,000 shares of our common stock that we are selling in this offering, but not including any additional shares issuable upon exercise of outstanding options or warrants.

Beneficial ownership is determined in accordance with the rules and regulations of the SEC and includes voting or investment power with respect to our common stock. Shares of our common stock subject to options or warrants that are currently exercisable or exercisable within 60 days of August 31, 2013 are considered outstanding and beneficially owned by the person holding the options or warrants for the purpose of calculating the percentage ownership of that person but not for the purpose of calculating the percentage ownership of any other person. Except as otherwise noted, the persons and entities in this table have sole voting and investing power with respect to all of the shares of our common stock beneficially owned by them, subject to community property laws, where applicable. Except as otherwise set forth below, the address of the beneficial owner is c/o Ophthotech Corporation, One Penn Plaza, 35th Floor, New York, New York 10119.

Our existing principal stockholders and their affiliated entities have indicated an interest in purchasing an aggregate of approximately $25 million in shares of our common stock in this offering at the initial public offering price. However, because indications of interest are not binding agreements or commitments to purchase, these stockholders may determine to purchase fewer shares than they indicate an interest in purchasing or not to purchase any shares in this offering. It is also possible that these stockholders could indicate an interest in purchasing more shares of our common stock. In addition, the underwriters could determine to sell fewer shares to any of these stockholders than the stockholders indicate an interest in purchasing or not to sell any shares to these stockholders. The following table does not reflect any potential purchases by these stockholders or their affiliated entities.

Name of Beneficial Owner	Shares Beneficially Owned	Percentage of Shares Beneficially Owned	
		Before Offering	After Offering
Named Executive Officers and Directors			
David R. Guyer, M.D. (1)	130,980	*	*
Samir C. Patel, M.D. (2)	930,387	4.1%	3.3%
Bruce Peacock (3)	268,372	1.2%	*
Evelyn M. Harrison (4)	351,174	1.6%	1.2%
Axel Bolte (5)	—	*	*
Thomas Dyrberg, M.D., D.M.Sc. (6)	—	*	*

Name of Beneficial Owner	Shares Beneficially Owned	Percentage of Shares Beneficially Owned	
		Before Offering	After Offering
Nicholas Galakatos, Ph.D. (7)	3,055,022	13.6%	10.8%
Michael Ross, Ph.D. (8)	6,038,002	26.8%	21.4%
Glenn Sblendorio (9)	1,257	*	*
All Executive Officers and Directors as a group (8 persons) (10)	10,424,020	45.0%	35.8%
5% Stockholders			
Clarus Lifesciences II, L.P. (7)	3,055,022	13.6%	10.8%
Entities Affiliated with SV Life Sciences (8)	6,038,002	26.8%	21.4%
HBM Healthcare Investments (Cayman) Limited (11)	3,425,877	15.2%	12.1%
Novo A/S (12)	6,455,851	28.7%	22.9%

* Less than one percent.

(1) Consists of (i) 84,370 shares of common stock underlying options that are exercisable as of August 31, 2012 or will become exercisable within 60 days after such date and (ii) 46,610 shares of common stock held by Dr. Guyer in his individual capacity.

(2) Consists of (i) 385,017 shares of common stock issuable upon conversion of shares of preferred stock held by Samir C. Patel, LLC, including shares of preferred stock issuable as accrued stock dividends, assuming the closing of this offering and the conversion of such shares occurred on August 15, 2013; (ii) 297,913 shares of common stock underlying options that are exercisable as of August 15, 2013 or will become exercisable within 60 days after such date; and (iii) 247,457 shares of common stock held by Dr. Patel in his individual capacity. Dr. Patel exercises voting control over shares held by Samir C. Patel LLC.

(3) Consists of 268,372 shares of common stock underlying options that are exercisable as of August 31, 2013 or will become exercisable within 60 days after such date.

(4) Consists of (i) 205,272 shares of common stock underlying options that are exercisable as of August 31, 2013 or will become exercisable within 60 days after such date and (ii) 145,902 shares of common stock.

(5) Mr. Bolte is an advisor to HBM Partners (Cayman) Ltd. HBM Partners (Cayman) Ltd. provides investment management services to HBM Healthcare Investments (Cayman) Ltd. Mr. Bolte, a member of our board of directors, has no voting or investment power over the shares held by HBM Healthcare Investments (Cayman) Ltd., and disclaims beneficial ownership of such shares except to the extent of any pecuniary interest therein.

(6) Dr. Dyrberg is employed as a Senior Partner of Novo A/S. Dr. Dyrberg disclaims beneficial ownership of shares held by Novo A/S, except to the extent of his pecuniary interest arising as a result of his employment with Novo A/S.

(7) Consists of 3,055,022 shares of common stock issuable upon conversion of shares of preferred stock, including shares of preferred stock issuable as accrued stock dividends, assuming the closing of this offering and the conversion of such shares occurs on October 1, 2013, held by Clarus Lifesciences II, L.P. Clarus Ventures II GP, L.P., as the sole general partner of Clarus Lifesciences II, L.P., may be deemed to beneficially own certain of the shares held by Clarus Lifesciences II, L.P. Clarus Ventures II GP, L.P. disclaims beneficial ownership of all shares held by Clarus Lifesciences II, L.P. in which Clarus Ventures II GP, L.P. does not have an actual pecuniary interest. Clarus Ventures II, LLC, as the sole general partner of Clarus Ventures II GP, L.P., may be deemed to beneficially own certain of the shares held by Clarus Lifesciences II, L.P. Clarus Ventures II, LLC disclaims beneficial ownership of all shares held by Clarus Lifesciences II, L.P. in which it does not have an actual pecuniary interest. Each of Nicholas Galakatos, a member of our board of directors, and Denis Henner, Robert Liptak, Nicholas Simon, Michale Steinmetz and Kurt Wheeler, as individual Managing Directors of Clarus Ventures II, LLC, individually have investment and voting control over the shares held by Clarus Lifesciences II, L.P. Each of Messrs. Galakatos, Henner, Liptak, Simon, Steinmetz and Wheeler disclaims beneficial ownership of all

shares held by Clarus Lifesciences II, L.P except to the extent of any pecuniary interest therein. The address of Clarus Ventures II, LLC, Clarus Lifesciences II, L.P. and their affiliates is 101 Main St. #1210, Cambridge MA 02142. The percentage of shares beneficially owned after this offering would be 11.5%, assuming the purchase of all of the shares that Clarus Lifesciences II, L.P. has indicated an interest in purchasing in this offering.

(8) Consists of (i) 5,610,802 shares of common stock issuable upon conversion of shares of preferred stock, including shares of preferred stock issuable as accrued stock dividends, assuming the closing of this offering and the conversion of such shares occurs on October 1, 2013, and 13,293 shares of common stock issuable upon exercise of immediately exercisable warrants, including the conversion of shares of preferred stock issuable upon exercise of the warrants, after giving effect to an adjustment to account for additional shares issuable as accrued stock dividends, assuming the closing of this offering and the conversion of our outstanding shares of preferred stock occurs on October 1, 2013, held by SV Life Sciences Fund IV, L.P.; (ii) 159,293 shares of common stock issuable upon conversion of shares of preferred stock, including shares of preferred stock issuable as accrued stock dividends, assuming the closing of this offering and the conversion of such shares occurs on October 1, 2013, and 377 shares of common stock issuable upon exercise of immediately exercisable warrants, including the conversion of shares of preferred stock issuable upon exercise of the warrants, after giving effect to an adjustment to account for additional shares issuable as accrued stock dividends, assuming the closing of this offering and the conversion of our outstanding shares of preferred stock occurs on October 1, 2013, held by SV Life Sciences Fund IV Strategic Partners, L.P.; and (iii) 254,237 shares of common stock, held by SV Life Sciences Advisers, LLC. The general partner of SV Life Sciences Fund IV, L.P. and SV Life Sciences Fund IV Strategic Partners, L.P. is SV Life Sciences Fund IV (GP), LP. The general partner of SV Life Sciences Fund IV (GP), LP is SVLSF IV, LLC. The members of the investment committee for SV Life Sciences Advisers, LLC are Darren Black, Kate Bingham, James Garvey, Lutz Giebel, Eugene D. Hill, III, David Milne and Michael Ross. The members of the investment committee for SVLSF IV, LLC are Kate Bingham, James Garvey, Lutz Giebel, Eugene D. Hill, III, David Milne and Michael Ross. Michael Ross, Ph.D., one of our directors, is a Managing Partner of SV Life Sciences Advisers, LLC. Dr. Ross disclaims beneficial ownership of such shares except to the extent of any pecuniary interest therein. David R. Guyer, M.D., our Chief Executive Officer and Chairman of our board of directors, and Bruce Peacock, our Chief Financial and Business Officer, are Venture Partners of SV Life Sciences Advisers, LLC. Neither Dr. Guyer nor Mr. Peacock exercises investment or voting control over such shares and each disclaims beneficial ownership of such shares except to the extent of any pecuniary interest therein. The address of SVLSF IV, LLC, SV Life Sciences Advisers, LLC, and their affiliates is One Boston Place, Suite 3900, Boston, MA 02108. The percentage of shares beneficially owned after this offering would be 22.6%, assuming the purchase of all of the shares that funds affiliated with SV Life Sciences have indicated an interest in purchasing in this offering.

(9) Consists of 1,257 shares of common stock underlying options that are exercisable as of August 31, 2013 or will become exercisable within 60 days after such date.

(10) Consists of (i) 9,210,134 shares of common stock issuable upon conversion of shares of preferred stock, including shares of preferred stock issuable as accrued stock dividends, assuming the closing of this offering and the conversion of such shares occurs on October 1, 2013, and 13,670 shares of common stock issuable upon exercise of the warrants, after giving effect to an adjustment to account for additional shares issuable as accrued stock dividends, assuming the closing of this offering and the conversion of our outstanding shares of preferred stock occurs on October 1, 2013; (ii) 548,304 shares of common stock; and (iii) 651,912 shares of common stock underlying options that are exercisable as of August 31, 2013 or will become exercisable within 60 days after such date. The percentage of shares beneficially owned after this offering would be 37.9%, assuming the purchase of all of the shares that our existing principal stockholders and their affiliated entities have indicated an interest in purchasing in this offering.

(11) Consists of (i) 3,412,207 shares of common stock issuable upon conversion of shares of preferred stock, including shares of preferred stock issuable as accrued stock dividends, assuming the closing of this offering and the conversion of such shares occurs on October 1, 2013; and (ii) 13,670 shares of common stock issuable upon exercise of immediately exercisable warrants, including the conversion of shares of preferred stock issuable upon exercise of the warrants, after giving effect to an adjustment to account for additional shares issuable as accrued stock dividends, assuming the closing of this offering and the conversion of our outstanding shares of preferred stock occurs on October 1, 2013, held by HBM Healthcare Investments (Cayman) LTD. The board of directors of HBM Healthcare Investments (Cayman) Ltd. has sole voting and investment power with respect to the shares by held by such entity. The board of directors of HBM Healthcare Investments (Cayman) Ltd. is comprised of Jean-Marc Le Sieur, Richard Coles, Sophia Harris, Dr. Andreas Wicki and John Urquhart, none of whom has individual voting or investment power with respect to such shares, and each disclaims beneficial ownership of such shares except to the extent of any pecuniary interest therein. Mr. Bolte is an advisor to HBM Partners (Cayman) Ltd. HBM Partners (Cayman) Ltd. provides investment management services to HBM Healthcare Investments (Cayman) Ltd. Mr. Bolte, a member of our board of directors, has no voting or investment power over the shares held by HBM Healthcare Investments (Cayman) Ltd., and disclaims beneficial ownership of such shares except to the extent of any pecuniary interest therein. The address for HBM Healthcare Investments (Cayman) Ltd. is Governor's Square, Suite #4-212-2, 23 Lime Tree Bay Avenue, West Bay, Grand Cayman. The percentage of shares beneficially owned after this offering would be 13.1%, assuming the purchase of all of the shares that HBM Healthcare Investments (Cayman) LTD has indicated an interest in purchasing in this offering.

(12) Consists of (i) 6,442,181 shares of common stock issuable upon conversion of shares of preferred stock, including shares of preferred stock issuable as accrued stock dividends, assuming the closing of this offering and the conversion of such shares occurs on October 1, 2013; and (ii) 13,670 shares of common stock issuable upon exercise of immediately exercisable warrants, including the conversion of shares of preferred stock issuable upon exercise of the warrants, after giving effect to an adjustment to account for additional shares issuable as accrued stock dividends, assuming the closing of this offering and the conversion of our outstanding shares of preferred stock occurs on October 31, 2013, held by Novo A/S. Novo A/S is a Danish limited liability company. The board of directors of Novo A/S, which consists of Sten Scheibye, Göran Ando, Jørgen Boe, Jeppe Christiansen, Steen Riisgaard and Per Wold-Olsen, has sole voting and investment power with respect to the shares held by Novo A/S. None of the members of the board of directors of Novo A/S has individual voting or investment power with respect to such shares and each disclaims beneficial ownership of such shares except to the extent of any pecuniary interest therein. Dr. Dyrberg, a member of our board of directors, is employed as a Senior Partner of Novo A/S. Dr. Dyrberg disclaims beneficial ownership of shares held by Novo A/S, except to the extent of his pecuniary interest arising as a result of his employment with Novo A/S. The address for Novo A/S is Tuborg Havnevej 19, 2900 Hellerup, Denmark. The percentage of shares beneficially owned after this offering would be 25.0%, assuming the purchase of all of the shares that Novo A/S has indicated an interest in purchasing in this offering.

DESCRIPTION OF CAPITAL STOCK

General

The following description of our capital stock and provisions of our certificate of incorporation and bylaws are summaries and are qualified by reference to the certificate of incorporation and the bylaws that will be in effect upon the closing of this offering. We have filed copies of these documents with the SEC as exhibits to our registration statement of which this prospectus forms a part. The description of the capital stock reflects changes to our capital structure that will occur upon the closing of this offering.

Upon the closing of this offering, our authorized capital stock will consist of 200,000,000 shares of our common stock, $0.001 par value per share, and 5,000,000 shares of our preferred stock, $0.001 par value per share, all of which preferred stock will be undesignated.

As of August 31, 2013, we had issued and outstanding:

- 1,469,798 shares of our common stock held by 43 stockholders of record;
- 3,000,000 shares of our junior series A preferred stock that are convertible into 508,474 shares of our common stock;
- 51,790,000 shares of our series A preferred stock that are convertible into 8,777,948 shares of our common stock; and
- 6,000,000 shares of our series A-1 preferred stock that are convertible into 1,016,947 shares of our common stock;
- 30,000,000 shares of our series B preferred stock that are convertible into 5,084,738 shares of our common stock;
- 500,000 shares of our series B-1 preferred stock that are convertible into 84,745 shares of our common stock; and
- 20,000,000 shares of our series C preferred stock that are convertible into 3,389,822 shares of our common stock.

As of August 31, 2013, we also had outstanding:

- options to purchase 2,622,866 shares of our common stock, at a weighted-average exercise price of $6.51 per share;
- warrants to purchase 210,000 shares of our series A preferred stock, at an exercise price of $0.01 per share; and
- warrants to purchase 355,900 shares of our series B preferred stock, at a weighted average exercise price of $1.55 per share.

Upon the closing of this offering:

- all outstanding shares of our preferred stock, including shares of preferred stock issuable as accrued stock dividends, will automatically convert into an aggregate of 21,040,489 shares of our common stock, assuming the closing occurs on October 1, 2013;
- the warrants outstanding to purchase an aggregate of 210,000 shares of our series A preferred stock, at an exercise price of $0.01 per share, will instead become exercisable for 41,010 shares of our common stock, after giving effect to an adjustment to account for additional shares issuable as accrued stock dividends, at an exercise price of $0.059 per share, assuming the closing occurs on October 1, 2013; and

- the warrants outstanding to purchase an aggregate of 355,900 shares of our series B preferred stock, at a weighted-average exercise price of $1.55 per share, will instead become exercisable for 60,320 shares of our common stock at a weighted average exercise price of $9.15 per share.

Common Stock

Holders of our common stock are entitled to one vote for each share held on all matters submitted to a vote of stockholders and do not have cumulative voting rights. Each election of directors by our stockholders will be determined by a plurality of the votes cast by the stockholders entitled to vote on the election. Holders of common stock are entitled to receive proportionately any dividends as may be declared by our board of directors, subject to any preferential dividend rights of outstanding preferred stock.

In the event of our liquidation or dissolution, the holders of our common stock are entitled to receive proportionately all assets available for distribution to stockholders after the payment of all debts and other liabilities and subject to the prior rights of any of our outstanding preferred stock. Holders of our common stock have no preemptive, subscription, redemption or conversion rights. The rights, preferences and privileges of holders of our common stock are subject to and may be adversely affected by the rights of the holders of shares of any series of our preferred stock that we may designate and issue in the future.

Preferred Stock

Under the terms of our certificate of incorporation that will become effective upon the closing of this offering, our board of directors is authorized to issue shares of preferred stock in one or more series without stockholder approval. Our board of directors has the discretion to determine the rights, preferences, privileges and restrictions, including voting rights, dividend rights, conversion rights, redemption privileges and liquidation preferences, of each series of preferred stock.

The purpose of authorizing our board of directors to issue preferred stock and determine its rights and preferences is to eliminate delays associated with a stockholder vote on specific issuances. The issuance of preferred stock, while providing flexibility in connection with possible acquisitions, future financings and other corporate purposes, could have the effect of making it more difficult for a third party to acquire, or could discourage a third party from seeking to acquire, a majority of our outstanding voting stock. Upon the closing of this offering, there will be no shares of preferred stock outstanding, and we have no present plans to issue any shares of preferred stock.

Warrants

As of August 31, 2013, we had outstanding:

- warrants to purchase 210,000 shares of our series A preferred stock, at an exercise price of $0.01 per share; and
- warrants to purchase 355,900 shares of our series B preferred stock, at a weighted average exercise price of $1.55 per share.

Upon the closing of this offering:

- the warrants outstanding to purchase an aggregate of 210,000 shares of our series A preferred stock, at an exercise price of $0.01 per share, will instead become exercisable for an aggregate of 40,889 shares of our common stock, after giving effect to an adjustment to account for additional shares issuable as accrued stock dividends, at an exercise price of $0.059 per share, assuming the closing occurred on August 31, 2013; and
- the warrants outstanding to purchase an aggregate of 355,900 shares of our series B preferred stock, at a weighted-average exercise price of $1.55 per share, will instead become exercisable for an aggregate of 60,320 shares of our common stock at a weighted average exercise price of $9.15 per share.

These warrants provide for adjustments in the event of specified mergers, reorganizations, reclassifications, stock dividends, stock splits or other changes in our corporate structure.

Options

As of August 31, 2013, we had options to purchase 2,622,866 shares of our common stock outstanding, at a weighted-average exercise price of $6.51 per share.

Delaware Anti-Takeover Law and Certain Charter and Bylaw provisions

Delaware Law

We are subject to Section 203 of the Delaware General Corporation Law. Subject to certain exceptions, Section 203 prevents a publicly held Delaware corporation from engaging in a "business combination" with any "interested stockholder" for three years following the date that the person became an interested stockholder, unless either the interested stockholder attained such status with the approval of our board of directors, the business combination is approved by our board of directors and stockholders in a prescribed manner or the interested stockholder acquired at least 85% of our outstanding voting stock in the transaction in which it became an interested stockholder. A "business combination" includes, among other things, a merger or consolidation involving us and the "interested stockholder" and the sale of more than 10% of our assets. In general, an "interested stockholder" is any entity or person beneficially owning 15% or more of our outstanding voting stock and any entity or person affiliated with or controlling or controlled by such entity or person. The restrictions contained in Section 203 are not applicable to any of our existing stockholders that will own 15% or more of our outstanding voting stock upon the closing of this offering.

Staggered Board; Removal of Directors

Our certificate of incorporation and our bylaws divide our board of directors into three classes with staggered three-year terms. In addition, our certificate of incorporation and our bylaws provide that directors may be removed only for cause and only by the affirmative vote of the holders of 75% of our shares of capital stock present in person or by proxy and entitled to vote. Under our certificate of incorporation and bylaws, any vacancy on our board of directors, including a vacancy resulting from an enlargement of our board of directors, may be filled only by vote of a majority of our directors then in office. Furthermore, our certificate of incorporation provides that the authorized number of directors may be changed only by the resolution of our board of directors. The classification of our board of directors and the limitations on the ability of our stockholders to remove directors, change the authorized number of directors and fill vacancies could make it more difficult for a third party to acquire, or discourage a third party from seeking to acquire, control of our company.

Stockholder Action; Special Meeting of Stockholders; Advance Notice Requirements for Stockholder Proposals and Director Nominations

Our certificate of incorporation and our bylaws provide that any action required or permitted to be taken by our stockholders at an annual meeting or special meeting of stockholders may only be taken if it is properly brought before such meeting and may not be taken by written action in lieu of a meeting. Our certificate of incorporation and our bylaws also provide that, except as otherwise required by law, special meetings of the stockholders can only be called by the chairman of our board of directors, our chief executive officer or our board of directors. In addition, our bylaws establish an advance notice procedure for stockholder proposals to be brought before an annual meeting of stockholders, including proposed nominations of candidates for election to our board of directors. Stockholders at an annual meeting may only consider proposals or nominations specified in the notice of meeting or brought before the meeting by or at the direction of our board of directors, or by a stockholder of record on the record date for the meeting, who is entitled to vote at the meeting and who has delivered timely written notice in proper form to our secretary of the stockholder's intention to bring such

business before the meeting. These provisions could have the effect of delaying until the next stockholder meeting stockholder actions that are favored by the holders of a majority of our outstanding voting securities. These provisions also could discourage a third party from making a tender offer for our common stock, because even if it acquired a majority of our outstanding voting stock, it would be able to take action as a stockholder, such as electing new directors or approving a merger, only at a duly called stockholders meeting and not by written consent.

Super-Majority Voting

The Delaware General Corporation Law provides generally that the affirmative vote of a majority of the shares entitled to vote on any matter is required to amend a corporation's certificate of incorporation or bylaws, unless a corporation's certificate of incorporation or bylaws, as the case may be, requires a greater percentage. Our bylaws may be amended or repealed by a majority vote of our board of directors or the affirmative vote of the holders of at least 75% of the votes that all our stockholders would be entitled to cast in any annual election of directors. In addition, the affirmative vote of the holders of at least 75% of the votes that all our stockholders would be entitled to cast in any election of directors is required to amend or repeal or to adopt any provisions inconsistent with any of the provisions of our certificate of incorporation described above.

Registration Rights

We have entered into a third amended and restated investors' rights agreement, dated May 23, 2013, which we refer to as the investors' rights agreement, with the holders of our preferred stock. Upon the completion of this offering, holders of a total of 20,632,966 shares of our common stock as of August 31, 2013, including shares issuable upon conversion of our preferred stock, shares issuable as accrued stock dividends on our preferred stock assuming the closing of this offering occurs on October 1, 2013, and shares issuable upon the exercise of warrants, will have the right to require us to register these shares under the Securities Act of 1933, as amended, or Securities Act, and to participate in future registrations of securities by us, under the circumstances described below. After registration pursuant to these rights, these shares will become freely tradable without restriction under the Securities Act. If not otherwise exercised, the rights described below will expire five years after the closing of this offering.

Demand Registration Rights

Beginning 180 days after the effective date of the registration statement of which this prospectus forms a part, subject to specified limitations set forth in the investors' rights agreement, at any time, the holders of 60% of the then outstanding shares having rights under the investors' rights agreement, which we refer to as registrable shares, may at any time demand in writing that we register all or a portion of the registrable shares under the Securities Act. We are not obligated to file a registration statement pursuant to this provision on more than two occasions, and we are not obligated to file a registration statement pursuant to this provision within 180 days of the effective date of any other registration statement that we may file.

Form S-3 Registration Rights

In addition, at any time after we become eligible to file a registration statement on Form S-3, subject to specified limitations set forth in the investors' rights agreement, the holders of registrable shares may demand in writing that we register on Form S-3 all or a portion of the registrable shares so long as the total amount of registrable shares being registered have an aggregate offering price net of selling expenses of at least $3 million (based on the then current market price). We are not obligated to file a Form S-3 pursuant to this provision if we have effected two or more registrations in the twelve months immediately preceding such request, and we are not obligated to file a registration statement pursuant to this provision within 90 days of the effective date of any other registration statement that we may file.

Incidental Registration Rights

If, at any time after the closing of this offering, we propose to file a registration statement under the Securities Act, other than pursuant to the demand registration rights described above, the holders of registrable shares will be entitled to notice of the registration and, subject to specified exceptions in the case of an underwritten offering, including market conditions, have the right to require us to register all or a portion of the registrable shares then held by them.

In the event that any registration in which the holders of registrable shares participate pursuant to our investors' rights agreement is an underwritten public offering, we agree to enter into an underwriting agreement containing customary representation and warranties and covenants, including without limitation customary provisions with respect to indemnification of the underwriters of such offering. Holders of registrable securities must agree to any such underwriting agreement as a condition to participation in the offering. If the total number of shares, including registrable shares, requested by holders to be included in such offering exceeds the number of shares to be sold (other than by us) that the underwriters in their reasonable discretion determine is compatible with the success of the offering, then we will be required to include in the offering only that number of such shares, including registrable shares, which we and the underwriters in their sole discretion determine will not jeopardize the success of the offering.

Expenses

Pursuant to the investors' rights agreement, we are required to pay all registration expenses, including registration and filing fees, exchange listing fees, printing expenses and accounting fees and the fees and expenses, not to exceed $25,000, of one counsel to represent the selling stockholders, other than any underwriting discounts and commissions, that are related to any demand or incidental registration described above. The registration rights agreement contains customary cross-indemnification provisions, pursuant to which we are obligated to indemnify the selling stockholders in the event of material misstatements or omissions in the registration statement attributable to us, and they are obligated to indemnify us for material misstatements or omissions in the registration statement attributable to them.

Transfer Agent and Registrar

The transfer agent and registrar for our common stock will be Computershare Trust Company, N.A.

NASDAQ Global Market

We have applied to have our common stock listed on The NASDAQ Global Market under the symbol "OPHT".

SHARES ELIGIBLE FOR FUTURE SALE

Prior to this offering, there has been no public market for our common stock, and a liquid trading market for our common stock may not develop or be sustained after this offering. Future sales of substantial amounts of our common stock in the public market, including shares issued upon exercise of outstanding options, or the anticipation of these sales, could adversely affect market prices prevailing from time to time and could impair our ability to raise capital through sales of equity securities.

Upon the closing of this offering, we will have outstanding 28,230,287 shares of our common stock, after giving effect to the issuance of 5,720,000 shares of our common stock in this offering, assuming no exercise by the underwriters of their option to purchase additional shares and no exercise of options or warrants outstanding as of August 31, 2013.

Of the shares to be outstanding immediately after the closing of this offering, we expect that the shares to be sold in this offering will be freely tradable without restriction under the Securities Act unless purchased by our "affiliates," as that term is defined in Rule 144 under the Securities Act. The remaining 22,510,287 shares of our common stock outstanding after this offering will be "restricted securities" under Rule 144, and we expect that substantially all of these restricted securities will be subject to the 180-day lock-up period under the lock-up agreements as described below. These restricted securities may be sold in the public market upon release or waiver of applicable lock-up agreements and only if registered or pursuant to an exemption from registration, such as Rule 144 or Rule 701 under the Securities Act.

Rule 144

In general, under Rule 144, beginning 90 days after the date of this prospectus, any person who is not our affiliate and has held their shares for at least six months, including the holding period of any prior owner other than one of our affiliates, may sell shares without restriction, subject to the availability of current public information about us. In addition, under Rule 144, any person who is not our affiliate and has not been our affiliate at any time during the preceding three months and has held their shares for at least one year, including the holding period of any prior owner other than one of our affiliates, would be entitled to sell an unlimited number of shares immediately upon the closing of this offering without regard to whether current public information about us is available.

Beginning 90 days after the date of this prospectus, a person who is our affiliate or who was our affiliate at any time during the preceding three months and who has beneficially owned restricted securities for at least six months, including the holding period of any prior owner other than one of our affiliates, is entitled to sell a number of shares within any three-month period that does not exceed the greater of:

- 1% of the number of shares of our common stock then outstanding, which will equal approximately 205,316 shares, including shares issuable upon conversion of our preferred stock and shares issuable as accrued stock dividends on our preferred stock assuming the closing of this offering occurs on October 1, 2013, immediately after this offering; and
- the average weekly trading volume of our common stock on The NASDAQ Global Market during the four calendar weeks preceding the filing of a Notice of Proposed Sale of Securities Pursuant to Rule 144 with respect to the sale.

Sales under Rule 144 by our affiliates are also subject to manner of sale provisions and notice requirements and to the availability of current public information about us.

Upon waiver or expiration of the 180-day lock-up period described below, approximately 22,510,287 shares of our common stock will be eligible for sale under Rule 144. We cannot estimate the number of shares of our common stock that our existing stockholders will elect to sell under Rule 144.

Rule 701

In general, under Rule 701 of the Securities Act, any of our employees, consultants or advisors, other than our affiliates, who purchased shares from us in connection with a qualified compensatory stock plan or other written agreement is eligible to resell these shares 90 days after the date of this prospectus in reliance on Rule 144, but without compliance with the holding period requirements of Rule 144 and without regard to the volume of such sales or the availability of public information about us. Subject to the 180-day lock-up period described below, approximately 537,599 shares of our common stock will be eligible for sale in accordance with Rule 701.

Lock-Up Agreements

We and each of our directors and executive officers and holders of our outstanding common stock, who collectively own 99.1% of our common stock, based on 22,510,287 shares outstanding as of August 31, 2013, including shares issuable upon conversion of our preferred stock and shares issuable as accrued stock dividends on our preferred stock assuming the closing of this offering occurs on October 1, 2013, have agreed that, without the prior written consent of Morgan Stanley & Co. LLC and J.P. Morgan Securities LLC, on behalf of the underwriters, we and they will not, subject to limited exceptions, during the period ending 180 days after the date of this prospectus, either directly or indirectly:

- 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 beneficially owned by us or them or any securities so owned convertible into or exercisable or exchangeable for common stock;
- enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of our common stock; or
- publicly disclose the intention to make any such offer, sale, pledge or disposition of shares of common stock.

whether any such transaction described above is to be settled by delivery of common stock or such other securities, in cash or otherwise. Each of our directors and executive officers and holders of our outstanding common stock have also agreed during such 180-day period not to make any demand for or exercise any right with respect to, the registration of any shares of our common stock or any security convertible into or exercisable or exchangeable for our common stock.

The lock-up restrictions and specified exceptions are described in more detail under “Underwriters.”

Registration Rights

Upon the closing of this offering, the holders of 20,632,966 shares of our common stock including shares issuable upon conversion of our preferred stock, shares issuable as accrued stock dividends on our preferred stock assuming the closing of this offering occurs on October 1, 2013 and shares issuable upon the exercise of warrants, or their transferees will be entitled to various rights with respect to the registration of these shares under the Securities Act. Registration of these shares under the Securities Act would result in these shares becoming fully tradable without restriction under the Securities Act immediately upon the effectiveness of the registration, except for shares purchased by affiliates. See “Description of capital stock—Registration Rights” for additional information. Shares covered by a registration statement will be eligible for sale in the public market upon the expiration or release from the terms of lock-up agreements applicable to such shares.

Stock Options

As of August 31, 2013, we had outstanding options to purchase 2,622,866 shares of our common stock, of which options to purchase 1,060,770 shares were vested. Following this offering, we intend to file one or more

registration statements on Form S-8 under the Securities Act to register all of the shares of our common stock subject to outstanding options and options and other awards issuable pursuant to the 2013 stock incentive plan and our pre-IPO stock incentive plans. See “Executive compensation—stock option and other compensation plans” for additional information regarding these plans. Accordingly, shares of our common stock registered under the registration statements will be available for sale in the open market, subject to Rule 144 volume limitations applicable to affiliates, and subject to any vesting restrictions and lock-up agreements applicable to these shares.

MATERIAL U.S. FEDERAL TAX CONSIDERATIONS FOR NON-U.S. HOLDERS OF COMMON STOCK

The following is a general discussion of material U.S. federal income and estate tax considerations relating to ownership and disposition of our common stock by a non-U.S. holder. For purposes of this discussion, the term "non-U.S. holder" means a beneficial owner of our common stock that is not, for U.S. federal income tax purposes:

- an individual who is a citizen or resident of the United States;
- a corporation, or other entity treated as a corporation for U.S. federal income tax purposes, created or organized in or under the laws of the United States or of any political subdivision of the United States;
- an estate the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust, if a U.S. court is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have authority to control all substantial decisions of the trust or if the trust has a valid election to be treated as a U.S. person under applicable U.S. Treasury Regulations.

This discussion is based on current provisions of the Code, existing and proposed U.S. Treasury Regulations promulgated thereunder, current administrative rulings and judicial decisions, all as in effect as of the date of this prospectus and all of which are subject to change or to differing interpretation, possibly with retroactive effect. Any change could alter the tax consequences to non-U.S. holders described in this prospectus. In addition, the Internal Revenue Service, or the IRS, could challenge one or more of the tax consequences described in this prospectus.

We assume in this discussion that each non-U.S. holder holds shares of our common stock as a capital asset (generally, property held for investment). This discussion does not address all aspects of U.S. federal income and estate taxation, including the Medicare contribution tax, that may be relevant to a particular non-U.S. holder in light of that non-U.S. holder's individual circumstances nor does it address any aspects of U.S. state, local or non-U.S. taxes. This discussion also does not consider any specific facts or circumstances that may apply to a non-U.S. holder and does not address the special tax rules applicable to particular non-U.S. holders, such as:

- financial institutions;
- brokers or dealers in securities;
- tax-exempt organizations;
- pension plans;
- owners that hold our common stock as part of a straddle, hedge, conversion transaction, synthetic security or other integrated investment;
- insurance companies;
- controlled foreign corporations;
- passive foreign investment companies; and
- certain U.S. expatriates.

In addition, this discussion does not address the tax treatment of partnerships or persons who hold their common stock through partnerships or other entities which are pass-through entities for U.S. federal income tax purposes. A partner in a partnership or other pass-through entity that will hold our common stock should consult his, her or its own tax advisor regarding the tax consequences of the ownership and disposition of our common stock through a partnership or other pass-through entity, as applicable.

Prospective investors should consult their own tax advisors regarding the U.S. federal, state, local and non-U.S. income and other tax considerations of acquiring, holding and disposing of our common stock.

Dividends

If we pay distributions on our common stock, those distributions generally will constitute dividends for U.S. federal income tax purposes to the extent paid from our current or accumulated earnings and profits, as determined under U.S. federal income tax principles. If a distribution exceeds our current and accumulated earnings and profits, the excess will be treated as a tax-free return of the non-U.S. holder's investment, up to such holder's tax basis in the common stock. Any remaining excess will be treated as capital gain, subject to the tax treatment described below under the heading "Gain on Disposition of Common stock." Any such distribution would also be subject to the discussion below under the section titled "Withholding and Information Reporting Requirements—FATCA."

As discussed under "Dividend Policy," we do not expect to pay cash dividends to holders of our common stock in the foreseeable future. In the event we do pay dividends, dividends paid to a non-U.S. holder generally will be subject to withholding of U.S. federal income tax at a 30% rate or such lower rate as may be specified by an applicable income tax treaty between the United States and such holder's country of residence.

Dividends that are treated as effectively connected with a trade or business conducted by a non-U.S. holder within the United States, and if an applicable income tax treaty so provides, that are attributable to a permanent establishment or a fixed base maintained by the non-U.S. holder within the United States, are generally exempt from the 30% withholding tax if the non-U.S. holder satisfies applicable certification and disclosure requirements (generally, IRS Form W-8ECI). However, such U.S. effectively connected income, net of specified deductions and credits, is taxed at the same graduated U.S. federal income tax rates applicable to U.S. persons (as defined in the Code), subject to an applicable income tax treaty providing otherwise. Any U.S. effectively connected income received by a non-U.S. holder that is a corporation may also, under certain circumstances, be subject to an additional "branch profits tax" at a 30% rate or such lower rate as may be specified by an applicable income tax treaty between the United States and such holder's country of residence.

A non-U.S. holder of our common stock who claims the benefit of an applicable income tax treaty between the United States and such holder's country of residence generally will be required to provide a properly executed IRS Form W-8BEN (or successor form) and satisfy applicable certification and other requirements. Non-U.S. holders are urged to consult their own tax advisors regarding their entitlement to benefits under a relevant income tax treaty.

A non-U.S. holder that is eligible for a reduced rate of U.S. withholding tax under an income tax treaty may obtain a refund or credit of any excess amounts withheld by timely filing an appropriate claim with the IRS.

Gain on Disposition of Common Stock

A non-U.S. holder generally will not be subject to U.S. federal income tax on gain realized on a disposition of our common stock unless:

- the gain is effectively connected with the non-U.S. holder's conduct of a trade or business in the United States, and if an applicable income tax treaty so provides, the gain is attributable to a permanent establishment or fixed base maintained by the non-U.S. holder in the United States; in these cases, the non-U.S. holder will be taxed on a net income basis at the regular graduated rates and in the manner applicable to U.S. persons, subject to an applicable income tax treaty providing otherwise, and if the non-U.S. holder is a corporation, an additional branch profits tax at a rate of 30%, or a lower rate as may be specified by an applicable income tax treaty, may also apply;
- the non-U.S. holder is a nonresident alien present in the United States for 183 days or more in the taxable year of the disposition and certain other requirements are met, in which case the non-U.S.

holder will be subject to a 30% tax (or such lower rate as may be specified by an applicable income tax treaty) on the net gain derived from the disposition, which may be offset by U.S.-source capital losses of the non-U.S. holder, if any; or

- we are, or have been at any time during the five-year period preceding such disposition (or the non-U.S. holder's holding period, if shorter), a "U.S. real property holding corporation," unless our common stock is regularly traded on an established securities market and the non-U.S. holder held no more than 5% of our outstanding common stock, directly or indirectly, during the shorter of the five-year period ending on the date of the disposition or the period that the non-U.S. holder held our common stock. Generally, a corporation is a "U.S. real property holding corporation" if the fair market value of its "U.S. real property interests" (as defined in the Code and applicable regulations) equals or exceeds 50% of the sum of the fair market value of its worldwide real property interests plus its other assets used or held for use in a trade or business.

Although there can be no assurance, we believe that we are not currently, and we do not anticipate becoming, a "U.S. real property holding corporation" for U.S. federal income tax purposes.

No assurance can be provided that our common stock will be regularly traded on an established securities market for purposes of the rule described above.

Information Reporting and Backup Withholding

We must report annually to the IRS and to each non-U.S. holder the gross amount of the distributions on our common stock paid to such holder and the tax withheld, if any, with respect to such distributions. Non-U.S. holders may have to comply with specific certification procedures to establish that the holder is not a U.S. person (as defined in the Code) in order to avoid backup withholding at the applicable rate, currently 28%, with respect to dividends on our common stock. Generally, a holder will comply with such procedures if it provides a properly executed IRS Form W-8BEN (or other applicable Form W-8) or otherwise meets documentary evidence requirements for establishing that it is a non-U.S. holder, or otherwise establishes an exemption. Dividends paid to non-U.S. holders subject to withholding of U.S. federal income tax, as described above under the heading "Dividends," will generally be exempt from U.S. backup withholding.

Information reporting and backup withholding generally will apply to the proceeds of a disposition of our common stock by a non-U.S. holder effected by or through the U.S. office of any broker, U.S. or foreign, unless the holder certifies its status as a non-U.S. holder and satisfies certain other requirements, or otherwise establishes an exemption. Generally, information reporting and backup withholding will not apply to a payment of disposition proceeds to a non-U.S. holder where the transaction is effected outside the United States through a non-U.S. office of a broker. However, for information reporting purposes, dispositions effected through a non-U.S. office of a broker with substantial U.S. ownership or operations generally will be treated in a manner similar to dispositions effected through a U.S. office of a broker. Non-U.S. holders should consult their own tax advisors regarding the application of the information reporting and backup withholding rules to them.

Copies of information returns may be made available to the tax authorities of the country in which the non-U.S. holder resides or is incorporated under the provisions of a specific treaty or agreement.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules from a payment to a non-U.S. holder can be refunded or credited against the non-U.S. holder's U.S. federal income tax liability, if any, provided that an appropriate claim is timely filed with the IRS.

Federal Estate Tax

Common stock owned or treated as owned by an individual who is a non-U.S. holder (as specially defined for U.S. federal estate tax purposes) at the time of death will be included in the individual's gross estate for U.S. federal estate tax purposes and, therefore, may be subject to U.S. federal estate tax, unless an applicable estate tax law or other treaty provides otherwise.

Withholding and Information Reporting Requirements—FATCA

Recently enacted legislation, which is commonly referred to as "FATCA," will impose U.S. federal withholding tax of 30% on payments of dividends on and gross proceeds from the sale or disposition of, our common stock if paid to a foreign entity unless (i) if the foreign entity is a "foreign financial institution," the foreign entity undertakes certain due diligence, reporting, withholding, and certification obligations, (ii) if the foreign entity is not a "foreign financial institution," the foreign entity identifies certain of its U.S. investors, if any, or (iii) the foreign entity is otherwise exempt under FATCA. Although this legislation is effective with regards to amounts paid after December 31, 2012, under recent guidance from the IRS, withholding under FATCA will only apply to payments of dividends on our common stock made after June 30, 2014 and, under final regulations issued by the U.S. Department of Treasury on January 17, 2013, withholding will only apply to payments of gross proceeds from a sale or other disposition of our common stock made after December 31, 2016. Under certain circumstances, a non-U.S. holder may be eligible for refunds or credits for such taxes.

Prospective investors should consult their own tax advisors regarding the possible impact of the FATCA rules on their investment in our common stock, and the entities through which they hold our common stock, including, without limitation, the process and deadlines for meeting the applicable requirements to prevent the imposition of this 30% withholding tax under FATCA.

The preceding discussion of material U.S. federal tax considerations is for general information only. It is not tax advice. Prospective investors should consult their own tax advisors regarding the particular U.S. federal, state, local and non-U.S. tax consequences of purchasing, holding and disposing of our common stock, including the consequences of any proposed changes in applicable laws.

UNDERWRITERS

Under the terms and subject to the conditions in an underwriting agreement dated the date of this prospectus, the underwriters named below, for whom Morgan Stanley & Co. LLC and J.P. Morgan Securities LLC are acting as representatives, have severally agreed to purchase, and we have agreed to sell to them, severally, the number of shares indicated below:

Name	Number of Shares
Morgan Stanley & Co. LLC	
J.P. Morgan Securities LLC	
Leerink Swann LLC	
Stifel, Nicolaus & Company, Incorporated	
Total:	

The underwriters and the representatives are collectively referred to as the "underwriters" and the "representatives," respectively. The underwriters are offering the shares of common stock subject to their acceptance of the shares from us and subject to prior sale. The underwriting agreement provides that the obligations of the several underwriters to pay for and accept delivery of the shares of common stock offered by this prospectus are subject to the approval of certain legal matters by their counsel and to certain other conditions. The underwriters are obligated to take and pay for all of the shares of common stock offered by this prospectus if any such shares are taken. However, the underwriters are not required to take or pay for the shares covered by the underwriters' over-allotment option described below.

Our existing principal stockholders and their affiliated entities have indicated an interest in purchasing an aggregate of approximately $25 million in shares of our common stock in this offering at the initial public offering price. However, because indications of interest are not binding agreements or commitments to purchase, these stockholders may determine to purchase fewer shares than they indicate an interest in purchasing or not to purchase any shares in this offering. It is also possible that these stockholders could indicate an interest in purchasing more shares of our common stock. In addition, the underwriters could determine to sell fewer shares to any of these stockholders than the stockholders indicate an interest in purchasing or not to sell any shares to these stockholders.

The underwriters initially propose to offer part of the shares of common stock directly to the public at the offering price listed on the cover page of this prospectus and part to certain dealers at a price that represents a concession not in excess of $ a share under the public offering price. After the initial offering of the shares of common stock, the offering price and other selling terms may from time to time be varied by the representatives.

We have granted to the underwriters an option, exercisable for 30 days from the date of this prospectus, to purchase up to 858,000 additional shares of common stock at the public offering price listed on the cover page of this prospectus, less underwriting discounts and commissions. The underwriters may exercise this option solely for the purpose of covering over-allotments, if any, made in connection with the offering of the shares of common stock offered by this prospectus. To the extent the option is exercised, each underwriter will become obligated, subject to certain conditions, to purchase about the same percentage of the additional shares of common stock as the number listed next to the underwriter's name in the preceding table bears to the total number of shares of common stock listed next to the names of all underwriters in the preceding table.

The following table shows the per share and total public offering price, underwriting discounts and commissions, and proceeds before expenses to us. These amounts are shown assuming both no exercise and full exercise of the underwriters' option to purchase up to an additional 858,000 shares of common stock.

	Per Share	Total	
		No Exercise	Full Exercise
Public offering price	$	$	$
Underwriting discounts and commissions to be paid by us:	$	$	$
Proceeds, before expenses, to us	$	$	$

The estimated offering expenses payable by us, exclusive of the underwriting discounts and commissions, are approximately $3.1 million. We have agreed to reimburse the underwriters for expenses relating to clearance of this offering with the Financial Industry Regulatory Authority of up to $35,000.

The underwriters have informed us that they do not intend sales to discretionary accounts to exceed 5% of the total number of shares of common stock offered by them.

We have applied to list our common stock on The NASDAQ Global Market under the trading symbol “OPHT”.

We and all directors and officers and the holders of all of our outstanding stock and stock options have agreed that, without the prior written consent of Morgan Stanley & Co. LLC and J.P. Morgan Securities LLC on behalf of the underwriters, we and they will not, during the period ending 180 days after the date of this prospectus (the “restricted period”):

- 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 beneficially owned (as such term is used in Rule 13d-3 of the Securities Exchange Act of 1934, as amended) or any securities so owned convertible into or exercisable or exchangeable for shares of common stock;
- 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; or
- publicly disclose the intention to make any such offer, sale, pledge or disposition of shares of common stock.

whether any such transaction described above is to be settled by delivery of common stock or such other securities, in cash or otherwise. In addition, we and each such person agrees that, without the prior written consent of Morgan Stanley & Co. LLC and J.P. Morgan Securities LLC on behalf of the underwriters, we or such other person will not, during the restricted period, 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.

The restrictions described in the immediately preceding paragraph do not apply to us in respect of:

a) the sale of shares to the underwriters; or

b) the issuance by us of shares of common stock upon the exercise of an option or warrant or the conversion of a security described in this prospectus and outstanding on the date hereof, provided, that we will cause each recipient of any such issuance to execute and deliver to Morgan Stanley & Co. LLP and J.P. Morgan Securities LLC a lock-up agreement if such recipient has not already delivered one; or

c) any options and other awards granted under a stock incentive plan or stock purchase plan described in this prospectus (and the issuance of shares upon the exercise thereof), provided, that we will cause each recipient of any such grant to execute and deliver to Morgan Stanley & Co. LLP and J.P. Morgan Securities LLC a lock-up agreement if such recipient has not already delivered one; or

d) the filing by us of any registration statement on Form S-8 or a successor form thereto relating to the shares of common stock granted pursuant to or reserved for issuance under a stock incentive plan or stock purchase plan described in this prospectus; or

e) shares of common stock or other securities issued in connection with a transaction that includes a commercial relationship (including joint ventures, marketing or distribution arrangements, collaboration agreements or intellectual property license agreements) or any acquisition of assets or not less than a majority or controlling portion of the equity of another entity, provided that (x) the aggregate number of shares of common stock issued pursuant to this clause (e) shall not exceed 5.0% of the total number of outstanding shares of common stock and (y) the recipient of any such shares of common stock and securities issued pursuant to this clause (e) during the restricted period shall enter into a lock-up agreement; or

f) the establishment of a trading plan pursuant to Rule 10b5-1 under the Exchange Act for the transfer of shares of common stock, provided that (i) such plan does not provide for the transfer of common stock during the restricted period and (ii) to the extent a public announcement or filing under the Exchange Act, if any, is required of or voluntarily made by the us regarding the establishment of such plan, such announcement or filing shall include a statement to the effect that no transfer of common stock may be made under such plan during the restricted period.

The restrictions described in the second immediately preceding paragraph do not apply to directors, officers and security holders in respect of:

a) transfers or dispositions of common stock acquired in this offering (other than any issuer-directed shares of common stock purchased in the public offering by an officer or director of ours) or acquired in open market transactions after the completion of this offering; or

b) the exercise of options to purchase shares of common stock granted under a stock incentive plan or stock purchase plan which is described in this prospectus or the exercise of warrants to purchase shares of common stock described in this prospectus and outstanding as of the date of this prospectus, *provided* that the underlying common stock continues to be subject to the restrictions set forth above; or

c) the exercise of options to purchase shares of common stock granted under a stock incentive plan or stock purchase plan described in this prospectus pursuant to an arrangement whereby we withhold shares issuable pursuant to such option in payment of the exercise price, *provided* that no filing under Section 16(a) of the Exchange Act or other public announcement, reporting a reduction in beneficial ownership of shares of common stock, shall be required or shall be voluntarily made during the Restricted Period in connection with such option exercise, and *provided* further that the underlying common stock issued upon the exercise of such options continues to be subject to the restrictions set forth above; or

d) transfers or dispositions to us of common stock or any security convertible into or exercisable or exchangeable for common stock pursuant to any contractual arrangement in effect on the date of the lock-up agreement that provides for the repurchase by us of the director's, officer's or security holder's common stock or such other securities or in connection with the termination of the director's, officer's or security holder's employment with us; or

e) transfers or dispositions of shares of common stock or any security convertible into or exercisable or exchangeable for common stock as a bona fide gift; or

f) transfers or dispositions of shares of common stock or any security convertible into or exercisable or exchangeable for common stock by will or other testamentary document or by intestacy; or

g) distributions of shares of common stock or any security convertible into or exercisable or exchangeable for common stock to limited partners, members, stockholders or trust beneficiaries of

the directors, officers or security holders or to any investment fund or other entity controlled or managed by the directors, officers or security holders; or

h) transfers or dispositions of shares of common stock or any security convertible into or exercisable or exchangeable for common stock to any trust for the direct or indirect benefit of the director, officer or security holder or the immediate family of the director, officer or security holder in a transaction not involving a disposition for value;

provided that (i) in the case of any transfer or distribution pursuant to clause (e), (f), (g) or (h), each donee, transferee or distributee shall sign and deliver a lock-up letter substantially in the form of the lock-up agreement and (ii) in the case of any transfer or distribution pursuant to clause (a), (e), (g) or (h), no filing under Section 16(a) of the Exchange Act or other public announcement, reporting a reduction in beneficial ownership of shares of common stock, shall be required or shall be voluntarily made during the Restricted Period in connection with such transfer or distribution, or (i) the establishment of a trading plan pursuant to Rule 10b5-1 under the Exchange Act for the transfer of shares of common stock, provided that (i) such plan does not provide for the transfer of common stock during the Restricted Period and (ii) to the extent a public announcement or filing under the Exchange Act, if any, is required of or voluntarily made by or on behalf of our directors, officers or security holders regarding the establishment of such plan, such announcement or filing shall include a statement to the effect that no transfer of common stock may be made under such plan during the Restricted Period. For purposes of the lock-up agreement, “immediate family” shall mean any relationship by blood, marriage or adoption, not more remote than first cousin.

The representatives, in their sole discretion, may release the common stock and other securities subject to the lock-up agreements described above in whole or in part at any time with or without notice.

In order to facilitate the offering of the common stock, the underwriters may engage in transactions that stabilize, maintain or otherwise affect the price of the common stock. Specifically, the underwriters may sell more shares than they are obligated to purchase under the underwriting agreement, creating a short position. A short sale is covered if the short position is no greater than the number of shares available for purchase by the underwriters under the over-allotment option. The underwriters can close out a covered short sale by exercising the over-allotment option or purchasing shares in the open market. In determining the source of shares to close out a covered short sale, the underwriters will consider, among other things, the open market price of shares compared to the price available under the over-allotment option. The underwriters may also sell shares in excess of the over-allotment option, creating a naked short position. The underwriters must close out any naked short position by purchasing shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the common stock in the open market after pricing that could adversely affect investors who purchase in this offering. As an additional means of facilitating this offering, the underwriters may bid for, and purchase, shares of common stock in the open market to stabilize the price of the common stock. These activities may raise or maintain the market price of the common stock above independent market levels or prevent or retard a decline in the market price of the common stock. The underwriters are not required to engage in these activities and may end any of these activities at any time.

We and the underwriters have agreed to indemnify each other against certain liabilities, including liabilities under the Securities Act.

A prospectus in electronic format may be made available on websites maintained by one or more underwriters, or selling group members, if any, participating in this offering. The representatives may agree to allocate a number of shares of common stock to underwriters for sale to their online brokerage account holders. Internet distributions will be allocated by the representatives to underwriters that may make Internet distributions on the same basis as other allocations.

The underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory,

investment management, investment research, principal investment, hedging, financing and brokerage activities. Certain of the underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various financial advisory and investment banking services for us, for which they received or will receive customary fees and expenses.

In addition, in the ordinary course of their various business activities, the underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve our securities and instruments. The underwriters and their respective affiliates may also make investment recommendations or publish or express independent research views in respect of such securities or instruments and may at any time hold, or recommend to clients that they acquire, long or short positions in such securities and instruments.

Pricing of the Offering

Prior to this offering, there has been no public market for our common stock. The initial public offering price was determined by negotiations between us and the representatives. Among the factors considered in determining the initial public offering price were our future prospects and those of our industry in general, our sales, earnings and certain other financial and operating information in recent periods, and the price-earnings ratios, price-sales ratios, market prices of securities, and certain financial and operating information of companies engaged in activities similar to ours.

Directed Share Program

At our request, the underwriters have reserved 2.5% of the shares of common stock to be issued by us and offered by this prospectus for sale, at the initial public offering price, to directors, officers, employees, business associates and related persons of Ophthotech Corporation. The number of shares of common stock available for sale to the general public will be reduced to the extent these individuals purchase such reserved shares. Any reserved shares that are not so purchased will be offered by the underwriters to the general public on the same basis as the other shares offered by this prospectus.

Selling Restrictions

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State") an offer to the public of any shares of our common stock may not be made in that Relevant Member State, except that an offer to the public in that Relevant Member State of any shares of our common stock may be made at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

(a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(b) to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the representatives for any such offer; or

(c) in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of shares of our common stock shall result in a requirement for the publication by us or any underwriter of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer to the public" in relation to any shares of our common stock in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any shares of our common stock to be offered so as to enable an investor to decide to purchase any shares of our common stock, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State, and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

United Kingdom

Each underwriter has represented and agreed that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 ("FSMA") received by it in connection with the issue or sale of the shares of our common stock in circumstances in which Section 21(1) of the FSMA does not apply to us; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the shares of our common stock in, from or otherwise involving the United Kingdom.

LEGAL MATTERS

The validity of the shares of our common stock offered hereby is being passed upon for us by Wilmer Cutler Pickering Hale and Dorr LLP. Davis Polk & Wardwell LLP is acting as counsel for the underwriters in connection with this offering.

EXPERTS

Ernst & Young LLP, independent registered public accounting firm, has audited our financial statements at December 31, 2011 and 2012, and for the years then ended and for the period from January 5, 2007 (Inception) to December 31, 2012, as set forth in their report. We have included our financial statements in this prospectus and elsewhere in this registration statement in reliance on Ernst & Young LLP's report, given on their authority as experts in accounting and auditing.

WHERE YOU CAN FIND MORE INFORMATION

We have filed with the SEC a registration statement on Form S-1 under the Securities Act with respect to the shares of our common stock we are offering to sell. This prospectus, which constitutes part of the registration statement, does not include all of the information contained in the registration statement and the exhibits, schedules and amendments to the registration statement. For further information with respect to us and our common stock, we refer you to the registration statement and to the exhibits and schedules to the registration statement. Statements contained in this prospectus about the contents of any contract, agreement or other document are not necessarily complete, and, in each instance, we refer you to the copy of the contract, agreement or other document filed as an exhibit to the registration statement. Each of these statements is qualified in all respects by this reference to such contract, agreement or document.

You may read and copy the registration statement of which this prospectus is a part at the SEC's public reference room, which is located at 100 F Street, N.E., Room 1580, Washington, DC 20549. You can request copies of the registration statement by writing to the Securities and Exchange Commission and paying a fee for the copying cost. Please call the SEC at 1-800-SEC-0330 for more information about the operation of the SEC's public reference room. In addition, the SEC maintains an Internet website, which is located at www.sec.gov, that contains reports, proxy and information statements and other information regarding issuers that file electronically with the SEC. You may access the registration statement of which this prospectus is a part at the SEC's Internet website. Upon completion of this offering, we will be subject to the information reporting requirements of the Securities Exchange Act of 1934, and we will file reports, proxy statements and other information with the SEC.

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OPHTHOTECH CORPORATION
(A Development Stage Entity)

Index to Financial Statements

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders
Ophthotech Corporation

We have audited the accompanying balance sheets of Ophthotech Corporation (a development stage entity) (the Company) as of December 31, 2011 and 2012, and the related statements of operations, changes in stockholders' deficit and cash flows for the years then ended and for the period from January 5, 2007 (Inception) to December 31, 2012. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Company's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ophthotech Corporation at December 31, 2011 and 2012, and the results of its operations and its cash flows for the years then ended and for the period from January 5, 2007 (Inception) to December 31, 2012 in conformity with U.S. generally accepted accounting principles.

/s/ Ernst & Young LLP

MetroPark, New Jersey
July 11, 2013, except as to the thirteenth paragraph of Note 16,
as to which the date is September 9, 2013

OPHTHOTECH CORPORATION
(A Development Stage Entity)
Balance Sheets

	December 31, 2011	December 31, 2012
Assets		
Current assets:		
Cash and cash equivalents	$ 6,396,003	$ 4,304,536
Prepaid expenses and other deposits	64,560	43,609
Other receivables	1,036,391	—
Debt issuance costs	—	330,692
Security deposits	—	158,399
Total current assets	7,496,954	4,837,236
Property and equipment, net	73,308	42,152
Security deposits	158,045	—
Total assets	$ 7,728,307	$ 4,879,388
Liabilities, Convertible Redeemable Series A, Series A-1, Series B and Series B-1 Preferred Stock and stockholders' deficit		
Current liabilities:		
Notes payable	$ —	$ 11,039,901
Accrued clinical drug supplies and trial costs	1,497,382	1,012,984
Accounts payable and accrued expenses	851,149	865,672
Accrued bonuses	775,038	525,862
Warrant liability	193,171	965,780
Deferred rent	22,039	—
Total current liabilities	3,338,779	14,410,199
Commitments and contingencies		
Preferred Stock, Convertible and Redeemable:		
Series A—2011 and 2012—$0.001 par value, 73,094,000 shares authorized, 51,790,000 shares issued and outstanding (aggregate liquidation preference of $70,564,027 at 2012)	65,327,471	69,470,667
Series A-1—2011 and 2012—$0.001 par value, 18,480,000 shares authorized, 6,000,000 issued and outstanding (aggregate liquidation preference of $8,460,492 at 2012)	7,980,492	8,460,492
Series B—2011—$0.001 par value, 42,000,000 shares authorized, 30,000,000 issued and outstanding; 2012—$0.001 par value, 42,320,200 shares authorized, 30,000,000 issued and outstanding (aggregate liquidation preference of $35,868,492 at 2012)	33,056,389	35,456,389
Series B-1—2011 and 2012—$0.001 par value, 700,000 shares authorized, 500,000 issued and outstanding (aggregate liquidation preference of $552,054 at 2012)	512,054	552,054
Total Preferred Stock, Convertible and Redeemable	106,876,406	113,939,602
Stockholders' deficit:		
Junior Series A Convertible Preferred Stock—2011 and 2012—$0.001 par value, 3,000,000 shares authorized, 3,000,000 shares issued and outstanding; at original issue price	3,000,000	3,000,000
Common stock—2011—$0.001 par value, 155,544,651 shares authorized, 1,451,294 shares issued and outstanding; 2012—$0.001 par value, 155,864,851 shares authorized, 1,469,798 shares issued and outstanding;	1,451	1,470
Deficit accumulated during the development stage	(105,488,329)	(126,471,883)
Total stockholders' deficit	(102,486,878)	(123,470,413)
Total liabilities and stockholders' deficit	$ 7,728,307	$ 4,879,388

See accompanying notes.

OPHTHOTECH CORPORATION
(A Development Stage Entity)
Statements of Operations

	Year Ended December 31		Period From January 5, 2007 (Inception) to December 31, 2012
	2011	2012	
Costs and expenses:			
Research and development	$ 13,895,817	$ 6,792,175	$ 74,891,291
General and administrative	5,738,243	6,888,956	27,348,884
Total costs and expenses	19,634,060	13,681,131	102,240,175
Loss from operations	(19,634,060)	(13,681,131)	(102,240,175)
Interest expense	—	(507,521)	(509,914)
Interest and other income	1,930	368	481,325
Foreign currency transaction gain (loss)	(23,170)	(7,827)	9,571
Other loss	(7,140)	(366,045)	(380,716)
Change in fair value related to investor rights liability	—	—	682,922
Net loss before income tax benefit	(19,662,440)	(14,562,156)	(101,956,987)
Income tax benefit	1,029,344	—	1,327,019
Net loss	(18,633,096)	(14,562,156)	(100,629,968)
Add: accretion of preferred stock dividends	(6,837,988)	(7,063,196)	(27,155,062)
Net loss attributable to common stockholders	$ (25,471,084)	$ (21,625,352)	$ (127,785,030)
Net loss attributable to common stockholders per share—basic and diluted	$ (18.27)	$ (14.89)	
Weighted-average shares outstanding—basic and diluted	1,394,476	1,452,496	
Unaudited basic and diluted pro forma net loss attributable to common stockholders per share		$ (0.65)	
Unaudited basic and diluted pro forma weighted-average shares outstanding		22,492,985	

See accompanying notes.

OPHTHOTECH CORPORATION
(A Development Stage Entity)
Statements of Changes in Stockholders' Deficit
For the Period From January 5, 2007 (Inception) to December 31, 2012

	Junior Series A Preferred Stock		Common Stock		Additional Paid-In Capital	Deficit Accumulated During the Development Stage	Total
	Number of Shares	Amount	Number of Shares	Amount			
Balance at January 5, 2007 (Inception)	—	$ —	—	$ —	$ —	$ —	$ —
Issuance of common stock	—	—	932,204	932	54,068	—	55,000
Issuance of Junior Series A Preferred Stock	3,000,000	3,000,000	—	—	—	—	3,000,000
Preferred Stock dividends	—	—	—	—	(54,068)	(592,010)	(646,078)
Net loss	—	—	—	—	—	(14,416,985)	(14,416,985)
Balance at December 31, 2007	3,000,000	3,000,000	932,204	932	—	(15,008,995)	(12,008,063)
Issuance of common stock	—	—	97,017	97	11,352	—	11,449
Share-based compensation	—	—	—	—	13,696	—	13,696
Preferred Stock dividends	—	—	—	—	(25,048)	(2,571,922)	(2,596,970)
Net loss	—	—	—	—	—	(20,555,760)	(20,555,760)
Balance at December 31, 2008	3,000,000	3,000,000	1,029,221	1,029	—	(38,136,677)	(35,135,648)
Issuance of common stock	—	—	107,208	107	12,543	—	12,650
Share-based compensation	—	—	—	—	57,848	—	57,848
Preferred Stock dividends	—	—	—	—	(70,391)	(4,117,243)	(4,187,634)
Net loss	—	—	—	—	—	(13,513,892)	(13,513,892)
Balance at December 31, 2009	3,000,000	3,000,000	1,136,429	1,136	—	(55,767,812)	(52,766,676)
Issuance of common stock	—	—	290,199	290	38,539	—	38,829
Share-based compensation	—	—	—	—	230,998	—	230,998
Preferred Stock dividends	—	—	—	—	(269,537)	(5,553,659)	(5,823,196)
Net loss	—	—	—	—	—	(18,948,079)	(18,948,079)
Balance at December 31, 2010	3,000,000	3,000,000	1,426,628	1,426	—	(80,269,550)	(77,268,124)
Issuance of common stock	—	—	24,666	25	4,090	—	4,115
Share-based compensation	—	—	—	—	248,215	—	248,215
Preferred Stock dividends	—	—	—	—	(252,305)	(6,585,683)	(6,837,988)
Net loss	—	—	—	—	—	(18,633,096)	(18,633,096)
Balance at December 31, 2011	3,000,000	3,000,000	1,451,294	1,451	—	(105,488,329)	(102,486,878)
Issuance of common stock	—	—	18,504	19	2,164	—	2,183
Share-based compensation	—	—	—	—	639,634	—	639,634
Preferred Stock dividends	—	—	—	—	(641,798)	(6,421,398)	(7,063,196)
Net loss	—	—	—	—	—	(14,562,156)	(14,562,156)
Balance at December 31, 2012	3,000,000	$3,000,000	1,469,798	$ 1,470	$ —	$ (126,471,883)	$ (123,470,413)

See accompanying notes.

OPHTHOTECH CORPORATION
(A Development Stage Entity)
Statements of Cash Flows

	Year Ended December 31		Period From January 5, 2007 (Inception) to December 31, 2012
	2011	2012	
Operating activities			
Net loss	$ (18,633,096)	$ (14,562,156)	$ (100,629,968)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation	32,385	31,156	154,176
Amortization of debt issuance costs	—	46,769	46,769
Accretion of debt discount	—	58,665	58,665
Non-cash change in fair value of warrant liability	7,140	366,045	380,716
Non-cash change in fair value of investor rights liability	—	—	(682,922)
Stock-based compensation	248,215	639,634	1,190,391
Series A-1 and Junior Preferred Stock issued for acquired technology and licenses	—	—	9,000,000
Series B-1 Preferred Stock issued for acquired technology and licenses	500,000	—	500,000
Accrued interest expense converted to Series A Preferred Stock	—	—	2,393
Changes in operating assets and liabilities:			
Prepaid expenses and other	135,368	20,951	(55,541)
Other receivables	(738,351)	1,036,391	—
Security deposits	(903)	(354)	(158,399)
Accrued clinical drug supplies and trial costs	(821,955)	(484,398)	1,012,984
Accounts payable and accrued expenses	(50,604)	14,523	865,672
Accrued bonuses	222,447	(249,176)	525,862
Deferred rent	(23,868)	(22,039)	—
Net cash used in operating activities	(19,123,222)	(13,103,989)	(87,789,202)
Investing activities			
Purchase of marketable securities	—	—	(4,238,068)
Maturities of marketable securities	3,400,000	—	4,250,000
Purchase of property and equipment	(4,170)	—	(196,328)
Net cash provided by (used in) investing activities	3,395,830	—	(184,396)
Financing activities			
Debt issuance costs	—	(377,461)	(377,461)
Proceeds from issuance of common stock	4,115	2,183	124,226
Proceeds from issuance of notes payable, net	—	11,387,800	11,597,800
Proceeds from issuance of preferred stock, net	14,990,130	—	80,933,569
Net cash provided by financing activities	14,994,245	11,012,522	92,278,134
(Decrease) increase in cash and cash equivalents	(733,147)	(2,091,467)	4,304,536
Cash and cash equivalents at beginning of period	7,129,150	6,396,003	—
Cash and cash equivalents at end of period	$ 6,396,003	$ 4,304,536	$ 4,304,536
Supplemental disclosures of cash flow information			
Accreted dividends on Series A, Series A-1, Series B, and Series B-1 Preferred Stock	$ 6,837,988	$ 7,063,196	$ 27,155,062
Notes payable and accrued interest converted to Series A Preferred Stock	$ —	$ —	$ 212,393

See accompanying notes.

OPHTHOTECH CORPORATION
(A Development Stage Entity)
Notes to Financial Statements
December 31, 2012

1. Business

Description of Business and Organization

Ophthotech Corporation (the "Company" or "Ophthotech") was incorporated on January 5, 2007, in Delaware. The Company is a biopharmaceutical company specializing in the development of novel therapeutics to treat diseases of the eye. The Company's operations since inception have been limited to organizing and staffing the Company, acquiring rights to product candidates, business planning, raising capital and developing its product candidates. Accordingly, the Company is considered to be in the development stage as defined by Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 915, *Development Stage Entities*. The Company operates in one business segment.

Capitalized terms not otherwise defined herein are defined in their respective agreements.

Liquidity

The Company expects to continue to incur substantial losses over the next several years during its development phase. To fully execute its business plan, the Company will need to complete certain research and development activities and clinical trials. Further, the Company's product candidates will require regulatory approval prior to commercialization. These activities may span many years and require substantial expenditures to complete and may ultimately be unsuccessful. Any delays in completing these activities could adversely impact the Company. The Company plans to meet its capital requirements primarily through a combination of equity and debt financings, collaborations, strategic alliances and marketing distribution or licensing arrangements and in the longer term, revenue from product sales. There can be no assurance that such funds will be available, or if available, on terms favorable to the Company. The Company faces the normal risks associated with a development stage company, including but not limited to the risk that the Company's research and development activities will not be successfully completed, that adequate patent protection for the Company's technology will not be obtained, that any products developed will not obtain necessary government regulatory approval and that any approved products will not be commercially viable. In addition, the Company operates in an environment of rapid change in technology, substantial competition from pharmaceutical and biotechnology companies and is dependent upon the services of its employees and its consultants. Since inception, the Company has primarily relied upon private placements of its preferred stock and venture debt borrowings to fund operations. However, the Company's capital requirements will depend on many factors, including the success of its development and commercialization of the Company's product candidates and whether it pursues the development of additional product candidates. Even if the Company succeeds in developing and commercializing one or more of its product candidates, it may never achieve sufficient sales revenue to achieve or maintain profitability.

2. Significant Accounting Policies

Basis of Presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States and include all adjustments necessary for the fair presentation of the Company's financial position for the periods presented.

OPHTHOTECH CORPORATION
(A Development Stage Entity)
Notes to Financial Statements (continued)

2. Significant Accounting Policies (continued)

Unaudited Pro Forma Information

Unaudited pro forma net loss per share is computed using the weighted-average number of common shares outstanding and gives effect to the automatic conversion of all outstanding shares of the Company's preferred stock, into an aggregate of 21,040,489 shares of the Company's common stock, as if they had occurred during the year ended December 31, 2012 and assuming the closing of the public offering occurs on October 1, 2013.

Use of Estimates

The preparation of financial statements and related disclosures in conformity with accounting principles generally accepted in the United States requires management to make estimates and judgments that affect the amounts reported in the financial statements and accompanying notes. The Company bases its estimates and judgments on historical experience and on various other assumptions that it believes are reasonable under the circumstances. The amounts of assets and liabilities reported in the Company's Balance Sheets and the amount of expenses reported for each of the periods presented are affected by estimates and assumptions, which are used for, but not limited to, the accounting for stock-based compensation and investor rights liabilities, for income taxes and accounting for research and development costs. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Company considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. The carrying amounts reported in the Balance Sheets for cash and cash equivalents are valued at cost, which approximates their fair value.

Concentration of Credit Risk

The Company's financial instruments that are exposed to concentration of credit risk consist primarily of cash. The Company maintains its cash in bank accounts, which, at times, exceed federally insured limits. The Company has not recognized any losses from credit risks on such accounts during any of the periods presented. The Company believes it is not exposed to significant credit risk on cash.

Foreign Currency Translation

The Company maintains a bank account in a foreign currency. The Company considers the United States dollar to be the functional currency. Expenses are translated at the exchange rate on the date the expense is incurred. The effect of exchange rate fluctuations on translating foreign currency assets and liabilities into United States dollars is included in the Statements of Operations. Foreign exchange transaction gains and losses are included in the results of operations and are not material in the Company's financial statements.

Financial Instruments

The carrying amounts of the Company's financial instruments, which include cash and cash equivalents, other receivables, accounts payable and accrued expenses, and warrants, approximate their fair value due to their short maturities. The carrying amounts of warrants approximate their fair value based upon option pricing models.

OPHTHOTECH CORPORATION
(A Development Stage Entity)
Notes to Financial Statements (continued)

2. Significant Accounting Policies (continued)

Property and Equipment

Property and equipment, which consist mainly of computers and other equipment, are carried at cost less accumulated depreciation. Depreciation is computed over the estimated useful lives of the respective assets, generally five to seven years, using the straight-line method.

Research and Development

All research and development costs are expensed as incurred. Research and development costs include costs of acquired product license and related technology rights where there is no alternative future use, prototypes used in research and development, consultant fees and amounts paid to collaborative partners. All research and development costs are charged to operations as incurred in accordance with ASC 730, *Research and Development*.

Income Taxes

The Company utilizes the liability method of accounting for deferred income taxes, as set forth in ASC 740-10, *Income Taxes-Overall.* Under this method, deferred tax assets and liabilities are recognized for the expected future tax consequences of temporary differences between the carrying amounts and the tax basis of assets and liabilities. A valuation allowance is established against deferred tax assets because the Company's management believes it cannot at this time conclude that it is more likely than not that some or all of the deferred tax assets will not be realized. The Company maintains a full valuation allowance on its deferred tax assets. Accordingly, the Company has not recorded a benefit or provision for income taxes other than for the sale of a portion of its unused New Jersey State operating loss carryforwards through a program sponsored by the State of New Jersey and the New Jersey Economic Development Authority in 2011. Since its inception, the Company has incurred losses for U.S. Federal income tax purposes, and is subject to potential tax examination from the date these losses are utilized in future tax returns.

Share-Based Compensation

At December 31, 2011 and 2012, the Company had one share-based employee compensation plan, which is described more fully in Note 12.

The Company grants stock options for a fixed number of shares to employees and non-employees with an exercise price equal to the fair value of the share at the grant date.

The Company accounts for share-based compensation in accordance with ASC 718, *Compensation—Stock Compensation*. The Company selected the Black-Scholes option pricing model as the most appropriate model for determining the estimated fair value for share-based awards. The fair value is then amortized on a straight-line basis over the requisite service periods of the awards, which is generally the vesting period. Use of a valuation model requires management to make certain assumptions with respect to selected model inputs. Expected volatility was calculated based on the weighted-average of historical information of similar public entities. The Company will continue to use a weighted-average approach using other similar public entity volatility information until historical volatility of the Company is relevant to measure expected volatility for future option grants.

OPHTHOTECH CORPORATION
(A Development Stage Entity)
Notes to Financial Statements (continued)

2. Significant Accounting Policies (continued)

The average expected life was determined according to the Securities and Exchange Commission ("SEC") shortcut approach as described in Staff Accounting Bulletin ("SAB") No. 110, which is the mid-point between the vesting date and the end of the contractual term.

The risk-free interest rate is based on U.S. Treasury zero-coupon bonds with a remaining term equal to the expected life assumed at the date of grant. Forfeitures are estimated based on voluntary termination behavior, as well as historical analysis of actual option forfeitures. The weighted-average assumptions used in the Black-Scholes option pricing model are as follows:

	Year Ended December 31,	
	2011	2012
Expected common stock price volatility	78.9%	80.8%
Risk-free interest rate	1.72% – 2.38%	0.94% – 1.77%
Expected life of options (years)	6.69	6.63
Expected annual dividend per share	$0.00	$0.00

Recent Accounting Pronouncements

In May 2011, the Financial Accounting Standards Board issued guidance that changed the requirement for presenting "Comprehensive Income" in the financial statements. The update requires an entity to present the components of other comprehensive income either in a single continuous statement of comprehensive income or in two separate but consecutive statements. The currently available option to disclose the components of other comprehensive income within the statement of stockholders' equity will no longer be available. The update is effective for fiscal years, and interim periods within those years, beginning after December 15, 2011, and should be applied retrospectively. The Company did not incur any components of comprehensive income for the periods presented and therefore did not include a statement of comprehensive income in the financial statements.

In February 2013, the FASB issued Accounting Standards Update ("ASU") 2013-02, *Comprehensive Income: Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income* ("ASU 2013-02"). ASU 2013-02 requires an entity to present the effect of certain significant reclassifications out of accumulated other comprehensive income on the respective line items in net income. The amendments in the ASU do not change the items that must be reported in other comprehensive income or when an item of other comprehensive income must be reclassified to net income. ASU 2013-02 is effective prospectively for fiscal years beginning after December 15, 2012. As the ASU requires additional presentation only, there will be no impact to the Company's results of operations or financial position.

3. Net Loss Per Common Share

Basic and diluted net loss per common share is determined by dividing net loss applicable to common stockholders by the weighted average common shares outstanding during the period. For the periods where there is a net loss attributable to common stockholders, the outstanding shares of Preferred Stock, options, unvested restricted stock and warrants have been excluded from the calculation of diluted loss per common stockholder because their effect would be anti-dilutive. Therefore, the weighted average shares used to calculate both basic and diluted loss per share would be the same. The following table sets forth the computation of basic and diluted net loss per share for the periods indicated.

OPHTHOTECH CORPORATION
(A Development Stage Entity)
Notes to Financial Statements (continued)

3. Net Loss Per Common Share (continued)

	Year Ended December 31, 2011	Year Ended December 31, 2012
Basic and diluted net loss per common share calculation:		
Net loss	$ (18,633,096)	$ (14,562,156)
Accretion of Preferred dividends	(6,837,988)	(7,063,196)
Net loss attributable to common stockholders	$ (25,471,084)	$ (21,625,352)
Weighted average common shares	1,394,476	1,452,496
Net loss per share of common stock—basic and diluted	$ (18.27)	$ (14.89)

The following potentially dilutive securities outstanding at December, 31, 2011 and 2012, have been excluded from the computation of diluted weighted shares outstanding, as they would be anti-dilutive

Redeemable convertible preferred stock	16,064,403	16,662,977
Unvested restricted stock	17,827	—
Options outstanding	1,112,458	1,343,523
Warrants	38,518	94,217
Total	17,233,206	18,101,717

4. Property and Equipment

Property and equipment at December 31, 2011 and 2012, were as follows:

	December 31, 2011	December 31, 2012	Useful Life
Computer and other equipment	$ 79,574	$ 79,574	5 years
Furniture and fixtures	116,754	116,754	7 years
	196,328	196,328	
Accumulated depreciation	(123,020)	(154,176)	
Property and equipment, net	$ 73,308	$ 42,152	

For the years ended December 31, 2011 and 2012, depreciation expense was $32,385 and $31,156, respectively.

5. Financing Activities

On June 18, 2007, the Company issued promissory notes (the “Notes”) totaling $210,000 to certain investors. The Notes carried an interest rate of 8% per annum. The Notes and related accrued interest expense of $2,393 were converted into Series A Preferred Stock in conjunction with the Initial Closing under the Series A Agreement described below.

On August 9, 2007, the Company entered into a Series A Preferred Stock Purchase Agreement (the “Series A Agreement”) with the holders of the Notes and another investor (the “Series A Investors”) which provided for

OPHTHOTECH CORPORATION
(A Development Stage Entity)
Notes to Financial Statements (continued)

5. Financing Activities (continued)

the sale and issuance of the Company's Series A Preferred Stock at a price of $1.00 per share in the following tranches: (a) 9,253,101 shares at closing (the "Initial Closing"), (b) 9,217,243 shares provided that the License Agreement described in Note 6 remained in effect within 10 days of the date of the Series A Agreement (the "First Milestone Event") and (c) 17,319,656 shares upon initiation of a Phase 1b study with respect to any of the assets acquired or licensed under the Product and Technology Agreements entered into by the Company in 2007 described in Note 6. As of December 31, 2007, the Company and the Series A Investors had completed the Initial Closing and the First Milestone Event Closing. On April 14, 2008, the Series A Agreement was amended and established the following tranches for the sale and issuance of Series A Preferred Stock to each of the Series A Investors at $1.00 per share: (a) 6,000,000 shares provided the Collaborative License Agreement referred to above remains in effect on or before April 15, 2008 (the "Second Milestone Event"), (b) 13,000,000 shares upon initiation of a Phase 1b study with respect to any one of the assets (each such asset a "Milestone Asset") identified in the amendment to the Series A Agreement (the "Third Milestone Event"), (c) 4,319,656 shares upon initiation of a Phase 1b study with respect to a Milestone Asset other than the Milestone Asset relating to the Third Milestone Event (the "Fourth Milestone Event"), and (d) 7,000,000 shares upon initiation of a Phase 1b study with respect to a Milestone Asset other than the Milestone Asset relating to the Third Milestone Event or the Fourth Milestone Event (the "Fifth Milestone Event").

In connection with the issuance of the Notes in June 2007, the Company issued 210,000 warrants to purchase Series A Preferred Stock with an exercise price of $0.01 per share. The warrants expire on June 18, 2017. The warrants provide for proportionate adjustments to be made to the number of shares purchasable and the exercise price payable under the warrants in the event of certain changes to the underlying Series A Preferred Stock, including for subdivisions, combinations and stock dividends.

The Series A warrants are accounted for as a liability and are marked to market using a hybrid method of an option pricing model and a probability-weighted return methodology. The change in fair value of the Series A warrant liability is recorded within other loss. As of December 31, 2011 and 2012, the value of the Series A warrant liability was $193,171 and $523,216, respectively, as reflected in the accompanying Balance Sheets and the change in the fair value of $330,045 for the year ended December 31, 2012, was recorded in the Statements of Operations.

The Company and the Series A Investors closed the Second Milestone Event on April 14, 2008, and closed the Third Milestone Event on September 19, 2008, issuing 6,000,000 and 13,000,000 shares of Series A Preferred Stock, respectively.

ASC 480, *Distinguishing Liabilities from Equity*, concluded that these rights for shares in redeemable instruments represent free-standing financial instruments and should be accounted for as liabilities under ASC 480. In accordance with ASC 480, the Company adjusts the carrying value of such rights to their estimated fair value at each reporting date. Pursuant to ASC 480, increases or decreases in the fair value of such rights are recorded in the Statements of Operations.

The estimated fair value was determined using a valuation model which considers the probability of achieving a milestone, if any, the Company's cost of capital, the estimated period the rights will be outstanding, consideration received for the instrument with the rights, the number of shares to be issued to satisfy the rights and at what price and any changes in the fair value of the underlying instrument to the rights. The recorded liability was fulfilled in May 2009 upon the exercise of the remaining rights by investors. Since such time, there have not been, and there continue not to be, any rights outstanding.

OPHTHOTECH CORPORATION
(A Development Stage Entity)
Notes to Financial Statements (continued)

5. Financing Activities (continued)

Upon the closing of an initial public offering in which all of the outstanding shares of the Company's Series A Preferred Stock and Series B Preferred Stock convert into Common Stock, the Company expects to reclassify the warrant liability to additional paid-in capital as a result of the outstanding warrants to purchase shares of Series A Preferred Stock and Series B Preferred Stock becoming, in accordance with their terms, warrants to purchase shares of Common Stock, at a weighted average exercise price of $5.47 per share.

On September 19, 2008, the Company met the Third Milestone and issued 13,000,000 shares of Series A Preferred Stock at $1.00 per share, resulting in net proceeds to the Company of $13,000,000. As a result of the exercise of certain investor rights, the related liability amounting to $273,359 was extinguished and recorded as an increase in Preferred Stock.

On May 6, 2009, the Company met the Fourth Milestone and the Fifth Milestone and issued 11,319,656 shares of Series A Preferred Stock at $1.00 per share, resulting in net proceeds to the Company of $11,319,656. As a result of the exercise of certain investor rights, the related liability amounting to $282,334 was extinguished and recorded as an increase in Preferred Stock.

On October 14, 2009, the Series A Agreement was amended to allow for the sale and issuance of up to 3,000,000 additional shares of Series A Preferred Stock at an additional closing.

Consequently, on October 14, 2009, the Company issued 3,000,000 shares of Series A Preferred Stock to existing Series A stockholders at a price per share of $1.00.

In connection with the Product and Technology Agreements entered into by the Company (see Note 6), the Company issued on August 9, 2007, 2,000,000 shares of Series A-1 Preferred Stock and 3,000,000 shares of Junior Series A Preferred Stock, with each class of Preferred Stock being recorded at a fair market value of $1.00 per share based on the cash price paid by the Series A Investors for similar shares on the same date.

In connection with a license agreement entered into by the Company on January 4, 2008 (see Note 6), the Company issued 4,000,000 shares of Series A-1 Preferred Stock. The Series A-1 Preferred Stock was valued at $1.00 per share. Accordingly, the Company charged $4,000,000 to research and development expense during the year ended December 31, 2008.

On December 11, 2009, the Company entered into a Series B Preferred Stock Purchase Agreement (the "Series B Agreement") with the Series A Investors and another investor (the "Series B Investors") which provided for the sale and issuance of the Company's Series B Preferred Stock at a price of $1.00 per share in the following tranches: (a) 15,000,000 shares at closing (the "Initial B Closing") and (b) up to an additional 15,000,000 shares based on the satisfaction of the Second Closing Conditions, as defined in the Series B Agreement.

On March 1, 2011, the Company met the Second Closing Conditions, as defined in the Series B Agreement, and issued 15,000,000 shares of Series B Preferred Stock at $1.00 per share to the existing holders of Series B Preferred Stock.

On June 20, 2012 and December 24, 2012, the Company issued secured promissory notes (the "2012 Notes") in the amount of $7,500,000 and $4,000,000, respectively, to the same Lender. The 2012 Notes bear

OPHTHOTECH CORPORATION
(A Development Stage Entity)
Notes to Financial Statements (continued)

5. Financing Activities (continued)

interest on the outstanding principal amount thereof from the Closing Date until paid in full at a rate per annum equal to the sum of (i) the greater of (A) the LIBOR Rate in effect for the applicable Interest Period and (B) 3.0%, plus (ii) the LIBOR Rate Margin adjusted on the first day of each Interest Period and fixed for the duration of each such Interest Period.

In conjunction with the secured promissory note issued on June 20, 2012, the Lender received warrants to purchase 225,000 shares of Series B Preferred Stock with an exercise price of $1.00 per share. The warrants expire on June 20, 2022. In conjunction with the secured promissory note issued on December 24, 2012, the Lender received warrants to purchase 95,200 shares of Series B Preferred Stock with an exercise price of $2.50 per share. The warrants expire on December 24, 2022. The warrants provide for proportionate adjustments to be made to the number of shares purchasable and the exercise price payable under the warrants in the event of certain changes to the underlying Series B Preferred Stock, including for subdivisions, combinations and stock dividends.

The Series B warrants are accounted for as a liability and are marked to market using a hybrid method of an option pricing model and a probability-weighted return methodology. The change in fair value of the Series B warrant liability is recorded within other loss. As of December 31, 2012, the value of the Series B warrant liability was $442,564 as reflected in the accompanying Balance Sheet and the change in the fair value of $36,000 for the year ended December 31, 2012 was recorded in the Statement of Operations.

6. Product and Technology Agreements

Transferred Technology and Assumed Agreements

Under an agreement dated July 27, 2007, the Company assumed the rights and obligations related to certain patents and know-how (the “Transferred Technology”) and under certain agreements (the “Assumed Agreements”) owned and/or controlled by OSI (Eyetech), Inc. (the “Transferor”) for use in the Company’s activities in the research, development and commercial production of a product as defined in the agreement (the “Divestiture Agreement”). In consideration for the Transferred Technology and the Assumed Agreements, the Company made an upfront payment of $4,000,000 to the Transferor. In addition, on August 9, 2007, the Company issued to the Transferor 3,000,000 shares of Junior Series A Preferred Stock which was valued at $1.00 per share based upon the Original Issue Price.

The Divestiture Agreement also entitles the Transferor to significant payments from the Company upon achievement of certain milestones, and to royalties on the Company’s net sales of Products, as defined, and on terms set forth in the Divestiture Agreement.

The Divestiture Agreement may be terminated by either party in the event of the other party’s insolvency or material breach (following a specified cure period). Unless terminated earlier by the Company or the Transferor, the Divestiture Agreement will remain in effect until the Company no longer has any financial obligations to the Transferor, after which the rights granted to the Company under the Divestiture Agreement will become perpetual and fully paid-up.

If the Company fails to satisfy its diligence obligations under the Divestiture Agreement, the Transferor may terminate the Divestiture Agreement as to particular countries with respect to which such failure has occurred,

OPHTHOTECH CORPORATION
(A Development Stage Entity)
Notes to Financial Statements (continued)

6. Product and Technology Agreements (continued)

and upon such termination the Company will be obligated to transfer to the Transferor specified rights and licenses related to the product covered by the Divestiture Agreement and other related assets, and if the Company is then manufacturing such product or products, at the time of such termination, the Company may be obligated to provide transitional supply of the covered products to the Transferor, for the applicable countries.

The Assumed Agreements include a license, manufacturing and supply agreement (the "Supply Agreement") with Nektar Therapeutics, AL (the "Supplier") for a reagent linked with the active ingredient in the Company's lead product candidate. Prior to the Company's assumption of the Supply Agreement in 2007, the Transferor paid the Supplier $250,000 under the Supply Agreement. The Company has paid the Supplier an aggregate of $750,000 under the Supply Agreement, which was charged to research and development expense during the year ended December 31, 2010. Under the Supply Agreement, the Company is obligated to make certain milestone payments to the Supplier, as well as tiered royalties based on certain percentages of net sales as well as certain other payments and revenue it may receive if it licenses certain product rights to a third party. See "Note 11—Commitments and Contingencies" below.

The Supply Agreement, unless earlier terminated by either party, will expire upon the expiration of the Company's obligation to pay royalties to the Supplier on net sales of licensed products. The Supply Agreement may be terminated by either party in the event of the other party's material breach (following a specified cure period). The Company may terminate the Supply Agreement, without cause, effective at the end of a specified period following written notice to the Supplier, in which event the Company will be obligated to pay the Supplier specified termination fees and reimburse the Supplier for certain costs.

License Agreements

The Assumed Agreements also included an agreement with Archemix Corp. (the "Licensor") for the Company's acquisition of an exclusive royalty-bearing license over certain patent rights and technology owned and/or controlled by the Licensor (the "PDGF License") for use in the Company's activities in the research, development and commercial production of pharmaceutical products related to anti-PDGF aptamers (the "PDGF Licensed Products") as contemplated in the agreement (the "PDGF Agreement"). In addition, on July 31, 2007, the Company also entered into an agreement with the Licensor for the Company's acquisition of an exclusive royalty-bearing license over certain patent rights and technology owned and/or controlled by the Licensor (the "C5 License" and together with the PDGF License, the "Licenses") for use in the Company's activities in the research, development and commercial production of pharmaceutical products related to ARC1905 (the "C5 Licensed Product") as contemplated in the agreement (the "C5 License Agreement" and together with the PDGF License Agreement, the "License Agreements"). In consideration of the Licenses, the Company paid the Licensor aggregate upfront fees of $1,000,000 and, on August 9, 2007, issued to the Licensor an aggregate of 2,000,000 shares of Series A-1 Preferred Stock which was valued at $1.00 per share based on the cash price paid by the Series A Investors for similar shares on the same date.

The Licensor is also entitled to certain regulatory milestone payments and sales milestone payments under the License Agreements.

The upfront fees totaling $5,000,000 and the value of the Junior Series A Preferred Stock and Series A-1 Preferred Stock issued totaling $5,000,000 to the Transferor and the Licensor, under the Divestiture Agreement and the License Agreement, respectively, were charged to research and development expense during the year ended December 31, 2007.

OPHTHOTECH CORPORATION
(A Development Stage Entity)
Notes to Financial Statements (continued)

6. Product and Technology Agreements (continued)

On January 4, 2008, the Company entered into an agreement with certain collaborative partners whereby the Company acquired an exclusive license to develop, market and promote products containing or comprising certain material upon which the collaborative partners have sole and exclusive worldwide rights to develop, market and sell. Upon the execution of the license agreement, the Company issued 4,000,000 shares of Series A-1 Preferred Stock to such partners. The Series A-1 Preferred Stock was valued at $1.00 per share based upon the Original Issue Price. Accordingly, the Company charged research and development expense for $4,000,000. Under the license agreement, the corroborative partners are entitled to certain development and sales milestone payments plus royalties on net sales. On May 3, 2012, the Company terminated such agreement.

On September 12, 2011, the License Agreements, were amended to cover expanded licenses for all indications outside of the ophthalmic field (as defined in the amended license agreements (the “Amended License Agreements”)). Upon the execution of the Amended License Agreements, the Company issued 500,000 shares of Series B-1 Preferred Stock to the Licensor. The Series B-1 Preferred Stock was valued at $1.00 per share based upon the Original Issue Price, which was still deemed to be fair value as of the date of this transaction. Accordingly, the Company charged research and development expense for $500,000.

Unless earlier terminated, the amended PDGF Agreement will expire upon the later of 10 years after the first commercial sale in any country of the last PDGF Licensed Product and the expiration of the last-to-expire valid claim of the PDGF licensed patents that covers a PDGF Licensed Product. Unless earlier terminated, the amended C5 Agreement will expire upon the later of 12 years after the first commercial sale in any country of the last C5 Licensed Product, the expiration of the last-to-expire valid claim of the C5 licensed patents, and the date on which no further payments of sublicensing income, if any, are to be received by the Company.

Either of the Amended License Agreements may be terminated by either party in the event of the other party’s material breach (following a specified cure period). The Licensor may also terminate each of the Amended License Agreements, or may convert the Company’s exclusive licenses to non-exclusive licenses, if the Company challenges or assists a third party in challenging the validity or enforceability of any of the patents licensed under the applicable Amended License Agreement. The Company may terminate each of the Amended License Agreements at any time and for any or no reason effective at the end of a specified period following written notice to the Licensor.

7. Capital Structure

Authorized Capital Stock

In connection with the issuance of the notes on June 20, 2012, the Company amended its certificate of incorporation to increase the authorized shares of capital stock to the following: 155,769,651 shares of common stock and 73,094,000 shares of Series A Preferred Stock, 18,480,000 shares of Series A-1 Preferred Stock, 3,000,000 shares of Junior Series A Preferred Stock, 42,225,000 shares of Series B Preferred Stock, and 700,000 shares of Series B-1 Preferred Stock, each with a par value of $0.001 per share.

In connection with the issuance of the notes on December 24, 2012, the Company amended its certificate of incorporation to increase the authorized shares of capital stock to the following: 155,864,851 shares of common stock and 73,094,000 shares of Series A Preferred Stock, 18,480,000 shares of Series A-1 Preferred Stock,

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Notes to Financial Statements (continued)

7. Capital Structure (continued)

3,000,000 shares of Junior Series A Preferred Stock, 42,320,200 shares of Series B Preferred Stock, and 700,000 shares of Series B-1 Preferred Stock, each with a par value of $0.001 per share. Such authorized amounts remained the same at December 31, 2012.

Common Stock

The Company's common stock has a par value of $0.001 per share. The voting, dividend and liquidation rights of the holders of the common stock are subject to and qualified by the rights, powers and preferences of the holders of the Preferred Stock. Each holder of common stock is entitled to vote on all matters and is entitled to one vote for each share held.

Restricted Stock

Of the 1,469,798 shares of common stock issued and outstanding at December 31, 2012, 677,964 shares were issued to officers of the Company. Such shares of stock are subject to restrictions on transfer and a risk of forfeiture as set forth in the respective restricted stock agreements between the Company and the owners of such shares. At December 31, 2012, all shares were 100% vested and no longer subject to forfeiture.

Preferred Stock

Voting Rights

Each holder of Series A Preferred Stock, Series A-1 Preferred Stock, Series B Preferred Stock and Series B-1 Preferred Stock is entitled to vote on all matters and is entitled to one vote equal to the number of shares of common stock into which such shares of Series A Preferred Stock, Series A-1 Preferred Stock, Series B Preferred Stock and Series B-1 Preferred Stock could be converted. Except as provided by law or by the other provisions of the Certificate of Incorporation, holders of Series A Preferred Stock, Series A-1 Preferred Stock, Series B Preferred Stock and Series B-1 Preferred Stock vote together with the holders of common stock as a single class.

The Junior Series A Preferred Stock is non-voting and is not entitled to receive notice of, or vote at, any meetings of the stockholders of the Company.

Dividend Rights

The holders of Series A Preferred Stock, Series A-1 Preferred Stock, Series B Preferred Stock and Series B-1 Preferred Stock, in preference to the holders of common stock, are entitled to receive dividends as described below. Such dividends accrue from day to day, whether or not declared and are cumulative. The dividends are payable only when, as and if declared by the Board of Directors. No dividends were declared for the years ended December 31, 2012 and 2011, or for the period from January 5, 2007 (inception) to December 31, 2012.

For any shares of Series A Preferred Stock and Series A-1 Preferred Stock outstanding as of the Series B Original Issue Date (as defined in the Series B Purchase Agreement), during the period from and after the issuance of each such share through but excluding the Series B Original Issue Date, cash dividends accrued with respect to such shares at a rate of $0.08 per share. From and after the Series B Original Issue Date, cash

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Notes to Financial Statements (continued)

7. Capital Structure (continued)

dividends continue to accrue with respect shares of Series A Preferred Stock and Series A-1 Preferred Stock that were outstanding as of the Series B Original Issue Date at a rate of $0.04 per share per annum.

For any shares of Series A Preferred Stock, Series A-1 Preferred Stock, Series B Preferred Stock or Series B-1 Preferred Stock issued on or after the Series B Original Issue Date, during the period from and after the issuance of each such share, cash dividends accrue with respect to each outstanding share at a rate of $0.04 per share per annum.

For all outstanding shares of Series A Preferred Stock, Series A-1 Preferred Stock, Series B Preferred Stock and Series B-1 Preferred Stock, during the period from and after the later of the Series B Original Issue Date or the issuance of each such share, stock dividends accrue with respect to each outstanding share at a rate of 0.04 of a share per annum.

The dividend rights of the holders of Junior Series A Preferred Stock are subject to and qualified by the rights, powers and preferences of the holders of Series A Preferred Stock, Series A-1 Preferred Stock, Series B Preferred Stock and Series B-1 Preferred Stock.

Liquidation Preference of Series A Preferred Stock, Series A-1 Preferred Stock, Series B Preferred Stock, Series B-1 Preferred Stock

The liquidation rights of the holders of Junior Series A Preferred Stock are subject to and qualified by the rights, powers and preferences of the holders of Series A Preferred Stock, Series A-1 Preferred Stock, Series B Preferred Stock and Series B-1 Preferred Stock.

Upon the liquidation of the Company, before any distribution shall be made to the holders of the Junior Series A Preferred Stock or common stock, the holders of Series A Preferred Stock, Series A-1 Preferred Stock, Series B Preferred Stock and Series B-1 Preferred Stock, are entitled to be paid out of the assets of the Company, for each outstanding share and for each share accrued as stock dividends an amount equal to the original issue price of one dollar (the “Series A Original Issue Price”, the “Series A-1 Original Issue Price”, the “Series B Original Issue Price”, or the “Series B-1 Original Issue Price”, as applicable) plus any accrued cash dividends unpaid, whether or not declared, together with any other dividends declared but unpaid (the “Series A Preferential Payment Amount”, the “Series A-1 Preferential Payment Amount”, the “Series B Preferential Payment Amount”, or the “Series B-1 Preferential Payment Amount”, as applicable). The holders of the Junior Series A Preferred Stock then outstanding are then entitled to be paid out of the assets of the Company, before any distribution to the holders of the Company’s common stock, an amount equal to the original issue price of one dollar plus any dividends declared but unpaid (the “Junior Series A Preferred Stockholders Preferential Payment Amount”).

After the payment of the Series A, Series A-1, Series B, Series B-1 and Junior Series A Preferential Payment Amounts, the remaining assets shall be distributed pro rata based on the number of shares to the holders of the Series A Preferred Stock, Series A-1 Preferred Stock, Series B Preferred Stock and Series B-1 Preferred Stock (after giving effect to the payment of any accrued stock dividends to the holders of Series A Preferred Stock, Series A-1 Preferred Stock, Series B Preferred Stock and Series B-1 Preferred Stock) and common stock as if the Series A Preferred Stock, the Series A-1 Preferred Stock, Series B Preferred Stock and Series B-1 Preferred Stock had been converted to common stock immediately prior to such dissolution, liquidation or winding up of the Company (as-if-converted basis), provided however that (i) if the Series A Preferential

OPHTHOTECH CORPORATION
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Notes to Financial Statements (continued)

7. Capital Structure (continued)

Payment Amount per share plus the payment received after the pro rata distribution or Series A-1 Preferential Payment Amount per share plus the payment received after the pro rata distribution, as the case may be, exceeds two times the Series A Original Issue Price or the Series A-1 Original Issue Price, as applicable (the "Series A Maximum Participation Amount"), the amount such holder of the Series A Preferred Stock or Series A-1 Preferred Stock shall receive shall be the greater of (a) the Series A Maximum Participation Amount or (b) the amount such holder of Series A Preferred Stock and Series A-1 Preferred Stock would receive on an as-if-converted basis, (ii) if the Series B Preferential Payment Amount per share plus the payment received after the pro rata distribution, exceeds 2.65 times the Series B Original Issue Price (the "Series B Maximum Participation Amount"), the amount such holder of the Series B Preferred Stock and Series B-1 Preferred Stock shall receive shall be the greater of (a) the Series B Maximum Participation Amount or (b) the amount such holder of Series B Preferred Stock and Series B-1 Preferred Stock would receive on an as-if-converted basis.

Under the Company's certificate of incorporation, any merger, acquisition or consolidation involving the Company, or the sale, lease, transfer, exclusive license or other disposition in a single transaction or series of related transactions of all or substantially all of the assets of the Company that would have resulted in a change in control of the Company, shall be considered a liquidation event ("Deemed Liquidation Event"), unless the holders of at least a majority of the outstanding shares of Series A Preferred Stock and holders of at least 60% of the outstanding shares of Series B Preferred Stock elect otherwise. Because in a Deemed Liquidation Event, the holders of shares of Series A Preferred Stock, Series A-1 Preferred Stock, Series B Preferred Stock and Series B-1 Preferred Stock retain their preferential rights as described above, the Series A Preferred Stock, Series A-1 Preferred Stock, Series B Preferred Stock and Series B-1 Preferred Stock have been presented outside of stockholders' deficit in the accompanying Balance Sheets. In a Deemed Liquidation Event, the Junior Series A Preferred Stockholder is treated the same as common stock.

Optional Conversion

Subject to and in compliance with the provisions of the Certificate of Incorporation, each share of Series A Preferred Stock, Series A-1 Preferred Stock, Series B Preferred Stock and Series B-1 Preferred Stock, and Junior Series A Preferred Stock are convertible, at the option of the holder thereof, at any time and from time to time, and without the payment of additional consideration by the holder thereof, into such number of fully paid and nonassessable shares of common stock as is determined by dividing the Series A, Series A-1, Series B and Series B-1 Original Issue Price by the Series A, Series A-1, Series B and Series B-1 Conversion Price in effect at the time of conversion. The Series A, Series A-1, Series B and Series B-1 Conversion Price is initially equal to $1.00. Such respective initial conversion prices, and the rate at which shares of respective classes of Preferred Stock may be converted into shares of common stock, are subject to adjustment as provided in the Certificate of Incorporation. Immediately prior to an optional conversion, all accrued stock dividends, accrued but unpaid, whether or not declared, shall be deemed issued in respect of the shares of preferred stock.

Adjustment for Stock Splits and Combinations

If the Company shall effect a stock split or combination with respect to the common stock, the Series A Conversion Price, Series A-1 Conversion Price, Series B Conversion Price and Series B-1 Conversion Price shall be proportionately adjusted so that the number of shares of common stock issuable on conversion of each outstanding share of the relevant series is increased or decreased in proportion to the corresponding increase or decrease in the aggregate number of shares of common stock outstanding as a result of the stock split or combination, as applicable.

OPHTHOTECH CORPORATION
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Notes to Financial Statements (continued)

7. Capital Structure (continued)

Any such adjustment becomes effective at the close of business on the date the stock split or combination becomes effective.

Mandatory Conversion

All outstanding shares of Series A Preferred Stock, Series A-1 Preferred Stock, Series B Preferred Stock, Series B-1 Preferred Stock and Junior Series A Preferred Stock are subject to automatic conversion into shares of common stock, at the then effective applicable conversion rate, upon the closing of an underwritten public offering of shares of common stock to the public at a specified minimum price per share (subject to adjustment as a result of any stock dividend, stock split, combination or similar recapitalization of the common stock), resulting in at least $40,000,000 of proceeds, net of underwriting discount and commissions, to the Company. In addition, (a) all outstanding shares of Series A Preferred Stock and Series A-1 Preferred Stock are subject to conversion into shares of common stock, at the then effective applicable conversion rate at such date and time, or upon the occurrence of such event as may be, specified by vote or written consent of the holders of at least majority of the then outstanding shares of Series A Preferred Stock and (b) all outstanding shares of Series B Preferred Stock and Series B-1 Preferred Stock are subject to conversion into shares of common stock, at the then effective applicable conversion rate at such date and time, or upon the occurrence of such event as may be, specified by vote or written consent of the holders of at least 60% of the then outstanding shares of Series B Preferred Stock. Immediately prior to a mandatory conversion, all accrued stock dividends, accrued but unpaid, whether or not declared, shall be deemed issued in respect to the shares of preferred stock.

In the event that any holder of shares of Series A Preferred Stock or Series B Preferred Stock does not participate in a qualified financing (defined as any transaction involving the issuance or sale of additional shares of common stock after the Series B Original Issue Date that would result in the reduction of the Series B Conversion Price pursuant to the terms of the Certificate of Incorporation or any bridge financing, unless the holders of at least a majority of the Series A Preferred Stock and at least 60% of the Series B Preferred Stock elect that such transaction not be treated as a qualified financing) by purchasing, in the aggregate, such holder’s pro rata amount, then each share of Series A Preferred Stock and Series B Preferred Stock held by such holder shall automatically, and without any further action on the part of such holder, be converted into one share of common stock.

8. Income Taxes

The Company utilizes the liability method of accounting for deferred income taxes. Under this method, deferred tax liabilities and assets are recognized for the expected future tax consequences of temporary differences between the carrying amounts and the tax basis of assets and liabilities. A valuation allowance is established against deferred tax assets because, based on the weight of available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized. The Company’s policy is to record interest and penalties on uncertain tax positions as income tax expense. As of December 31, 2012, the Company does not believe any material uncertain tax positions are present. Accordingly, interest and penalties have not been accrued due to an uncertain tax position and the fact the Company has reported tax losses since inception.

Deferred income taxes reflect the net effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

OPHTHOTECH CORPORATION
(A Development Stage Entity)
Notes to Financial Statements (continued)

8. Income Taxes (continued)

A reconciliation of the statutory U.S. federal rate to the Company's effective tax rate is as follows:

	2011	2012
Percent of pre-tax income:		
U.S. federal statutory income tax rate	35.0%	35.0%
State taxes, net of federal benefit	3.4%	0.0%
Permanent items	(0.6)%	(1.0)%
Research and development credit	0.7%	1.0%
Change in valuation allowance	(33.3)%	(35.0)%
Effective income tax rate	5.2%	0.0%

Significant components of the Company's deferred tax assets/liabilities for 2011 and 2012 consist of the following:

	December 31,	
	2011	2012
Deferred tax assets/liabilities:		
Federal net operating loss carryforwards	$ 24,325,000	$ 29,464,000
State and local net operating loss carryforwards	3,487,000	4,825,000
License and technology payments	6,099,000	5,566,000
Share-based compensation	220,000	476,000
Depreciation	(27,000)	(11,000)
Federal research and development credit carryforwards	1,417,000	1,562,000
State research and development credit carryforwards	708,000	781,000
	36,229,000	42,663,000
Valuation allowance	(36,229,000)	(42,663,000)
Net deferred tax assets (liabilities)	$ —	$ —

In assessing the reliability of deferred tax assets, the Company considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences representing net future deductible amounts become deductible. Due to the Company's history of losses, and lack of other positive evidence, the Company has determined that it is more likely than not that its deferred tax assets will not be realized, and therefore, the deferred tax assets are fully offset by a valuation allowance at December 31, 2011 and 2012.

The following table summarizes carryforwards of net operating losses and tax credits as of December 31, 2012:

	Amount	Expiration
Federal net operating losses	$84,200,000	2032
Research and development credits	$ 1,600,000	2032

OPHTHOTECH CORPORATION
(A Development Stage Entity)
Notes to Financial Statements (continued)

8. Income Taxes (continued)

The federal, state, and local net operating loss carryforwards will start to expire in 2027.

For the year ended December 31, 2011, the Company sold a portion of its unused New Jersey State operating loss carryforwards through a program sponsored by the State of New Jersey and the New Jersey Economic Development Authority. On January 24, 2012, the Company received cash proceeds of $1,029,344, net of fees of $34,311, resulting in the recognition of a tax benefit for the year ended December 31, 2011. Such amount is reflected in other receivables in the accompanying Balance Sheet as of December 31, 2011. The Company did not participate in the program during 2012.

Utilization of the net operating losses and general business tax credits carryforwards may be subject to a substantial limitation under Sections 382 and 383 of the Internal Revenue Code of 1986 due to changes in ownership of the Company that have occurred previously or that could occur in the future. These ownership changes may limit the amount of net operating losses and general business tax credits carryforwards that can be utilized annually to offset future taxable income and tax, respectively. In general, an ownership change, as defined by Section 382, results from transactions increasing the ownership of certain stockholders or public groups in the stock of a corporation by more than 50 percentage points over a three-year period.

The Company believes that it had undergone at least one ownership change during 2007, but has not completed a study to determine the impact of the ownership change on its ability to utilize the aforementioned carryforwards. The amount of net operating losses and credits incurred during the year of ownership change amounted to $4.5 million and $0.1 million, respectively. As such, the net operating losses and credits at the time of the ownership change would have been no greater than $4.5 million and $0.1 million, respectively. Accordingly, the Company's ability to utilize its carryforwards may be limited. Additionally, U.S. tax laws limit the time during which these carryforwards may be applied against future taxes. Therefore, the Company may not be able to take full advantage of these carryforwards for federal or state income tax purposes. No other ownership changes have been identified in any years subsequent to 2007.

9. Operating Leases

The Company leases office spaces located in Princeton, New Jersey and New York, New York under operating lease arrangements. The Company's Princeton, New Jersey office space lease expires on September 30, 2013, whereas the Company's New York, New York office space lease expired on September 30, 2012. Effective October 1, 2012, the Company's lease for the New York office is month-to-month. Future minimum rental commitments under noncancelable operating leases in effect as of December 31, 2012, are as follows:

	Total
2013	$89,843

Rent expense is calculated on the straight-line basis and amounted to $402,695 and $425,214 for the years ended December 31, 2011 and 2012, respectively. As of December 31, 2011 and 2012, the excess of the amount recognized as expense over the amount paid amounted to $22,039 and $0, respectively, and was recorded as a deferred rent liability in the accompanying Balance Sheets.

OPHTHOTECH CORPORATION
(A Development Stage Entity)
Notes to Financial Statements (continued)

10. Security Deposits

Security deposits consist of amounts required to secure the Company's performance of its obligations under the operating leases for its New Jersey and New York offices. Such amounts were $158,045 and $158,399 as of December 31, 2011 and 2012, respectively, and are reflected in the Balance Sheets.

11. Commitments and Contingencies

From time to time, the Company may be subject to claims or liabilities that arise in the ordinary course of its business activities.

The following table summarizes the Company's contractual obligations as of December 31, 2012:

	Payments Due By Period				
	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Operating Leases[1]	$ 89,843	$ 89,843	$ —	$ —	$ —
Debt Obligations[2]	11,500,000	2,888,889	8,611,111	—	—
Total[3]	$11,589,843	$2,978,732	$8,611,111	$ —	$ —

(1) Operating lease obligations reflect our obligation to make payments in connection with the lease for the Company's office space.

(2) Debt obligations reflect the Company's obligation to make monthly principal payments under the loan and security agreement for its venture facility that the Company entered into in June 2012 and amended in December 2012 and in March 2013.

(3) This table does not include (a) any milestone payments which may become payable to third parties under license agreements as the timing and likelihood of such payments are not known with certainty, (b) any royalty payments to third parties as the amounts, timing and likelihood of such payments are not known and (c) contracts that are entered into in the ordinary course of business which are not material in the aggregate in any period presented above.

Under various agreements, the Company will be required to pay royalties and make milestone payments. These agreements include the following:

- Under an acquisition agreement with OSI (Eyetech), Inc. for rights to particular anti-PDGF aptamers, including Fovista, the Company is obligated to pay to OSI Pharmaceuticals one-time payments of $12,000,000 in the aggregate upon marketing approval in the United States and the European Union, of a covered anti-PDGF product. The Company is also obligated to pay to OSI Pharmaceuticals a royalty at a low single-digit percentage of net sales of any covered anti-PDGF product it successfully commercializes.
- Under a license agreement with Archemix Corp., or Archemix, with respect to pharmaceutical products comprised of or derived from anti-PDGF aptamers, the Company is obligated to make payments to Archemix of up to an aggregate of $16,500,000 in additional payments if it achieves specified clinical and regulatory milestones with respect to Fovista, including a payment of $2,500,000 that will be triggered by the initiation of its planned Phase 3 clinical program of Fovista. In addition, the Company is obligated to make payments to Archemix up to an aggregate of $3,000,000 if it achieves specified commercial milestones with respect to Fovista and, for each other anti-PDGF aptamer product that it may develop under the agreement, up to an aggregate of $18,750,000 if it achieves specified clinical

OPHTHOTECH CORPORATION
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Notes to Financial Statements (continued)

11. Commitments and Contingencies (continued)

and regulatory milestones and up to an aggregate of $3,000,000 if it achieves specified commercial milestones. From inception through December 31, 2012, the Company has made $2,250,000 in payments resulting from this agreement.

- Under a license agreement with Archemix with respect to pharmaceutical products derived from anti-C5 aptamers, for each anti-C5 aptamer product that the Company may develop under the agreement, including ARC1905, it is obligated to make payments to Archemix of up to an aggregate of $57,500,000 if it achieves specified development, clinical and regulatory milestones and, as to all anti-C5 products under the agreement collectively, up to an aggregate of $22,500,000 if it achieves specified commercial milestones. From inception through December 31, 2012, the Company has made $2,000,000 in payments resulting from this agreement.
- Under a license, manufacturing and supply agreement with Nektar Therapeutics, or Nektar, for specified pegylation reagents used to manufacture Fovista, the Company is obligated to pay Nektar up to an aggregate of $5,500,000 in additional payments if it achieves specified clinical and regulatory milestones, including a payment of $1,000,000 that will be triggered by the initiation of its planned Phase 3 clinical program of Fovista. In addition, the Company is obligated to pay Nektar an additional payment of $3,000,000 if it achieves a specified commercial sale milestone. The Company is obligated to pay Nektar tiered royalties at low to mid single-digit percentages of net sales of any licensed product it successfully commercializes, with the royalty percentage determined by its level of licensed product sales, the extent of patent coverage for the licensed product and whether it has granted a third party commercialization rights to the licensed product. The Company has agreed to pay Nektar a low double-digit percentage of any upfront payment it receives in connection with granting any third party commercialization rights to a licensed product, less certain milestone events the Company has previously paid to Nektar, and a higher double-digit percentage of other specified amounts it receives in connection with any such commercialization agreement, subject to agreed minimum and maximum amounts. From inception through December 31, 2012, the Company has made $750,000 in payments resulting from this agreement.

We also have employment agreements with certain employees which require the funding of a specific level of payments, if certain events, such as a change in control or termination without cause, occur.

In addition, in the course of normal business operations, we have agreements with contract service providers to assist in the performance of our research and development and manufacturing activities. We can elect to discontinue the work under these agreements at any time. We could also enter into additional collaborative research, contract research, manufacturing, and supplier agreements in the future, which may require upfront payments and even long-term commitments of cash.

12. Stock Option and Compensation Plans

The Company adopted its 2007 Stock Incentive Plan (the “Plan”) for employees and consultants for the purpose of advancing the interests of the Company stockholders by enhancing its ability to attract, retain and motivate persons who are expected to make important contributions to the Company.

OPHTHOTECH CORPORATION
(A Development Stage Entity)
Notes to Financial Statements (continued)

12. Stock Option and Compensation Plans (continued)

The following table sets forth the activity under the Company's Option Plan:

		Options Outstanding		
	Shares Available for Grant	Number of Shares	Weighted-Average Exercise Price	Weighted-Average Fair Value
Balance, December 31, 2010	259,656	953,136		
Increase to Option Pool	—	—		
Options granted	(183,974)	183,974	$ 1.65	$ 1.18
Options exercised	—	(24,652)	0.17	0.12
Options forfeited	—	—		
Balance, December 31, 2011	75,682	1,112,458		
Increase to Option Pool	314,225	—		
Options granted	(250,412)	250,412	$ 3.12	$ 1.65
Options exercised	—	(18,500)	0.12	1.59
Options forfeited	847	(847)		
Balance, December 31, 2012	140,342	1,343,523	$ 1.65	$ 1.30

The aggregate intrinsic value of options outstanding as of December 31, 2012 was $11.3 million. The aggregate intrinsic value is calculated as the difference between the Company's estimated stock price of $10.03 on December 31, 2012, and the exercise price of the option, multiplied by the number of options.

In determining this exercise price, the Company considered input from management and the valuation of the common stock. The Company determined the value of common stock based on the probability weighted expected return method, or PWERM, described in the AICPA Practice Aid. The Company considered but did not use the market approach because the early stage of its development and the absence of clinical trial data from the lead candidate made comparisons to public companies difficult. Similarly, the Company did not use the income approach because of the uncertain outcomes of the ongoing and future clinical trials. Under a PWERM analysis, the value of a company's common stock is estimated based upon an analysis of current and future enterprise values, assuming three possible liquidity scenarios: an initial public offering ("IPO"), a recapitalization of the company and a sale of the company. After considering the various potential liquidity scenarios and the likely timing, the Company used a pre-money enterprise value assigned to each scenario based on recent trends in capital markets. To determine the price per share of the common stock, the Company divided the resulting enterprise value for each liquidity scenario by the number of common shares that would be outstanding under each scenario. The common stock price for each scenario was then assigned a probability based on management's estimates.

Employees Options

Employee options outstanding at December 31, 2011 and 2012, had a weighted average remaining contractual life of approximately 8.3 and 7.8 years, respectively. As of December 31, 2011, the number of vested and non-vested shares granted was 949,259 and 519,976, respectively, at a weighted average exercise price of $1.18. As of December 31, 2012, the number of vested and non-vested shares granted was 1,158,456 and 465,700, respectively, at a weighted average exercise price of $1.36.

OPHTHOTECH CORPORATION
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Notes to Financial Statements (continued)

12. Stock Option and Compensation Plans (continued)

In general, the options vest at 25% of the original number of shares after one year of service with the Company. Thereafter, the remaining 75% vest at 2.08% per month over the next three years. Only vested options can be exercised and can be exercised up to ten years from the grant date. Upon change in control of the Company, all unvested options vest immediately. Vested options can be exercised up to ten years from the grant date.

For the years ended December 31, 2011 and 2012, the Company incurred stock-based compensation expense in the amounts of $185,299 and $527,718, respectively. For the period from January 5, 2007 (inception) to December 31, 2012, share-based compensation expense was $916,216. As of December 31, 2012, there was $603,917 of total unrecognized share-based compensation. Such costs are expected to be recognized over a weighted average period of approximately 2.7 years.

On December 30, 2012, the Board of Directors modified the vesting terms related to an employee's unvested shares so that all unvested shares immediately vested as of the employee's death on October 29, 2012. As a result of the modification, the Company recorded an additional $274,531 in stock based compensation expense.

Non-employee Options

Non-employee options outstanding at December 31, 2011 and 2012 had a weighted average remaining contractual life of approximately 7.0 and 6.9 years, respectively. As of December 31, 2011, the number of vested and non-vested shares granted was 161,082 and 31,963, respectively, at an average exercise price of $0.41. As of December 31, 2012, the number of vested and non-vested shares granted was 183,808 and 55,304, respectively, at an average exercise price of $0.59.

For the years ended December 31, 2011 and 2012, the Company granted a total of 3,812 and 41,946 stock options, respectively, to its Consultants. In general, the grants vest ratably over a three-year period and have a life of 10 years. Stock options issued to nonemployees uses the fair value method of accounting as prescribed under ASC 505, *Equity-Based Payments to Non-Employees*, and are periodically revalued as the options vest and are recognized as expense over the related service period.

For the years ended December 31, 2011 and 2012, the Company incurred share-based compensation expense in the amount of $62,916 and $111,916, respectively. As of December 31, 2011 and 2012, there was $40,786 and $416,854 of total unrecognized share-based compensation, respectively. Such costs are expected to be recognized over a weighted average period of approximately 2.1 and 3.0 years, respectively.

13. Employee Benefit Plan

Through a professional employer organization, the Company maintains a defined contribution 401(k) plan available to employees. Employee contributions are voluntary and are determined on an individual basis, limited by the maximum amounts allowable under federal tax regulations. The Company does not match any of the employee contributions.

OPHTHOTECH CORPORATION
(A Development Stage Entity)
Notes to Financial Statements (continued)

14. Fair Value Measurements

ASC 820, *Fair Value Measurements and Disclosures*, defines fair value as the price that would be received to sell an asset, or paid to transfer a liability, in the principal or most advantageous market in an orderly transaction between market participants on the measurement date. The fair value standard also establishes a three-level hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability on the measurement date. The three levels are defined as follows:

- Level 1—inputs to the valuation methodology are quoted prices (unadjusted) for an identical asset or liability in an active market.
- Level 2—inputs to the valuation methodology include quoted prices for a similar asset or liability in an active market or model-derived valuations in which all significant inputs are observable for substantially the full term of the asset or liability.
- Level 3—inputs to the valuation methodology are unobservable and significant to the fair value measurement of the asset or liability.

The following table presents, for each of the fair value hierarchy levels required under ASC 820, the Company's assets and liabilities that are measured at fair value on a recurring basis at December 31, 2011.

	Fair Value Measurements Using		
	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets			
Investments in money markets*	$ 4,874,157	$ —	$ —
Liabilities			
Series A Warrant Liability	$ —	$ —	$ 193,171

* Investments in money markets are reflected in cash and cash equivalents in the accompanying Balance Sheets.

The following table presents, for each of the fair value hierarchy levels required under ASC 820, the Company's assets and liabilities that are measured at fair value on a recurring basis at December 31, 2012.

	Fair Value Measurements Using		
	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets			
Investments in money markets*	$ 523,609	$ —	$ —
Liabilities			
Series A Warrant Liability	$ —	$ —	$ 523,216
Series B Warrant Liability	$ —	$ —	$ 442,564

* Investments in money markets are reflected in cash and cash equivalents in the accompanying Balance Sheets.

OPHTHOTECH CORPORATION
(A Development Stage Entity)
Notes to Financial Statements (continued)

14. Fair Value Measurements (continued)

Level 3 Valuation

The warrant liability is recorded in its own line item on the Company's Balance Sheets. The warrant liability is marked-to-market each reporting period with the change in fair value recorded to other loss in the Statement of Operations until the warrants are exercised, expire or other facts and circumstances lead the warrant liability to be reclassified as an equity instrument.

The fair value of the warrant liability is estimated using a hybrid method that integrates a scenario based PWERM model and an option pricing model. The three scenarios used for the PWERM model include dissolution, acquisition and an initial public offering. The variables used in the models include the expected volatility based on similar public companies, the preferred stock value, risk free interest rates and the estimated time to a liquidity event. The range of risk free interest rates and volatility included in each model are predicated on the length of time to reach the expected outcome employed in each scenario. The range of fair value used in each model relates to the enterprise value calculated for each of the expected outcome scenarios. For example, the enterprise value for a dissolution scenario is significantly less than the enterprise value for an initial public offering.

The significant assumptions used in preparing the option pricing model for valuing the Company's warrants for the Series A preferred shares as of December 31, 2011, include (i) volatility (64.7%), (ii) risk free interest rate (0.06% – 0.12%), (iii) strike price ($.01), (iv) fair value of Series A preferred shares ($0.18 – $1.51), (v) expected life (0.5 years to 1.0 years) and (vi) expected outcome probability weighting of three outcome scenarios: merger (50%); technology sale (20%) and dissolution (30%).

The significant assumptions used in preparing the option pricing model for valuing the Company's warrants for the Series A preferred shares as of December 31, 2012, include (i) volatility (47.2% – 85.3%), (ii) risk free interest rate (0.05% – 0.62%), (iii) strike price ($0.01), (iv) fair value of Series A preferred shares ($1.22 – $4.34), (v) expected life (0.25 years to 4.5 years) and (vi) expected outcome probability weighting of three outcome scenarios: merger (65%); dissolution (20%) and an initial public offering (15%).

The significant assumptions used in preparing the option pricing model for valuing the Company's warrants for the Series B preferred shares as of December 31, 2012, include (i) volatility (47.2% – 80.1%), (ii) risk free interest rate (0.05% – 1.68%), (iii) strike prices ($1.00 – $2.50), (iv) fair value of Series B preferred shares ($1.18 – $4.22), (v) expected life (0.25 years to 9.5 years) and (vi) expected outcome probability weighting of three outcome scenarios: merger (65%); dissolution (20%) and an initial public offering (15%).

OPHTHOTECH CORPORATION
(A Development Stage Entity)
Notes to Financial Statements (continued)

14. Fair Value Measurements (continued)

The table presented below is a summary of changes in the fair value of the Company's Level 3 valuation for the Series A and Series B warrant liabilities for periods ending December 31, 2012 and 2011:

	Level 3	
	Series A Warrant Liability	Series B Warrant Liability
Beginning at December 31, 2010	$186,031	$ —
Change in fair value of warrant liability	7,140	—
Balance at December 31, 2011	193,171	—
Warrants issued in connection with venture debt facility	—	406,564
Change in fair value of warrant liability	330,045	36,000
Balance as of December 31, 2012	$523,216	$442,564

No other changes in valuation techniques or inputs occurred during the year ended December 31, 2012. No transfer of assets between Level 1 and Level 2 of the fair value hierarchy occurred during the year ended December 31, 2012.

15. Notes Payable

On June 20, 2012, and December 24, 2012, the Company issued secured promissory notes (the "2012 Notes") in the amount of $7,500,000 and $4,000,000, respectively, to the same Lender. The 2012 Notes bear interest on the outstanding principal amount thereof from the Closing Date until paid in full at a rate per annum equal to the sum of (i) the greater of (A) the LIBOR Rate in effect for the applicable Interest Period and (B) 3.0%, plus (ii) the LIBOR Rate Margin adjusted on the first day of each Interest Period and fixed for the duration of each such Interest Period.

16. Subsequent Events

On March 15, 2013, the Company issued a secured promissory note in the amount of $1,500,000 (the "2013 Note") to the holder of the 2012 Notes. The 2013 Note carries interest at a rate per annum equal to the sum of (i) the greater of (A) the LIBOR Rate in effect for the applicable Interest Period and (B) 3.0%, plus (ii) the LIBOR Rate Margin adjusted on the first day of each Interest Period and fixed for the duration of each such Interest Period.

In conjunction with the issuance of the 2013 Note, the Lender received warrants to purchase 35,700 shares of Series B Preferred Stock with an exercise price of $2.50 per share. The warrants expire on March 15, 2023 and provide for proportionate adjustments to be made to the number of shares purchasable and the exercise price payable under the warrants in the event of certain changes to the underlying Series B Preferred Stock, including for subdivisions, combinations and stock dividends.

On April 25, 2013, the Company amended its certificate of incorporation to increase the authorized shares of capital stock to the following: 187,918,509 shares of common stock and 73,094,000 shares of Series A Preferred Stock, 18,480,000 shares of Series A-1 Preferred Stock, 3,000,000 shares of Junior Series A Preferred

OPHTHOTECH CORPORATION
(A Development Stage Entity)
Notes to Financial Statements (continued)

16. Subsequent Events (continued)

Stock, 42,391,600 shares of Series B Preferred Stock, 700,000 shares of Series B-1 Preferred Stock, and 28,000,000 shares of Series C Preferred Stock, each with a par value of $0.001 per share.

On May 23, 2013, the Company entered into a Purchase and Sale Agreement (the "Purchase and Sale Agreement") with Novo A/S, providing for the Company to sell, and Novo A/S to purchase, the right, title, and interest in a portion of the revenues from the sale of (a) Fovista, (b) Fovista-Related Products, and (c) Other Products (as defined in the Purchase and Sale Agreement), calculated as low to mid single-digit percentages of net sales.

The Purchase and Sale Agreement provides for up to three separate purchases for a purchase price of $41.7 million each, at a first, second and third closing, for an aggregate purchase price of $125 million. In each purchase, Novo A/S acquires rights to a low single-digit percentage of net sales. Following the purchase of all royalty interests under the Purchase and Sale Agreement, Novo A/S will have a right to receive royalties on net sales at a mid-single digit percentage.

On May 23, 2013, the Company received cash proceeds of $41.7 million for the royalty entitlement related to the first closing on the date of the Purchase and Sale Agreement. Receipt of cash proceeds for the second and third purchases is contingent upon certain triggers and conditions detailed in the Purchase and Sale Agreement none of which have occurred prior to this filing.

The royalty payment period covered by the Purchase and Sale Agreement begins on commercial launch and ends, on a product by product and country by country basis, on the latest to occur of (i) the 12th anniversary of the commercial launch, (ii) the expiration of certain patent rights and (iii) the expiration of the regulatory exclusivity for each product in each country.

Under the terms of the Purchase and Sale Agreement, the Company is not required to reimburse or otherwise compensate Novo A/S through any means other than the agreed royalty entitlement. In addition, the Company does not, under the terms of the Purchase and Sale Agreement, have the right or obligation to prepay Novo A/S in connection with a change of control of the Company or otherwise.

The Purchase and Sale Agreement requires the establishment of a Joint Oversight Committee in the event that Novo A/S does not continue to have a representative on the Company's board of directors. The Joint Oversight Committee would have responsibilities that include "discussion and review" of all matters related to Fovista research, development, regulatory approval and commercialization, but there is no provision either implicit or explicit that gives the Joint Oversight Committee or its members decision-making authority.

On May 23, 2013, the Company entered into a Series C Preferred Stock Purchase Agreement (the "Series C Agreement") with certain of its existing investors for the sale and issuance of an aggregate of 20,000,000 shares of the Company's Series C Preferred Stock at a price of $2.50 per share. In connection with entering into the Series C Agreement, the Company issued 6,666,667 shares of Series C Preferred Stock at $2.50 per share in a closing that occurred on May 23, 2013, simultaneous with entry into the Series C Agreement. In connection with entering into the Series C Agreement, the minimum public offering price per share in an underwritten public offering of common stock required for the automatic conversion of outstanding shares of Series A Preferred Stock, Series A-1 Preferred Stock, Series B Preferred Stock, Series B-1 Preferred Stock, Series C Preferred Stock and Junior Series A Preferred Stock was adjusted to $14.75 per share (subject to further adjustment as a result of any stock dividend, stock split, combination or similar recapitalization of the common stock).

OPHTHOTECH CORPORATION
(A Development Stage Entity)
Notes to Financial Statements (continued)

16. Subsequent Events (continued)

On May 23, 2013, the Company repaid the outstanding principal, interest and related prepayment fees on the 2012 Notes and 2013 Note.

The Company has determined that in accordance with ASC 470-20-20, at the time of the initial closing under the Series C Agreement on May 23, 2013, there was a firm commitment from the Series C Preferred Stock investors with respect to the significant terms of the financing, including the quantity of shares to be issued, the fixed price of the shares and the timing of the transaction. In addition, the Company has concluded that the Series C Agreement and the Company's certificate of incorporation includes a disincentive feature for non-performance that was sufficiently large enough to make investor performance at subsequent closings probable. As such, the Company's measurement of any beneficial conversion feature occurred at the time of the initial closing. Based on a $10.03 per share valuation of the Company's common stock as of the date of the initial closing of the sale of the Series C Preferred Stock, as well as the fact that the Series C Preferred Stock include a common stock conversion price of $14.75 per share (implying a one-to-one conversion into shares of common stock), the Company determined that there was no beneficial conversion feature associated with the issuance of its Series C Preferred Stock.

The Company has filed a registration statement on Form S-1 with the SEC relating to the proposed initial public offering of its common stock. The Company can give no assurance that the registration statement will be declared effective by the SEC. In connection with the Company's proposed initial public offering:

(i) The Company effected a one-for-5.9000 reverse stock split of its common stock on September 9, 2013. All share and per share amounts related to common stock, options and warrants included in these financial statements and notes to financial statements have been restated to reflect the reverse stock split. The conversion ratios of the Company's preferred stock have also been adjusted to reflect the reverse stock split.

(ii) The Company's board of directors adopted and the Company's stockholders approved the 2013 stock incentive plan ("2013 Plan"), which will become effective immediately prior to the closing of the Company's initial public offering. The 2013 Plan provides for the grant of incentive stock options, non-statutory stock options, stock appreciation rights, restricted stock awards, restricted stock unit awards, and other stock-based awards. The Company's employees, officers, directors, consultants and advisors are eligible to receive awards under the 2013 Plan.

OPHTHOTECH CORPORATION
(A Development Stage Entity)
Balance Sheets

	December 31, 2012	June 30, 2013	Proforma June 30, 2013
		(unaudited)	
Assets			
Current assets:			
Cash and cash equivalents	$ 4,304,536	$ 39,854,026	$ 73,187,359
Prepaid expenses	43,609	105,669	105,669
Debt issuance costs	330,692	—	—
Security deposits	158,399	158,453	158,453
Total current assets	4,837,236	40,118,148	73,451,481
Property and equipment, net	42,152	32,003	32,003
Total assets	$ 4,879,388	$ 40,150,151	$ 73,483,484
Liabilities, Convertible Redeemable Series A, Series A-1, Series B, Series B-1, Series C Preferred Stock and stockholders' deficit			
Current liabilities:			
Notes payable	$ 11,039,901	$ —	$ —
Accrued clinical drug supplies and trial costs	1,012,984	2,101,064	2,101,064
Accounts payable and accrued expenses	865,672	1,986,852	1,986,852
Accrued bonuses	525,862	466,200	466,200
Warrant liability	965,780	1,259,021	—
Total current liabilities	14,410,199	5,813,137	4,554,116
Royalty purchase liability	—	41,666,667	41,666,667
Total liabilities	14,410,199	47,479,804	46,220,783
Preferred Stock, Convertible and Redeemable:			
Series A—June 30, 2013 and December 31, 2012—$0.001 par value, 73,094,000 shares authorized, 51,790,000 shares issued and outstanding, and no shares pro forma (aggregate liquidation preference of $72,618,601 at June 30, 2013)	69,470,667	71,525,241	—
Series A-1—June 30, 2013 and December 31, 2012—$0.001 par value, 18,480,000 shares authorized, 6,000,000 issued and outstanding, and no shares pro forma (aggregate liquidation preference of $8,698,518 at June 30, 2013)	8,460,492	8,698,518	—
Series B—June 30, 2013—$0.001 par value, 42,391,600 shares authorized, 30,000,000 issued and outstanding; December 31, 2012—$0.001 par value, 42,320,200 shares authorized, 30,000,000 issued and outstanding, and no shares pro forma (aggregate liquidation preference of $37,058,628 at June 30, 2013)	35,456,389	36,646,525	—
Series B-1—June 30, 2013 and December 31, 2012—$0.001 par value, 700,000 shares authorized, 500,000 issued and outstanding, and no shares pro forma (aggregate liquidation preference of $571,890 at June 30, 2013)	552,054	571,890	—
Series C—June 30, 2013—$0.001 par value, 28,000,000 shares authorized, 6,666,667 issued and outstanding, and no shares pro forma (aggregate liquidation preference of $16,764,842 at June 30, 2013)	—	16,462,624	—
Total Preferred Stock, Convertible and Redeemable	113,939,602	133,904,798	
Stockholders' deficit:			
Junior Series A Convertible Preferred Stock—June 30, 2013 and December 31, 2012—$0.001 par value, 3,000,000 shares authorized, 3,000,000 shares issued and outstanding; and no shares pro forma at original issue price	3,000,000	3,000,000	—
Common stock—June 30, 2013—$0.001 par value, 187,918,509 shares authorized, 1,469,798 shares issued and outstanding; December 31, 2012—$0.001 par value, 155,864,851 shares authorized, 1,469,798 shares issued and outstanding 22,510,287 shares pro forma	1,470	1,470	22,510
Additional paid in capital	—	—	174,537,747
Deficit accumulated during the development stage	(126,471,883)	(144,235,921)	(147,297,556)
Total stockholders' deficit	(123,470,413)	(141,234,451)	27,262,701
Total liabilities and stockholders' deficit	$ 4,879,388	$ 40,150,151	$ 73,483,484

See accompanying unaudited notes.

OPHTHOTECH CORPORATION
(A Development Stage Entity)
Statements of Operations
(Unaudited)

	Six Months Ended June 30,		Period From January 5, 2007 (Inception) to June 30, 2013
	2012	2013	
Costs and expenses:			
Research and development	$ 3,198,869	$ 6,734,574	$ 81,625,865
General and administrative	3,082,073	4,979,582	32,328,466
Total costs and expenses	6,280,942	11,714,156	113,954,331
Loss from operations	(6,280,942)	(11,714,156)	(113,954,331)
Interest expense	(25,945)	(1,453,982)	(1,963,896)
Interest and other income	207	58	481,383
Foreign currency transaction loss	(1,776)	(54)	9,517
Loss on extinguishment of debt	—	(1,195,768)	(1,195,768)
Other loss	(269,727)	(260,754)	(641,470)
Change in fair value related to investor rights liability	—	—	682,922
Net loss before income tax benefit	(6,578,183)	(14,624,656)	(116,581,643)
Income tax benefit	—	—	1,327,019
Net loss	(6,578,183)	(14,624,656)	(115,254,624)
Add: accretion of preferred stock dividends	(3,512,292)	(3,599,746)	(30,754,808)
Net loss attributable to common stockholders	$ (10,090,475)	$ (18,224,402)	$ (146,009,432)
Net loss attributable to common stockholders per share—basic and diluted	$ (7.00)	$ (12.40)	
Weighted-average shares outstanding—basic and diluted	1,442,420	1,469,798	
Unaudited basic and diluted pro forma net loss attributable to common stockholders per share		(0.65)	
Unaudited basic and diluted pro forma weighted-average shares outstanding		22,510,287	

See accompanying unaudited notes.

OPHTHOTECH CORPORATION
(A Development Stage Company)

Statements of Cash Flows
(Unaudited)

	Six Months Ended June 30,		Period From January 5, 2007 (Inception) to June 30, 2013
	2012	2013	
Operating activities			
Net loss	$ (6,578,183)	$ (14,624,656)	$ (115,254,624)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation	16,295	10,149	164,325
Amortization of debt issuance costs	1,132	88,491	135,260
Accretion of debt discount	3,042	87,248	145,913
Non-cash change in fair value of warrant liability	269,727	260,754	641,470
Non-cash change in fair value of investor rights liability	—	—	(682,922)
Loss on extinguishment of debt	—	1,195,768	1,195,768
Stock-based compensation	133,480	460,364	1,650,755
Series A-1 and Junior Preferred Stock issued for acquired technology and licenses	—	—	9,000,000
Series B-1 Preferred Stock issued for acquired technology and licenses	—	—	500,000
Accrued interest expense converted to Series A Preferred Stock	—	—	2,393
Changes in operating assets and liabilities:			
Prepaid expenses and other	30,896	(62,060)	(117,601)
Other receivables	1,036,391	—	—
Security deposits	(202)	(54)	(158,453)
Accrued clinical drug supplies and trial costs	(637,187)	1,088,080	2,101,064
Accounts payable and accrued expenses	613,219	1,121,180	1,986,852
Accrued bonuses	(478,360)	(59,662)	466,200
Deferred rent	(14,692)	—	—
Net cash used in operating activities	(5,604,442)	(10,434,398)	(98,223,600)
Investing activities			
Purchase of marketable securities	—	—	(4,238,068)
Maturities of marketable securities	—	—	4,250,000
Purchase of property and equipment	—	—	(196,328)
Net cash used in investing activities	—	—	(184,396)
Financing activities			
Payment of debt issuance costs	(122,579)	(43,229)	(420,690)
Proceeds from issuance of common stock	183	—	124,226
Proceeds from issuance/(repayment) of notes payable, net	—	—	210,000
Proceeds from issuance/(repayment) of venture debt facility, net	7,460,295	(12,005,000)	(617,200)
Proceeds from issuance of preferred stock, net	—	16,365,450	97,299,019
Proceeds from royalty purchase agreement	—	41,666,667	41,666,667
Net cash provided by financing activities	7,337,899	45,983,888	138,262,022
Increase in cash and cash equivalents	1,733,457	35,549,490	39,854,026
Cash and cash equivalents at beginning of period	6,396,003	4,304,536	—
Cash and cash equivalents at end of period	$ 8,129,460	$ 39,854,026	$ 39,854,026
Supplemental disclosures of cash flow information			
Accreted dividends on Series A, Series A-1, Series B, B-1 and Series C Preferred Stock	$ 3,512,292	$ 3,599,746	$ 30,754,808
Notes payable and accrued interest converted to Series A Preferred Stock	$ —	$ —	$ 212,393

See accompanying unaudited notes.

OPHTHOTECH CORPORATION
(A Development Stage Company)
Notes to Unaudited Financial Statements
June 30, 2013

1. Business

Description of Business and Organization

Ophthotech Corporation (the "Company" or "Ophthotech") was incorporated on January 5, 2007, in Delaware. The Company is a biopharmaceutical company specializing in the development of novel therapeutics to treat diseases of the eye. The Company's operations since inception have been limited to organizing and staffing the Company, acquiring rights to product candidates, business planning, raising capital and developing its product candidates. Accordingly, the Company is considered to be in the development stage as defined by Financial Accounting Standards Board Accounting Standards Codification ("ASC") 915, *Development Stage Entities*. The Company operates in one business segment.

Capitalized terms not otherwise defined herein are defined in their respective agreements.

Unaudited Pro Forma Information

Unaudited pro forma net loss per share is computed using the weighted-average number of common shares outstanding and gives effect to the automatic conversion of all outstanding shares of the Company's preferred stock, and shares of the Company's preferred stock issuable as accrued stock dividends, into an aggregate of 21,040,489 shares of the Company's common stock, as if they had occurred during the six months ended June 30, 2013 and assuming the closing of the public offering occurs on October 1, 2013.

The unaudited pro forma balance sheet data as of June 30, 2013 gives effect to (i) the automatic conversion of all outstanding shares of the Company's preferred stock, and shares of the Company's preferred stock issuable as accrued stock dividends, into an aggregate of 22,510,287 shares of the Company's common stock, and (ii) the reclassification of warrant liabilities to additional paid-in capital as a result of outstanding warrants to purchase 210,000 shares of the Company's Series A preferred stock and 355,900 shares of the Company's Series B preferred stock instead becoming, in accordance with their terms, warrants to purchase 101,330 shares of the Company's common stock, at a weighted average exercise price of $5.47 per share, assuming the closing of the public offering occurs on October 1, 2013.

2. Summary of Significant Accounting Policies

The Company's complete listing of significant accounting policies are described in Note 2 of the notes to the audited financial statements as of December 31, 2012, included in this prospectus.

Basis of Presentation

The accompanying unaudited financial information as of June 30, 2013, for the six months ended June 30, 2012 and 2013, and for the period from January 5, 2007 (Inception) to June 30, 2013 has been prepared by the Company, pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with U.S. generally accepted accounting principals have been condensed or omitted pursuant to such rules and regulations. The December 31, 2012 balance sheet was derived from the Company's audited financial statements. These interim financial statements should be read in conjunction with the 2012 audited annual financial statements and notes thereto included elsewhere in this prospectus.

OPHTHOTECH CORPORATION
(A Development Stage Entity)
Notes to Unaudited Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

In the opinion of management, the unaudited financial information as of June 30, 2013, for the six months ended June 30, 2012 and 2013, and for the period from January 5, 2007 (Inception) to June 30, 2013, reflects all adjustments, which are normal recurring adjustments, necessary to present a fair statement of financial position, results or operations and cash flows. The results of operations for the six months ended June 30, 2013, are not necessarily indicative of the operating results for the full fiscal year or any future period.

Use of Estimates

The preparation of financial statements and related disclosures in conformity with accounting principles generally accepted in the United States requires management to make estimates and judgments that affect the amounts reported in the financial statements and accompanying notes. The Company bases its estimates and judgments on historical experience and on various other assumptions that it believes are reasonable under the circumstances. The amounts of assets and liabilities reported in the Company's Balance Sheets and the amount of expenses reported for each of the periods presented are affected by estimates and assumptions, which are used for, but not limited to, the accounting for stock-based compensation and investor rights liabilities, for income taxes and accounting for research and development costs. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Company considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. The carrying amounts reported in the Balance Sheets for cash and cash equivalents are valued at cost, which approximates their fair value.

Research and Development

All research and development costs are expensed as incurred. Research and development costs include costs of acquired product license and related technology rights where there is no alternative future use, prototypes used in research and development, consultant fees and amounts paid to collaborative partners. All research and development costs are charged to operations as incurred in accordance with ASC 730 *Research and Development.*

Income Taxes

The Company utilizes the liability method of accounting for deferred income taxes, as set forth in ASC 740-10, *Income Taxes-Overall.* Under this method, deferred tax liabilities and assets are recognized for the expected future tax consequences of temporary differences between the carrying amounts and the tax basis of assets and liabilities. A valuation allowance is established against net deferred tax assets because, based on the weight of available evidence, it is more likely than not that some or all of the net deferred tax assets will not be realized. The Company maintains a full valuation allowance on its deferred tax assets. Accordingly, the Company has not recorded a benefit or provision for income taxes other than for the sale of a portion of its unused New Jersey State operating loss carryforwards through a program sponsored by the State of New Jersey and the New Jersey Economic Development Authority in 2011. The Company's U.S. federal net operating losses have occurred since inception and as such, tax years subject to potential tax examination could apply from that date because carrying-back net operating loss opens the relevant year to audit.

OPHTHOTECH CORPORATION
(A Development Stage Entity)
Notes to Unaudited Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Share-Based Compensation

The Company follows the provisions of the ASC Topic 718, *Compensation—Stock Compensation* which requires the measurement and recognition of compensation expense for all share-based payment awards made to employees and non-employee directors, including employee stock options. Share compensation expense based on the grant date fair value estimated in accordance with the provisions of ASC 718 is generally recognized as an expense over the requisite service period.

For stock options granted as consideration for services rendered by non-employees, the Company recognizes expense in accordance with the requirements of ASC Topic 505-50, *Equity Based Payments to Non-Employees*. Non-employee option grants that do not vest immediately upon grant are recorded as an expense over the vesting period of the underlying stock options. At the end of each financial reporting period prior to vesting, the value of these options, as calculated using the Black-Scholes option-pricing model, will be remeasured using the fair value of the Company's common stock and the non-cash expense recognized during the period will be adjusted accordingly. Since the fair market value of options granted to non-employees is subject to change in the future, the amount of the future expense will include fair value remeasurements until the stock options are fully vested.

The Company has determined the estimated fair value of the common stock based on a number of objective and subjective factors, including external market conditions affecting the biotechnology industry sector and the prices at which the Company sold shares of its common stock.

Due to the lack of trading history, the Company's computation of stock-price volatility is based on the volatility rates of comparable publicly held companies over a period equal to the estimated useful life of the options granted by the Company. The Company's computation of expected life was determined using the "simplified" method which is the midpoint between the vesting date and the end of the contractual term. The Company believes that it does not have sufficient reliable exercise data in order to justify the use of a method other than the "simplified" method of estimating the expected exercise term of employee stock option grants. The Company has paid no dividends to stockholders. The risk-free interest rate is based on the zero-coupon U.S. Treasury yield at the date of grant for a term equivalent to the expected term of the option.

Share-based compensation expense includes stock options granted to employees and non-employees and has been reported in the Company's statements of operations as follows:

	Six Months Ended June 30,	
	2012	2013
Research and development	$ 86,048	$ 300,320
General and administrative	47,432	160,044
Total	$ 133,480	$ 460,364

The Company had no shares of unvested restricted common stock granted to employees at December 31, 2012 and June 30, 2013, respectively.

3. Net Loss Per Common Share

Basic and diluted net loss per common share is determined by dividing net loss applicable to common stockholders by the weighted average common shares outstanding during the period. For the periods where there

OPHTHOTECH CORPORATION
(A Development Stage Entity)
Notes to Unaudited Financial Statements (continued)

3. Net Loss Per Common Share (continued)

is a net loss attributable to common shareholders, the outstanding shares of Preferred Stock, options, unvested restricted stock, and warrants have been excluded from the calculation of diluted loss per common shareholder because their effect would be anti-dilutive. Therefore, the weighted average shares used to calculate both basic and diluted loss per share would be the same. The following table sets forth the computation of basic and diluted net loss per share for the periods indicated:

	For Six Months Ended June 30,	
	2012	2013
Basic and diluted net loss per common share calculation:		
Net loss	$ (6,578,183)	$ (14,624,656)
Accretion of preferred stock dividends	(3,512,292)	(3,599,746)
Net loss attributable to common shareholders	$ (10,090,475)	$ (18,224,402)
Weighted average common shares	1,442,420	1,469,798
Net loss per share of common stock—basic and diluted	$ (7.00)	$ (12.40)

The following potentially dilutive securities have been excluded from the computations of diluted weighted average shares outstanding for the periods presented, as they would be anti-dilutive:

	For Six Months Ended June 30,	
	2012	2013
Redeemable convertible preferred stock	16,362,058	18,094,449
Unvested restricted stock	3,399	—
Options outstanding	1,318,135	2,150,839
Warrants	77,364	100,974
Total	17,760,956	20,346,262

4. Fair Value Measurements

ASC 820, *Fair Value Measurements and Disclosures*, defines fair value as the price that would be received to sell an asset, or paid to transfer a liability, in the principal or most advantageous market in an orderly transaction between market participants on the measurement date. The fair value standard also establishes a three-level hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability on the measurement date. The three levels are defined as follows:

- Level 1—inputs to the valuation methodology are quoted prices (unadjusted) for an identical asset or liability in an active market.
- Level 2—inputs to the valuation methodology include quoted prices for a similar asset or liability in an active market or model-derived valuations in which all significant inputs are observable for substantially the full term of the asset or liability.
- Level 3—inputs to the valuation methodology are unobservable and significant to the fair value measurement of the asset or liability.

OPHTHOTECH CORPORATION
(A Development Stage Entity)
Notes to Unaudited Financial Statements (continued)

4. Fair Value Measurements (continued)

The following table presents, for each of the fair value hierarchy levels required under ASC 820, the Company's assets and liabilities that are measured at fair value on a recurring basis as of December 31, 2012.

	Fair Value Measurements Using		
	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets			
Investments in money markets*	$523,609	$ —	$ —
Liabilities			
Series A Warrant Liability	$ —	$ —	$523,216
Series B Warrant Liability	$ —	$ —	$442,564

* Investments in money markets are reflected in cash and cash equivalents in the accompanying Balance Sheets.

The following table presents, for each of the fair value hierarchy levels required under ASC 820, the Company's assets and liabilities that are measured at fair value on a recurring basis as of June 30, 2013.

	Fair Value Measurements Using		
	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets			
Investments in money markets*	$ 30,023,362	$ —	$ —
Liabilities			
Series A Warrant Liability	$ —	$ —	$ 599,623
Series B Warrant Liability	$ —	$ —	$ 659,398

* Investments in money markets are reflected in cash and cash equivalents in the accompanying Balance Sheets.

Level 3 Valuation

The warrant liability is recorded in its own line item on the Company's Balance Sheets. The warrant liability is marked-to-market each reporting period with the change in fair value recorded to other loss in the Statement of Operations until the warrants are exercised, expire or other facts and circumstances lead the warrant liability to be reclassified as an equity instrument.

The fair value of the warrant liability is estimated using a hybrid method between a PWERM model and an option pricing model, which includes variables such as the expected volatility based on guideline public companies, the preferred stock value, and the estimated time to a liquidity event.

The significant assumptions used in preparing the option pricing model for valuing the Company's warrants to purchase share of Series A Preferred Stock and warrants to purchase shares of Series B Preferred Stock, in each case, as of June 30, 2013, include (i) volatility (79.7% – 85.1%), (ii) risk free interest rate (0.66% – 2.37%),

OPHTHOTECH CORPORATION
(A Development Stage Entity)
Notes to Unaudited Financial Statements (continued)

4. Fair Value Measurements (continued)

(iii) strike price ($0.01 – $2.80), (iv) fair value of Series A preferred shares ($1.48 – $4.65), (v) fair value of Series B preferred shares ($1.45 – $4.65), (vi) expected life (3.0 years to 9.2 years) and (vii) expected outcome probability weighting of three outcome scenarios: merger (20%); dissolution (15%) and an initial public offering (65%).

The table presented below is a summary of changes in the fair value of the Company's Level 3 valuation for the Series A and Series B warrant liabilities for the period ended June 30, 2013:

	Level 3	
	Series A Warrant Liability	Series B Warrant Liability
Balance at December 31, 2011	$ 193,171	$ —
Warrants issued in connection with venture debt facility	—	406,564
Change in fair value of warrant liability	330,045	36,000
Balance at December 31, 2012	523,216	442,564
Warrants issued in connection with venture debt facility	—	32,487
Change in fair value of warrant liability	76,407	184,347
Balance at June 30, 2013	$ 599,623	$ 659,398

No other changes in valuation techniques or inputs occurred during the six months ended June 30, 2013. No transfers of assets between Level 1 and Level 2 of the fair value measurement hierarchy occurred during the six months ended June 30, 2013.

5. Notes Payable

On June 20, 2012, December 24, 2012 and March 15, 2013, the Company issued secured promissory notes (the "Notes") in the amount of $7,500,000 and $4,000,000 and $1,500,000, respectively, to the same lender. The Notes bore interest on the outstanding principal amount thereof from the Closing Date until paid in full at a rate per annum equal to the sum of (i) the greater of (A) the LIBOR Rate in effect for the applicable Interest Period and (B) 3.0%, plus (ii) the LIBOR Rate Margin adjusted on the first day of each Interest Period and fixed for the duration of each such Interest Period.

As of December 31, 2012, the Company classified the debt with the lender as a current liability since the Company intended to pay down the balance in its entirety within twelve months. The Company repaid in full the outstanding principal, interest and related prepayment fees in May 2013. The repayment of the Notes resulted in a loss on extinguishment of debt in the amount of $1,278,086 for the six months ended June 30, 2013. In addition, the Company made payments of $820,000 which, in accordance with the Notes, were required upon the earlier of the maturity date or the prepayment date of the Notes. These payments were recorded as interest expense for the six months ended June 30, 2013.

6. Stock Option and Compensation Plans

The Company adopted its 2007 Stock Incentive Plan (the "Plan") for employees and consultants for the purpose of advancing the interests of the Company stockholders by enhancing its ability to attract, retain and motivate persons who are expected to make important contributions to the Company.

OPHTHOTECH CORPORATION
(A Development Stage Entity)
Notes to Unaudited Financial Statements (continued)

6. Stock Option and Compensation Plans (continued)

The following table sets forth the activity under the Company's Option Plan:

		Options Outstanding		
	Shares Available for Grant	Number of Shares	Weighted-Average Exercise Price	Weighted-Average Fair Value
Balance, December 31, 2012	140,342	1,343,523		
Increase to Option Pool	674,958	—		
Options granted	(807,316)	807,316	$ 10.55	$ 7.31
Options exercised	—	—		
Options forfeited	—	—		
Balance, June 30, 2013	7,984	2,150,839	$ 4.99	$ 3.72

The Company recognized approximately $133,480 and $460,364 of share-based compensation expense during the six months ended June 30, 2012 and 2013, respectively. As of December 31, 2012 and June 30, 2013, there was $1.0 million and $6.6 million of total unrecognized share-based compensation, respectively. Such costs are expected to be recognized over a weighted average period of approximately 3.0 and 3.5 years, respectively.

7. Royalty Agreement and Series C Agreement

On May 23, 2013, the Company entered into a Purchase and Sale Agreement (the "Purchase and Sale Agreement") with Novo A/S, providing for the Company to sell, and Novo A/S to purchase, the right, title, and interest in a portion of the revenues from the sale of (a) Fovista, (b) Fovista-Related Products, and (c) Other Products (as defined in the Purchase and Sale Agreement), calculated as low to mid single-digit percentages of net sales.

The Purchase and Sale Agreement provides for up to three separate purchases for a purchase price of $41.7 million each, at a first, second and third closing, for an aggregate purchase price of $125 million. In each purchase, Novo A/S acquires rights to a low single-digit percentage of net sales. Following the purchase of all royalty interests under the Purchase and Sale Agreement, Novo A/S will have a right to receive royalties on net sales at a mid-single digit percentage.

On May 23, 2013, the Company received cash proceeds of $41.7 million for the royalty entitlement related to the first closing on the date of the Purchase and Sale Agreement. Such amount was recorded as a royalty purchase liability in the accompanying Balance Sheets. Receipt of cash proceeds for the second and third purchases is contingent upon certain triggers and conditions detailed in the Purchase and Sale Agreement, none of which have occurred prior to this filing.

The royalty payment period covered by the Purchase and Sale Agreement begins on commercial launch and ends, on a product by product and country by country basis, on the latest to occur of (i) the 12th anniversary of the commercial launch, (ii) the expiration of certain patent rights and (iii) the expiration of the regulatory exclusivity for each product in each country.

Under the terms of the Purchase and Sale Agreement, the Company is not required to reimburse or otherwise compensate Novo A/S through any means other than the agreed royalty entitlement. In addition, the

OPHTHOTECH CORPORATION
(A Development Stage Entity)
Notes to Unaudited Financial Statements (continued)

7. Royalty Agreement and Series C Agreement (continued)

Company does not, under the terms of the Purchase and Sale Agreement, have the right or obligation to prepay Novo A/S in connection with a change of control of the Company or otherwise.

The proceeds from the first financing tranche under the Purchase and Sale Agreement has been recorded as a liability on the Company's balance sheet in accordance with Accounting Standards Codification Topic 730. Because there is a significant related party relationship between the Company and Novo A/S, the Company is treating its obligation to make royalty payments under the Purchase and Sale Agreement as an implicit obligation to repay the funds advanced by Novo A/S, and thus has recorded the proceeds as a liability on its balance sheet. As the Company makes royalty payments in accordance with the Purchase and Sale Agreement, it will reduce the liability balance. At the time that such royalty payments become probable and estimable, and if such amounts exceed the liability balance, the Company will impute interest accordingly on a prospective basis based on such estimates, which would result in a corresponding increase in the liability balance.

The Purchase and Sale Agreement requires the establishment of a Joint Oversight Committee in the event that Novo A/S does not continue to have a representative on the Company's board of directors. The Joint Oversight Committee would have responsibilities that include "discussion and review" of all matters related to Fovista research, development, regulatory approval and commercialization, but there is no provision either implicit or explicit that gives the Joint Oversight Committee or its members decision-making authority.

On May 23, 2013, the Company entered into a Series C Preferred Stock Purchase Agreement (the "Series C Agreement") with certain of its existing investors for the sale and issuance of an aggregate of 20,000,000 shares of the Company's Series C Preferred Stock at a price of $2.50 per share. In connection with entering into the Series C Agreement, the Company issued 6,666,667 shares of Series C Preferred Stock at $2.50 per share in a closing that occurred on May 23, 2013, simultaneous with entry into the Series C Agreement. As the Series C Agreement was entered into conjunction with the Purchase and Sale Agreement, the Company's management considered whether the consideration received for the issuance of Series C Preferred Stock or the consideration received for the sale of the royalty entitlement at the first closing under the Purchase and Sale Agreement should be allocated in the Company's financial statements in a manner different than the prices stated in the respective agreements. The Company's management, with the assistance of an outside valuation specialist, determined that the $2.50 per share price approximated the fair value of a share of Series C Preferred Stock, and therefore concluded that the consideration received under the agreements should be allocated in accordance with the terms of the respective agreements. In connection with entering into the Series C Agreement, the minimum public offering price per share in an underwritten public offering of common stock required for the automatic conversion of outstanding shares of Series A Preferred Stock, Series A-1 Preferred Stock, Series B Preferred Stock, Series B-1 Preferred Stock, Series C Preferred Stock and Junior Series A Preferred Stock was adjusted to $14.75 per share (subject to further adjustment as a result of any stock dividend, stock split, combination or similar recapitalization of the common stock).

The Company has determined that in accordance with ASC 470-20-20, at the time of the initial closing under the Series C Agreement on May 23, 2013, there was a firm commitment from the Series C Preferred Stock investors with respect to the significant terms of the financing, including the quantity of shares to be issued, the fixed price of the shares and the timing of the transaction. In addition, the Company has concluded that the Series C Agreement and the Company's certificate of incorporation includes a disincentive feature for non-performance that was sufficiently large enough to make investor performance at subsequent closings probable. As such, the Company's measurement of any beneficial conversion feature occurred at the time of the initial closing. Based

OPHTHOTECH CORPORATION
(A Development Stage Entity)
Notes to Unaudited Financial Statements (continued)

7. Royalty Agreement and Series C Agreement (continued)

on a $10.03 per share valuation of the Company's common stock as of the date of the initial closing of the sale of the Series C Preferred Stock, as well as the fact that the Series C Preferred Stock include a common stock conversion price of $14.75 per share (implying a one-to-one conversion into shares of common stock), the Company determined that there was no beneficial conversion feature associated with the issuance of its Series C Preferred Stock.

The proceeds received from Novo A/S under the Purchase and Sale Agreement will be reported as revenue for income tax purposes. Notwithstanding the Company's receipt of $41.7 million in proceeds under the Purchase and Sale Agreement in May 2013, the Company has forecasted a tax loss for the 2013 tax year. Based upon the Company's cumulative history of losses and expected future losses, the Company recorded a full valuation allowance against all net federal and state deferred tax assets.

8. Subsequent Events

On August 1, 2013, the Company amended the Series C Agreement to provide for the acceleration of the sale and issuance of the remaining 13,333,333 shares issuable thereunder, the purchase and sale of which closed on August 7, 2013 at $2.50 per share for aggregate proceeds of $33.3 million. There are no further rights or obligations for the issuance of Series C Preferred Stock under the Series C Agreement.

The Company has filed a registration statement on Form S-1 with the SEC relating to the proposed initial public offering of its common stock. The Company can give no assurance that the registration statement will be declared effective by the SEC. In connection with the Company's proposed initial public offering:

(i) The Company effected a one-for-5.9000 reverse stock split of its common stock on September 9, 2013. All share and per share amounts related to common stock, options and warrants included in these financial statements and notes to financial statements have been restated to reflect the reverse stock split. The conversion ratios of the Company's preferred stock have also been adjusted to reflect the reverse stock split.

(ii) The Company's board of directors adopted and the Company's stockholders approved the 2013 stock incentive plan ("2013 Plan"), which will become effective immediately prior to the closing of the Company's initial public offering. The 2013 Plan provides for the grant of incentive stock options, non-statutory stock options, stock appreciation rights, restricted stock awards, restricted stock unit awards, and other stock-based awards. The Company's employees, officers, directors, consultants and advisors are eligible to receive awards under the 2013 Plan.

Until , 2013 (25 days after the date of this prospectus), all dealers that effect transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the dealers' obligation to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

Part II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 13. Other Expenses of Issuance and Distribution.

The following table sets forth the expenses to be incurred in connection with the offering described in this Registration Statement, other than underwriting discounts and commissions, all of which will be paid by us. All amounts are estimates except the Securities and Exchange Commission's registration fee and the Financial Industry Regulatory Authority, Inc.'s filing fee.

	Amount
Securities and Exchange Commission registration fee	$ 17,048
Financial Industry Regulatory Authority, Inc. filing fee	19,248
NASDAQ listing fee	125,000
Accountants' fees and expenses	700,000
Legal fees and expenses	1,500,000
Blue Sky fees and expenses	30,000
Transfer Agent's fees and expenses	10,000
Printing and engraving expenses	375,000
Miscellaneous fees and expenses	323,704
Total expenses	$ 3,100,000

* To be filed by amendment.

Item 14. Indemnification of Directors and Officers.

Section 102 of the Delaware General Corporation Law permits a corporation to eliminate the personal liability of its directors or its stockholders for monetary damages for a breach of fiduciary duty as a director, except where the director breached his or her duty of loyalty, failed to act in good faith, engaged in intentional misconduct or knowingly violated a law, authorized the payment of a dividend or approved a stock repurchase in violation of Delaware corporate law or obtained an improper personal benefit. Our certificate of incorporation provides that no director shall be personally liable to us or our stockholders for monetary damages for any breach of fiduciary duty as a director, notwithstanding any provision of law imposing such liability, except to the extent that the Delaware General Corporation Law prohibits the elimination or limitation of liability of directors for breaches of fiduciary duty.

Section 145 of the General Corporation Law of the State of Delaware provides that a corporation has the power to indemnify a director, officer, employee, or agent of the corporation and certain other persons serving at the request of the corporation in related capacities against expenses (including attorneys' fees), judgments, fines and amounts paid in settlements actually and reasonably incurred by the person in connection with an action, suit or proceeding to which he or she is or is threatened to be made a party by reason of such position, if such person acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the corporation, and, in any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful, except that, in the case of actions brought by or in the right of the corporation, no indemnification shall be made with respect to any claim, issue or matter as to which such person shall have been adjudged to be liable to the corporation unless and only to the extent that the Court of Chancery or other adjudicating court determines that, despite the adjudication of liability but in view of all of the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Court of Chancery or such other court shall deem proper.

Our certificate of incorporation provides that we will indemnify each person who was or is a party or threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil,

criminal, administrative or investigative (other than an action by or in the right of us) by reason of the fact that he or she is or was, or has agreed to become, our director or officer, or is or was serving, or has agreed to serve, at our request as a director, officer, partner, employee or trustee of, or in a similar capacity with, another corporation, partnership, joint venture, trust or other enterprise (all such persons being referred to as an "Indemnitee"), or by reason of any action alleged to have been taken or omitted in such capacity, against all expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred in connection with such action, suit or proceeding and any appeal therefrom, if such Indemnitee acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, our best interests, and, with respect to any criminal action or proceeding, he or she had no reasonable cause to believe his or her conduct was unlawful. Our certificate of incorporation also provides that we will indemnify any Indemnitee who was or is a party to an action or suit by or in the right of us to procure a judgment in our favor by reason of the fact that the Indemnitee is or was, or has agreed to become, our director or officer, or is or was serving, or has agreed to serve, at our request as a director, officer, partner, employee or trustee of, or in a similar capacity with, another corporation, partnership, joint venture, trust or other enterprise, or by reason of any action alleged to have been taken or omitted in such capacity, against all expenses (including attorneys' fees) and, to the extent permitted by law, amounts paid in settlement actually and reasonably incurred in connection with such action, suit or proceeding, and any appeal therefrom, if the Indemnitee acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, our best interests, except that no indemnification shall be made with respect to any claim, issue or matter as to which such person shall have been adjudged to be liable to us, unless a court determines that, despite such adjudication but in view of all of the circumstances, he or she is entitled to indemnification of such expenses. Notwithstanding the foregoing, to the extent that any Indemnitee has been successful, on the merits or otherwise, he or she will be indemnified by us against all expenses (including attorneys' fees) actually and reasonably incurred by him or her or on his or her behalf in connection therewith. If we do not assume the defense, expenses must be advanced to an Indemnitee under certain circumstances.

We have entered into indemnification agreements with our directors and executive officers. In general, these agreements provide that we will indemnify the director or executive officer to the fullest extent permitted by law for claims arising in his or her capacity as a director or officer of our company or in connection with their service at our request for another corporation or entity. The indemnification agreements also provide for procedures that will apply in the event that a director or executive officer makes a claim for indemnification and establish certain presumptions that are favorable to the director or executive officer.

We maintain a general liability insurance policy which covers certain liabilities of our directors and officers arising out of claims based on acts or omissions in their capacities as directors or officers.

The underwriting agreement we will enter into in connection with the offering of common stock being registered hereby provides that the underwriters will indemnify, under certain conditions, our directors and officers (as well as certain other persons) against certain liabilities arising in connection with such offering.

Item 15. Recent Sales of Unregistered Securities.

Set forth below is information regarding shares of our common stock, shares of our preferred stock and warrants to purchase shares of our preferred stock issued, and stock options and restricted stock awards granted, by us within the past three years that were not registered under the Securities Act of 1933, as amended, or the Securities Act. Also included is the consideration, if any, received by us for such shares and options and information relating to the section of the Securities Act, or rule of the Securities and Exchange Commission, under which exemption from registration was claimed.

(a) Issuance of securities

In March 2011, we issued and sold an aggregate of 15,000,000 shares of our series B preferred stock at a price per share of $1.00, for an aggregate purchase price of $15,000,000.

In September 2011, we issued and sold an aggregate of 500,000 shares of our series B-1 preferred stock to Archemix Corp., at a price per share of $1.00, for an aggregate purchase price of $500,000, which was deemed paid in partial consideration for license agreements that we have entered into concurrently with Archemix Corp.

In May 2013, we issued and sold an aggregate of 6,666,667 shares of our series C preferred stock, at a price per share of $2.50, for an aggregate purchase price of $16,666,667.

In August 2013, we issued and sold an aggregate of 13,333,333 shares of our series C preferred stock, at a price per share of $2.50, for an aggregate purchase price of $33,333,333.

No underwriters were involved in the foregoing issuances of securities. The securities described in this section (a) of Item 15 were issued to investors in reliance upon the exemption from the registration requirements of the Securities Act, as set forth in Section 4(2) under the Securities Act and Regulation D promulgated thereunder relative to transactions by an issuer not involving any public offering, to the extent an exemption from such registration was required. The recipients of securities in the transactions described above represented that they were accredited investors and were acquiring the securities for their own account for investment purposes only and not with a view to, or for sale in connection with, any distribution thereof and that they could bear the risks of the investment and could hold the securities for an indefinite period of time and appropriate legends were affixed to the instruments representing such securities issued in such transactions.

(b) Stock option grants

Between January 1, 2010 and August 31, 2013, we issued to certain employees, directors and consultants options to purchase an aggregate of 2,361,727 shares of our common stock. Between January 1, 2010 and August 31, 2013, options to purchase 335,477 shares of our common stock were exercised or forfeited. As of August 31, 2013, there were, in the aggregate, options to purchase 2,359,806 shares of our common stock outstanding, at a weighted-average exercise price of $7.19 per share.

The issuances of stock options and the shares of our common stock issuable upon the exercise of the options described in this paragraph (b) of Item 15 were issued pursuant to written compensatory plans or arrangements with our employees, directors and consultants, in reliance on the exemption provided by Rule 701 promulgated under the Securities Act, or pursuant to Section 4(2) under the Securities Act, relative to transactions by an issuer not involving any public offering, to the extent an exemption from such registration was required. All recipients either received adequate information about us or had access, through employment or other relationships, to such information.

(c) Issuance of warrants

In connection with a venture debt facility, which we fully repaid in May 2013, we issued to the lender, (i) on June 20, 2012, a warrant to purchase 225,000 shares of our series B preferred stock, at an exercise price of $1.00 per share, (ii) on December 24, 2012, a warrant to purchase 95,200 shares of our series B preferred stock, at an exercise price of $2.50 per share, and (iii) on March 15, 2013, a warrant to purchase 35,700 shares of our series B preferred stock, at an exercise price of $2.50 per share.

The issuance of these warrants was made in reliance on the exemption from the registration requirements of the Securities Act, as set forth in Section 4(2) under the Securities Act and Regulation D promulgated thereunder relative to transactions by an issuer not involving any public offering, to the extent an exemption from such registration was required. The lender represented that it was an accredited investor and was acquiring the warrants for its own account for investment purposes only and not with a view to, or for sale in connection with, any distribution thereof and that they could bear the risks of the investment and could hold the warrants for an indefinite period of time and appropriate legends were affixed to the instruments representing such warrants issued in such transactions. Such recipients either received adequate information about us or had, through its relationship with us, access to such information.

All of the foregoing securities are deemed restricted securities for purposes of the Securities Act. All certificates representing the issued shares of capital stock described in this Item 15 included appropriate legends setting forth that the securities have not been registered and the applicable restrictions on transfer.

Item 16. Exhibits and Financial Statement Schedules.

The exhibits to the registration statement are listed in the Exhibit Index attached hereto and incorporated by reference herein.

Item 17. Undertakings.

(a) The undersigned registrant hereby undertakes to provide to the underwriters at the closing specified in the underwriting agreement, certificates in such denominations and registered in such names as required by the underwriter to permit prompt delivery to each purchaser.

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

(c) The undersigned registrant hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

(2) For the purpose of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

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SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant has duly caused Amendment No. 2 to the Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York, State of New York, on this 9th day of September, 2013.

OPHTHOTECH CORPORATION

By: /S/ DAVID R. GUYER
David R. Guyer, M.D.
Chief Executive Officer

Pursuant to the requirements of the Securities Act of 1933, Amendment No. 2 to the Registration Statement has been signed by the following persons in the capacities held on the dates indicated.

Signature	Title	Date
/S/ DAVID R. GUYER David R. Guyer, M.D.	Chief Executive Officer and Chairman of the Board of Directors (principal executive officer)	September 9, 2013
/S/ SAMIR C. PATEL Samir C. Patel, M.D.	President and Vice Chairman of the Board of Directors	September 9, 2013
/S/ BRUCE PEACOCK Bruce Peacock	Chief Financial and Business Officer (principal financial and accounting officer)	September 9, 2013
* Axel Bolte	Director	September 9, 2013
* Thomas Dyrberg, M.D., D.M.Sc.	Director	September 9, 2013
* Nicholas Galakatos, Ph.D.	Director	September 9, 2013
* Michael Ross, Ph.D.	Director	September 9, 2013
* Glenn Sblendorio	Director	September 9, 2013

*By: /S/ DAVID R. GUYER
David R. Guyer, M.D.
Attorney-in-Fact

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EXHIBIT INDEX

Exhibit Number	Description of Exhibit
1.1	Underwriting Agreement
3.1	Fourth Amended and Restated Certificate of Incorporation of the Registrant, as amended
3.2*	Bylaws of the Registrant
3.3	Form of Certificate of Incorporation of the Registrant (to be effective upon the closing of this offering)
3.4	Form of Bylaws of the Registrant (to be effective upon the closing of this offering)
4.1	Specimen Stock Certificate evidencing the shares of common stock
4.2*	Third Amended and Restated Investors' Rights Agreement, dated as of May 23, 2013
5.1	Opinion of Wilmer Cutler Pickering Hale and Dorr LLP
10.1*	Amended and Restated 2007 Stock Incentive Plan, as amended
10.2*	Form of Incentive Stock Option Agreement under Amended and Restated 2007 Stock Incentive Plan
10.3*	Form of Nonstatutory Stock Option Agreement under Amended and Restated 2007 Stock Incentive Plan
10.4	2013 Stock Incentive Plan
10.5	Form of Incentive Stock Option Agreement under 2013 Stock Incentive Plan
10.6	Form of Nonstatutory Stock Option Agreement under 2013 Stock Incentive Plan
10.7	Lease Agreement, dated as of September 30, 2007, between the Registrant and One Penn Plaza LLC, as the same has been supplemented by agreement dated March 12, 2013 and amended by the Amendment of Lease, dated as of August 30, 2013.
10.8*	Lease Agreement, dated as of February 8, 2010, between the Registrant and Vaughn Princeton Associates L.L.C., as the same has been amended by the First Amendment, dated as of May 24, 2011 and the Second Amendment, dated as of October 22, 2012
†10.9*	Divestiture Agreement, dated as of July 27, 2007, by and between the Registrant and (OSI) Eyetech, Inc.
†10.10	License, Manufacturing and Supply Agreement, dated as of September 30, 2006, by and between Nektar Therapeutics AL, Corporation and (OSI) Eyetch, Inc., as the same was assigned to the Registrant on July 27, 2007 and amended by Amendment No. 1 thereto, dated as of April 5, 2012, and supplemented by a letter agreement, dated as of June 20, 2013
†10.11*	Amended and Restated Exclusive License Agreement, dated as of September 12, 2011, by and between the Registrant and Archemix Corp., as amended by Amendment No. 1 thereto dated December 20, 2011 and supplemented by a letter agreement, dated as of April 30, 2012
†10.12*	Amended and Restated Exclusive License Agreement, dated as of September 12, 2011, by and between the Registrant and Archemix Corp., as amended by Amendment No. 1 thereto, dated as of December 20, 2011
†10.13*	Purchase and Sale Agreement, dated as of May 23, 2013, by and between the Registrant and Novo A/S
10.14	Offer of Employment between the Registrant and David Guyer
10.15	Second Amended and Restated Employment Agreement between the Registrant and Samir Patel
10.16	Amended and Restated Offer of Employment between the Registrant and Bruce Peacock
10.17	Office Lease Agreement, dated as of August 22, 2013, by and between the Registrant and PSN Partners, L.P.
23.1	Consent of Ernst & Young LLP, independent registered public accounting firm.
23.2	Consent of Wilmer Cutler Pickering Hale and Dorr LLP (included in Exhibit 5.1)
24.1*	Power of Attorney (included on signature page)

* Previously filed.

† Confidential treatment requested as to portions of the exhibit. Confidential materials omitted and filed separately with the Securities and Exchange Commission.

Exhibit 1.1

[—] Shares

OPHTHOTECH CORPORATION

COMMON STOCK, $0.001 PAR VALUE PER SHARE

UNDERWRITING AGREEMENT

[—], 2013

[—], 2013

Morgan Stanley & Co. LLC
J.P. Morgan Securities LLC

c/o Morgan Stanley & Co. LLC
1585 Broadway
New York, New York 10036

c/o J.P. Morgan Securities LLC
383 Madison Avenue
New York, New York 10179

Ladies and Gentlemen:

Ophthotech Corporation, a Delaware corporation (the "**Company**"), proposes to issue and sell to the several Underwriters named in Schedule I hereto (the "**Underwriters**") [—] 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 [—] 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, including a prospectus, relating to the Shares. The registration statement as amended at the time it becomes effective, including the information (if any) deemed to be part of the registration statement at the time of effectiveness pursuant to Rule 430A under the Securities Act of 1933, as amended (the "**Securities Act**"), is hereinafter referred to as the "**Registration Statement**"; the prospectus in the form first used to confirm sales of Shares (or in the form first made available to the Underwriters by the Company to meet requests of purchasers pursuant to Rule 173 under the Securities Act) is hereinafter referred to as the "**Prospectus.**" 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.

For purposes of this Agreement, "**free writing prospectus**" has the meaning set forth in Rule 405 under the Securities Act, "**Time of Sale Prospectus**" means the preliminary prospectus together with the documents and pricing information set forth in

Schedule II hereto, and "**broadly available road show**" means a "bona fide electronic road show" as defined in Rule 433(h)(5) under the Securities Act that has been made available without restriction to any person. As used herein, the terms "Registration Statement," "preliminary prospectus," "Time of Sale Prospectus" and "Prospectus" shall include the documents, if any, incorporated by reference therein as of the date hereof.

Morgan Stanley & Co. LLC ("**Morgan Stanley**") has agreed to reserve a portion of the Shares to be purchased by it under this Agreement for sale to the Company's directors, officers, employees and business associates and other parties related to the Company (collectively, "**Participants**"), as set forth in the Prospectus under the heading "Underwriters" (the "**Directed Share Program**"). The Shares to be sold by Morgan Stanley and its affiliates pursuant to the Directed Share Program are referred to hereinafter as the "**Directed Shares**". Any Directed Shares not orally confirmed for purchase by any Participant by the end of the business day on which this Agreement is executed will be offered to the public by the Underwriters as set forth in the Prospectus.

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, to the knowledge of the Company, threatened by the Commission.

(b)(i) The Registration Statement, when it became effective, 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, (ii) 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, (iii) the Time of Sale Prospectus does not, and at the time of each sale of the Shares in connection with the offering when the Prospectus is not yet available to prospective purchasers and at the Closing Date (as defined in Section 4), the Time of Sale Prospectus, as then amended or supplemented by the Company, 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, (iv) each broadly available road show and "issuer free writing prospectus" (as defined in Rule 433 under the Securities Act), if any, when considered together with the Time of Sale Prospectus, does 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 and (v) 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, the Time of Sale Prospectus 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 is not an "ineligible issuer" in connection with the offering pursuant to Rules 164, 405 and 433 under the Securities Act. Any free writing prospectus that the Company is required to file pursuant to Rule 433(d) under the Securities Act has been, or will be, filed with the Commission in accordance with the requirements of the Securities Act and the applicable rules and regulations of the Commission thereunder. Each free writing prospectus that the Company has filed, or is required to file, pursuant to Rule 433(d) under the Securities Act or that was prepared by or behalf of or used or referred to by the Company complies or will comply in all material respects with the requirements of the Securities Act and the applicable rules and regulations of the Commission thereunder. Except for the free writing prospectuses, if any, identified in Schedule II hereto, and electronic road shows, if any, each furnished to you before first use, the Company has not prepared, used or referred to, and will not, without your prior consent, prepare, use or refer to, any free writing prospectus.

(d) The Company has been duly incorporated, is validly existing as a corporation in good standing under the laws of the jurisdiction of its incorporation, has the corporate power and authority to own its property and to conduct its business as described in the Time of Sale Prospectus and is duly qualified to transact business and is in good standing 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.

(e) The Company has no subsidiaries.

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

(g) The authorized capital stock of the Company conforms in all material respects as to legal matters to the description thereof contained in each of the Time of Sale Prospectus and the Prospectus.

(h) 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.

(i) The Shares have been duly authorized and, when issued and delivered 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 that have not been validly waived.

(j) The Company is not in violation or default (i) of any provisions of the Company's certificate of incorporation or bylaws, (ii) of any judgment, order, writ or decree of any court, governmental body or arbitrator, (iii) under any note, indenture or mortgage, or (iv) under any lease, agreement, contract or purchase order to which it is a

party or by which it is bound, or, of any provision of federal or state statute, rule or regulation applicable to the Company, in the case of clauses (iii) and (iv), the violation of which would have a material adverse effect on the Company.

(k) 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 that is material to the Company, or any judgment, order or decree of any governmental body, agency or court having jurisdiction over the Company, 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, except such as have already been obtained or made or 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.

(l) There has not occurred any material adverse change, or any development that would reasonably be expected to result in a material adverse change, in the condition, financial or otherwise, or in the earnings, business or operations of the Company from that set forth in the Time of Sale Prospectus.

(m) There are no legal or governmental proceedings pending or threatened to which the Company is a party or to which any of the properties of the Company is subject (i) other than proceedings accurately described in all material respects in the Time of Sale Prospectus and proceedings that would not have a material adverse effect on the Company or on the power or ability of the Company to perform its obligations under this Agreement or to consummate the transactions contemplated by the Time of Sale Prospectus or (ii) that are required to be described in the Registration Statement or the Prospectus and are not so described; and there are no 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.

(n) 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.

(o) 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.

(p) The Company (i) is 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) has received all permits, licenses or other approvals required of it under applicable Environmental Laws to conduct its business

and (iii) is 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 on the Company.

(q) 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 on the Company.

(r) Except as described in the Registration Statement, the Time of Sale Prospectus and 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, other than rights that have been validly waived.

(s) Neither the Company nor, to the Company's knowledge, any of its affiliates, any director, officer, or employee of the Company, or any agent or representative of the Company or of any of its affiliates, has taken or will take any action in furtherance of an offer, payment, promise to pay, or authorization or approval of the payment or giving of money, property, gifts or anything else of value, directly or indirectly, to any "government official" (including any officer or employee of a government or government-owned or controlled entity or of a public international organization, or any person acting in an official capacity for or on behalf of any of the foregoing, or any political party or party official or candidate for political office) to influence official action or secure an improper advantage; and the Company and, to the Company's knowledge, its affiliates have conducted their businesses in compliance with applicable anti-corruption laws and have instituted and maintain and will continue to maintain policies and procedures designed to promote and achieve compliance with such laws and with the representation and warranty contained herein.

(t) The operations of the Company are and have been conducted at all times in material compliance with all applicable financial recordkeeping and reporting requirements, including those of the Bank Secrecy Act, as amended by Title III of the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (USA PATRIOT Act), and the applicable anti-money laundering statutes of jurisdictions where the Company conducts business, the rules and regulations thereunder and any related or similar rules, regulations or guidelines, issued, administered or enforced by any governmental agency (collectively, the "**Anti-Money Laundering Laws**"), and no action, suit or proceeding by or before any court or governmental agency, authority or body or any arbitrator involving the Company with respect to the Anti-Money Laundering Laws is pending or, to the best knowledge of the Company, threatened.

(u) (i) Neither the Company nor, to the Company's knowledge, any director, officer, or employee of the Company or any agent, affiliate or representative of the Company, is an individual or entity ("**Person**") that is, or is owned or controlled by a Person that is:

(A) the subject of any sanctions administered or enforced by the U.S. Department of Treasury's Office of Foreign Assets Control ("**OFAC**"), the United Nations Security Council ("**UNSC**"), the European Union ("**EU**"), Her Majesty's Treasury ("**HMT**"), or other relevant sanctions authority (collectively, "**Sanctions**"), nor

(B) located, organized or resident in a country or territory that is the subject of Sanctions (including, without limitation, Cuba, Iran, North Korea, Sudan and Syria).

(ii) The Company will not, directly or indirectly, use the proceeds of the offering, or lend, contribute or otherwise make available such proceeds to any subsidiary, joint venture partner or other Person:

(A) to fund or facilitate any activities or business of or with any Person or in any country or territory that, at the time of such funding or facilitation, is the subject of Sanctions; or

(B) in any other manner that will result in a violation of Sanctions by any Person (including any Person participating in the offering, whether as underwriter, advisor, investor or otherwise).

(iii) For the past 5 years, the Company has not knowingly engaged in, is not now knowingly engaged in, and will not engage in, any dealings or transactions with any Person, or in any country or territory, that at the time of the dealing or transaction is or was the subject of Sanctions.

(v) Subsequent to the respective dates as of which information is given in each of the Registration Statement, the Time of Sale Prospectus and the Prospectus, (i) the Company has not incurred any material liability or obligation, direct or contingent, nor entered into any material transaction; (ii) the Company has not purchased any of its outstanding capital stock, nor declared, paid or otherwise made any dividend or distribution of any kind on its capital stock other than ordinary and customary dividends; and (iii) there has not been any material change in the capital stock, short-term debt or long-term debt of the Company, except in each case as described in each of the Registration Statement, the Time of Sale Prospectus and the Prospectus, respectively.

(w) The Company does not own any real property. The Company has good title to all personal property owned by it which is material to the business of the Company free and clear of all liens, encumbrances and defects except such as are described in the Time of Sale Prospectus or such as do not materially affect the value of such property and do not materially interfere with the use made and proposed to be made of such property by the Company; and any real property and buildings held under lease by the Company are held by them under valid, subsisting and enforceable leases with such exceptions as are not material and do not materially interfere with the use made and proposed to be made of such property and buildings by the Company, in each case except as described in the Time of Sale Prospectus.

(x) The Company owns or possesses, or can acquire on reasonable terms, adequate rights to all patents, patent rights, inventions, trademarks, service marks, trade names, domain names, goodwill associated with the foregoing, copyrights, licenses and know-how (including trade secrets and other unpatented and/or unpatentable proprietary or confidential information, systems or procedures) and other intellectual property rights, including registrations and applications for registration thereof (collectively, "**Intellectual Property**") necessary for the conduct of the business of the Company in all material respects as currently conducted and as proposed to be conducted, and, to the knowledge of the Company, the conduct of the business of the Company has not conflicted with, infringed, misappropriated or otherwise violated, and will not conflict with, infringe, misappropriate or otherwise violate, any Intellectual Property of any third party in any material respect. The Company has not received any written notice of, and are not otherwise aware of, any pending or threatened claim of infringement, misappropriation or other violation of any Intellectual Property of any third party or any written notice challenging the validity, scope or enforceability of their respective Intellectual Property or rights therein, in each case which, individually or in the aggregate, would reasonably be expected to have a material adverse effect on the Company. The Company is not aware of any specific facts or combination of facts that would support a finding that any of the material issued or granted patents owned by or licensed to the Company is invalid or unenforceable and, to the knowledge of the Company, all such issued or granted patents are valid and enforceable.

(y) No material labor dispute with the employees of the Company exists, except as described in the Time of Sale Prospectus, 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 principal suppliers, manufacturers or contractors that could have a material adverse effect on the Company.

(z) The Company is insured by insurers of recognized financial responsibility against such losses and risks and in such amounts as are prudent and customary in the business in which it is engaged; the Company has not been refused any insurance coverage sought or applied for; and the Company does not have 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 on the Company, except as described in the Time of Sale Prospectus.

(aa) The Company possesses all certificates, authorizations and permits issued by the appropriate federal, state or foreign regulatory authorities necessary to conduct its business, and the Company has not received any notice of proceedings relating to the revocation or modification of any such certificate, authorization or permit which, singly or in the aggregate, if the subject of an unfavorable decision, ruling or finding, would have a material adverse effect on the Company, except as described in the Time of Sale Prospectus. Except as described in the Registration Statement, the Time of Sale Prospectus and the Prospectus, as applicable, the Company (i) is, and at all times has been, in compliance with all statutes, rules and regulations applicable to the ownership, testing, development, manufacture, packaging, processing, use, distribution, storage, import, export or disposal of any product manufactured or distributed by the Company ("**Applicable Regulatory Laws**"), except where such noncompliance would not, individually or in the aggregate, reasonably be expected to have a material adverse effect on the Company; and (ii) has not received any U.S. Food and Drug Administration ("**FDA**") Form 483, written notice of adverse finding, warning letter, untitled letter or other correspondence or written notice from any court or arbitrator or governmental or regulatory authority alleging or asserting non-compliance with (x) any Applicable Regulatory Laws or (y) any licenses, exemptions, certificates, approvals, clearances, authorizations, permits and supplements or amendments thereto required by any such Applicable Regulatory Laws.

(bb) (i) The clinical and pre-clinical trials conducted by or, to the knowledge of the Company, on behalf of or sponsored by the Company, or in which the Company has participated, that are described in the Registration Statement, the Time of Sale Prospectus and the Prospectus, or the results of which are referred to in the Registration Statement, the Time of Sale Prospectus and the Prospectus, as applicable, were, and if still pending are, being conducted in all material respects in accordance with standard medical and scientific research standards and procedures for products or product candidates comparable to those being developed by the Company and all applicable statutes and all applicable rules and regulations of the FDA and comparable regulatory agencies outside of the United States to which they are subject, including the European Medicines Agency (collectively, the "**Regulatory Authorities**"), and current Good Clinical Practices and Good Laboratory Practices; (ii) the descriptions in the Registration Statement, the Time of Sale Prospectus and the Prospectus of the results of such studies and tests are accurate and complete descriptions in all material respects and fairly present the data derived therefrom; (iii) the Company has no knowledge of any other trials not described in the Registration Statement, the Time of Sale Prospectus and the Prospectus, the results of which are inconsistent with or call into question the results described or referred to in the Registration Statement, the Time of Sale Prospectus and the Prospectus; (iv) the Company has operated at all times and are currently in compliance in all material respects with all applicable statutes, rules and regulations of the Regulatory Authorities; and (v) the Company has not received any written notices, correspondence or other communications from the Regulatory Authorities or any other governmental agency requiring or threatening the termination, material modification or suspension of any clinical or pre-clinical trials that are described in the Registration Statement, the Time of Sale Prospectus and the Prospectus or the results of which are referred to in the Registration Statement, the Time of Sale

Prospectus and the Prospectus, other than ordinary course communications with respect to modifications in connection with the design and implementation of such trials, and, to the Company's knowledge, there are no reasonable grounds for the same.

(cc) The Company has not failed to file with the Regulatory Authorities any required filing, declaration, listing, registration, report or submission with respect to the Company's product candidates that are described or referred to in the Registration Statement, the Time of Sale Prospectus and the Prospectus; all such filings, declarations, listings, registrations, reports or submissions were in material compliance with applicable laws when filed; and no deficiencies regarding compliance with applicable law have been asserted by any applicable regulatory authority with respect to any such filings, declarations, listings, registrations, reports or submissions.

(dd) To the knowledge of the Company, the statements included in the Time of Sale Prospectus and the Prospectus under the captions "Risk Factors—Risks Related to Regulatory Approval and Other Legal Compliance Matters" and "Business—Government Regulation," in each case, fairly summarize the matters described therein in all material respects.

(ee) The Company's audited financial statements (including balance sheet, income statement, statement of cash flows and statement of stockholders' equity) as of December 31, 2012 and for the fiscal year ended December 31, 2012 and its unaudited financial statements (including balance sheet, income statement and statement of cash flows) as of June 30, 2013 and for the six-month period ended June 30, 2013 (collectively, the "**Financial Statements**") have been prepared in accordance with generally accepted accounting principles applied on a consistent basis throughout the periods indicated, except that the unaudited Financial Statements may not contain all footnotes required by generally accepted accounting principles. The Financial Statements are consistent with the books and records of the Company (which books and records are accurate and complete in all material respects) and fairly present in all material respects the financial condition and operating results of the Company as of the dates, and for the periods, indicated therein, subject in the case of the unaudited Financial Statements to normal year-end audit adjustments. Except as set forth in the Financial Statements, the Company has no material liabilities or obligations, contingent or otherwise, other than (i) liabilities incurred in the ordinary course of business subsequent to June 30, 2013, (ii) obligations under contracts and commitments incurred in the ordinary course of business and (iii) liabilities and obligations of a type or nature not required under generally accepted accounting principles to be reflected in the Financial Statements, which, in all such cases, individually and in the aggregate would not have a material adverse effect on the Company. The Company maintains and will continue to maintain a standard system of accounting established and administered in accordance with generally accepted accounting principles.

(ff) The Company has established a system of internal accounting controls sufficient to provide reasonable assurance that (i) transactions are executed in accordance with management's general or specific authorizations; (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with

generally accepted accounting principles and to maintain asset accountability; (iii) access to assets is permitted only in accordance with management's general or specific authorization; and (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences. Except as described in the Time of Sale Prospectus, since the end of the Company's most recent audited fiscal year, there has been (i) no material weakness in the Company's internal control over financial reporting (whether or not remediated) and (ii) no change in the Company's internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

(gg) Except as described in the Time of Sale Prospectus, the Company has not sold, issued or distributed any shares of Common Stock during the six-month period preceding the date hereof, including any sales pursuant to Rule 144A under, or Regulation D or S of, the Securities Act, other than shares issued pursuant to employee benefit plans, qualified stock option plans or other employee compensation plans or pursuant to outstanding options, rights or warrants.

(hh) The Registration Statement, the Prospectus and the Time of Sale Prospectus comply, and any amendments or supplements thereto will comply in all material respects, with any applicable laws or regulations of each jurisdiction in which the Prospectus or the Time of Sale Prospectus , as amended or supplemented, if applicable, are distributed in connection with the Directed Share Program.

(ii) No consent, approval, authorization or order of, or qualification with, any governmental body or agency, other than those obtained or will be obtained or completed by the Closing Date, is required in connection with the offering of the Directed Shares in any jurisdiction where the Directed Shares are being offered.

(jj) The Company has not offered, or caused Morgan Stanley to offer, Shares to any person pursuant to the Directed Share Program with the specific intent to unlawfully influence (i) a customer or supplier of the Company to alter the customer's or supplier's level or type of business with the Company, or (ii) a trade journalist or publication to write or publish favorable information about the Company or its products.

(kk) The Company has filed all federal, state, local and foreign tax returns required to be filed through the date of this Agreement or have requested extensions thereof (except where the failure to file would not, individually or in the aggregate, have a material adverse effect) and have paid all taxes required to be paid thereon (except for cases in which the failure to file or pay would not have a material adverse effect on the Company or, except as currently being contested in good faith and for which reserves required by U.S. GAAP have been created in the financial statements of the Company), and no tax deficiency has been determined adversely to the Company which has had (nor does the Company have any notice or knowledge of any tax deficiency which could reasonably be expected to be determined adversely to the Company and which would reasonably be expected to have) a material adverse effect on the Company.

(ll) From the time of initial confidential submission of the Registration Statement to the Commission (or, if earlier, the first date on which the Company engaged directly or through any person authorized to act on its behalf in any Testing-the-Waters Communication) through the date hereof, the Company has been and is an "emerging growth company," as defined in Section 2(a)(19) of the Securities Act (an "**Emerging Growth Company**"). "**Testing-the-Waters Communication**" means any oral or written communication with potential investors undertaken in reliance on Section 5(d) of the Securities Act.

(mm) The Company (i) has not alone engaged in any Testing-the-Waters Communication other than Testing-the-Waters Communications with the consent of the Representatives with entities that are qualified institutional buyers within the meaning of Rule 144A under the Securities Act or institutions that are accredited investors within the meaning of Rule 501 under the Securities Act and (ii) has not authorized anyone other than the Representatives to engage in Testing-the-Waters Communications. The Company reconfirms that each of the Representatives has been authorized to act on its behalf in undertaking Testing-the-Waters Communications. The Company has not distributed any Written Testing-the-Waters Communications other than those listed on Schedule III hereto. "**Written Testing-the-Waters Communication**" means any Testing-the-Waters Communication that is a written communication within the meaning of Rule 405 under the Securities Act.

(nn) As of the time of each sale of the Shares in connection with the offering when the Prospectus is not yet available to prospective purchasers, no individual Written Testing-the-Waters Communication, when considered together with the Time of Sale Prospectus, included, includes or will include an untrue statement of a material fact or omitted, omits or will omit 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; *provided* that the Company makes no representation and warranty with respect to any statements or omissions made in each such Written Testing-the-Waters Communication in reliance upon and in conformity with written information furnished to the Company in writing by the Representatives expressly for use in such Written Testing-the-Waters Communications.

2. *Agreements to Sell and Purchase.* The Company hereby agrees to 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 $[—] 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 [—] Additional Shares at the Purchase Price, provided, however, that the amount paid by the Underwriters for any Additional Shares shall be reduced by an amount per share equal to any dividends declared by the Company and payable on the Firm Shares but not payable on such Additional Shares. You may exercise this right on behalf of the Underwriters in whole or from time to time in part by giving written notice 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.

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 $[—] a share (the "**Public Offering Price**") and to certain dealers selected by you at a price that represents a concession not in excess of $[—] a share under the Public Offering Price, and that any Underwriter may allow, and such dealers may reallow, a concession, not in excess of $[—] a share, to any Underwriter or to certain other dealers.

4. *Payment and Delivery.* Payment for the Firm Shares shall be made to the Company in Federal or other funds immediately available in New York City against delivery of such Firm Shares for the respective accounts of the several Underwriters at 10:00 a.m., New York City time, on [—], 2013, or at such other time on the same or such other date, not later than [—], 2013, 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 in Federal or other funds immediately available in New York City 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 [—], 2013, 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 [—] (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:

(i) there shall not have occurred any downgrading, nor shall any notice have been given of any intended or potential downgrading or of any review for a possible change that does not indicate the direction of the possible change, in the rating accorded any of the securities of the Company by any "nationally recognized statistical rating organization," as such term is defined in Section 3(a)(62) of the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"); and

(ii) 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 from that set forth in the Time of Sale Prospectus 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 Time of Sale 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 on behalf of the Company, to the effect set forth in Section 5(a)(i) above and 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 performed 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 Wilmer Cutler Pickering Hale and Dorr LLP, outside counsel for the Company, dated the Closing Date, substantially in the form of Exhibit C hereto.

(d) The Underwriters shall have received on the Closing Date an opinion of Davis Polk & Wardwell LLP, counsel for the Underwriters, dated the Closing Date, covering the matters referred to in paragraphs 4 and 5 and (b) of Exhibit C hereto.

With respect to the matters covered in paragraph (b) of Exhibit C hereto, Davis Polk & Wardwell LLP may state that its opinions and beliefs are based upon its participation in the preparation of the Registration Statement, the Time of Sale Prospectus and the Prospectus and any amendments or supplements thereto and review and discussion of the contents thereof, but are without independent check or verification, except as specified.

(e) The Underwriters shall have received on the Closing Date an opinion of Cooley LLP, intellectual property counsel for the Company, dated the Closing Date, substantially in the form of Exhibit D hereto.

The opinion of Wilmer Cutler Pickering Hale and Dorr LLP described in Section 5(c) above and the opinion of Cooley LLP described in Section 5(e) 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 the Registration Statement, the Time of Sale Prospectus 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*. 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 for delivery to each other Underwriter a conformed copy of the Registration Statement (without exhibits thereto) and to furnish to you in New York City, without charge, as soon as practicable, and in any event no later than 10:00 a.m. New York City time on the second business day succeeding the

date of this Agreement and during the period mentioned in Section 6(e) or 6(f) below, as many copies of the Time of Sale Prospectus, the Prospectus and any supplements and amendments thereto or to the Registration Statement as you may reasonably request.

(b) Before amending or supplementing the Registration Statement, the Time of Sale Prospectus 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, 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) To furnish to you a copy of each proposed free writing prospectus (including any broadly available road show) to be prepared by or on behalf of, used by, or referred to by the Company and not to use or refer to any proposed free writing prospectus to which you reasonably object.

(d) Not to take any action that would result in an Underwriter or the Company being required to file with the Commission pursuant to Rule 433(d) under the Securities Act a free writing prospectus prepared by or on behalf of the Underwriter that the Underwriter otherwise would not have been required to file thereunder.

(e) If the Time of Sale Prospectus is being used to solicit offers to buy the Shares at a time when the Prospectus is not yet available to prospective purchasers and any event shall occur or condition exist as a result of which it is necessary to amend or supplement the Time of Sale Prospectus in order to make the statements therein, in the light of the circumstances, not misleading, or if any event shall occur or condition exist as a result of which the Time of Sale Prospectus conflicts with the information contained in the Registration Statement then on file, or if, in the opinion of counsel for the Underwriters, it is necessary to amend or supplement the Time of Sale Prospectus to comply with applicable law, forthwith to prepare, file with the Commission and furnish, at its own expense, to the Underwriters and to any dealer upon request, either amendments or supplements to the Time of Sale Prospectus so that the statements in the Time of Sale Prospectus as so amended or supplemented will not, in the light of the circumstances when the Time of Sale Prospectus is delivered to a prospective purchaser, be misleading or so that the Time of Sale Prospectus, as amended or supplemented, will no longer conflict with the Registration Statement, or so that the Time of Sale Prospectus, as amended or supplemented, will comply with applicable law.

(f) 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 (or in lieu thereof the notice referred to in Rule 173(a) of the Securities Act) is required by law to be delivered in connection with sales by an Underwriter or dealer, any event shall occur or condition 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 (or in lieu thereof the notice referred to in Rule 173(a) of the

Securities Act) 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 (or in lieu thereof the notice referred to in Rule 173(a) of the Securities Act) is delivered to a purchaser, be misleading or so that the Prospectus, as amended or supplemented, will comply with applicable law.

(g) 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; *provided* that in connection therewith the Company shall not be required to qualify as a foreign corporation or to file a general consent to service of process in any jurisdiction.

(h) To make generally available to the Company's security holders and to you as soon as practicable an earnings statement covering a period of at least twelve months beginning with the first fiscal quarter of the Company occurring after the date of this Agreement which shall satisfy the provisions of Section 11(a) of the Securities Act and the rules and regulations of the Commission thereunder.

(i) To comply with all applicable securities and other laws, rules and regulations in each jurisdiction in which the Directed Shares are offered in connection with the Directed Share Program.

(j) 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 Time of Sale Prospectus, the Prospectus, any free writing prospectus prepared by or on behalf of, used by, or referred to by the Company 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 reasonable expenses in connection with the qualification of the Shares for offer and sale under state securities laws as provided in Section 6(g) 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) any expenses in connection with any offer and sale of the Shares

outside of the United States, including filing fees and the reasonable fees and disbursements of counsel for the Underwriters in connection with offers and sales outside of the United States, (v) 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 Financial Industry Regulatory Authority, (vi) all fees and expenses in connection with the preparation and filing of the registration statement on Form 8-A relating to the Common Stock and all costs and expenses incident to listing the Shares on the NASDAQ Global Market, (vii) the cost of printing certificates representing the Shares, (viii) the costs and charges of any transfer agent, registrar or depositary, (ix) 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 preparation or dissemination of any electronic road show, 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 one-half of the cost of any aircraft chartered in connection with the road show, (x) the document production charges and expenses associated with printing this Agreement, (xi) all fees and disbursements of counsel incurred by the Underwriters in connection with the Directed Share Program and stamp duties, similar taxes or duties or other taxes, if any, incurred by the Underwriters in connection with the Directed Share Program and (xii) 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 8 entitled "Indemnity and Contribution", Section 9 entitled "Directed Share Program Indemnification" and the last paragraph of Section 11 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.

(k) The Company will promptly notify the Representatives if the Company ceases to be an Emerging Growth Company at any time prior to the later of (a) completion of the distribution of the Shares within the meaning of the Securities Act and (b) completion of the Restricted Period (as defined in this Section 6).

(l) If at any time following the distribution of any Written Testing-the-Waters Communication there occurred or occurs an event or development as a result of which such Written Testing-the-Waters Communication included or would include an untrue statement of a material fact or omitted or would omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances existing at that subsequent time, not misleading, the Company will promptly notify the Representatives and will promptly amend or supplement, at its own expense, such Written Testing-the-Waters Communication to eliminate or correct such untrue statement or omission.

The Company also covenants with each Underwriter that, without the prior written consent of each of the Representatives on behalf of the Underwriters, it will not, during the period ending 180 days after the date of the Prospectus (the "**Restricted Period**"), (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, or (3) file any registration statement with the Commission relating to the offering of any shares of Common Stock or any securities convertible into or exercisable or exchangeable for Common Stock, or in the case of (1), (2) or (3), publicly disclose the intention to undertake any such action with respect to shares of the Common Stock or any securities convertible into or exercisable or exchangeable for Common Stock.

The restrictions contained in the preceding paragraph 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 described in the Prospectus and outstanding on the date hereof, *provided*, that the Company shall cause each recipient of any such issuance to execute and deliver to the Representatives an agreement substantially in the form of Exhibit A hereto if such recipient has not already delivered one, (c) any options and other awards granted under a stock incentive plan or stock purchase plan described in the Prospectus (and the issuance by the Company of shares of Common Stock upon the exercise thereof), *provided*, that the Company shall cause each recipient of any such grant to execute and deliver to the Representatives an agreement substantially in the form of Exhibit A hereto if such recipient has not already delivered one, (d) the filing by the Company of any registration statement on Form S-8 or a successor form thereto relating to the shares of Common Stock granted pursuant to or reserved for issuance under a stock incentive plan or stock purchase plan described in the Prospectus, (e) shares of Common Stock or other securities issued in connection with a transaction that includes a commercial relationship (including joint ventures, marketing or distribution arrangements, collaboration agreements or intellectual property license agreements) or any acquisition of assets or not less than a majority or controlling portion of the equity of another entity, provided that (x) the aggregate number of shares of Common Stock issued pursuant to this clause (e) shall not exceed 5.0% of the total number of outstanding shares of Common Stock and (y) the recipient of any such shares of Common Stock and securities issued pursuant to this clause (e) during the Restricted Period shall enter into an agreement substantially in the form of Exhibit A hereto, or (f) the establishment of a trading plan pursuant to Rule 10b5-1 under the Exchange Act for the transfer of shares of Common Stock, *provided* that (i) such plan does not provide for the transfer of Common Stock during the Restricted Period and (ii) to the extent a public announcement or filing under the Exchange Act, if any, is required of or voluntarily made by the Company regarding the establishment of such plan, such announcement or filing shall include a statement to the effect that no transfer of Common Stock may be made under such plan during the Restricted Period.

If the Representatives, in their sole discretion, agree to release or waive the restrictions set forth in a lock-up letter described in Section 5(g) hereof for an officer or director of the Company and provides the Company with notice of the impending release or waiver at least three business days before the effective date of the release or waiver, the Company agrees to announce the impending release or waiver by a press release substantially in the form of Exhibit B hereto through a major news service at least two business days before the effective date of the release or waiver.

7. *Covenants of the Underwriters*. Each Underwriter severally covenants with the Company not to take any action that would result in the Company being required to file with the Commission under Rule 433(d) a free writing prospectus prepared by or on behalf of such Underwriter that otherwise would not be required to be filed by the Company thereunder, but for the action of the Underwriter.

8. *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, the Time of Sale Prospectus or any amendment or supplement thereto, any issuer free writing prospectus as defined in Rule 433(h) under the Securities Act, any Company information that the Company has filed, or is required to file, pursuant to Rule 433(d) under the Securities Act, any road show as defined in Rule 433(h) under the Securities Act (a "road show"), or the Prospectus or any amendment or supplement thereto, or any Written Testing-the-Waters Communication 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.

(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 Time of Sale Prospectus, any issuer free writing prospectus, road show or the Prospectus or any amendment or supplement 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 8(a) or 8(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 reasonable 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 reasonable 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 the Representatives, in the case of parties indemnified pursuant to Section 8(a), and by the Company, in the case of parties indemnified pursuant to Section 8(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 (A) more than 60 days after receipt by the indemnifying party of such request and (B) more than 30 days after receipt by such indemnifying party of the proposed terms of such settlement 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 8(a) or 8(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 8(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 8(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 8 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 8 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 8(d). The amount paid or payable by an indemnified party as a result of the losses, claims, damages and liabilities referred to in Section 8(d) 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 8, 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 8 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 8 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.

9. *Directed Share Program Indemnification.* (a) The Company agrees to indemnify and hold harmless Morgan Stanley, each person, if any, who controls Morgan Stanley within the meaning of either Section 15 of the Securities Act or Section 20 of the Exchange Act and each affiliate of Morgan Stanley within the meaning of Rule 405 of the Securities Act ("**Morgan Stanley Entities**") 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) (i) caused by any untrue statement or alleged untrue statement of a material fact contained in any material prepared by or with the consent of the Company for distribution to Participants in connection with the Directed Share Program 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; (ii) caused by the failure of any Participant to pay for and accept delivery of Directed Shares that the Participant agreed to purchase; or (iii) related to, arising out of, or in connection with the Directed Share Program, other than losses, claims, damages or liabilities (or expenses relating thereto) that are finally judicially determined to have resulted from the bad faith or gross negligence of Morgan Stanley Entities.

(b) In case any proceeding (including any governmental investigation) shall be instituted involving any Morgan Stanley Entity in respect of which indemnity may be sought pursuant to Section 9(a), the Morgan Stanley Entity seeking indemnity, shall promptly notify the Company in writing and the Company, upon request of the Morgan Stanley Entity, shall retain counsel reasonably satisfactory to the Morgan Stanley Entity to represent the Morgan Stanley Entity and any others the Company may designate in such proceeding and shall pay the fees and disbursements of such counsel related to such proceeding. In any such proceeding, any Morgan Stanley Entity shall have the right to retain its own counsel, but the fees and expenses of such counsel shall be at the expense of such Morgan Stanley Entity unless (i) the Company shall have agreed to the retention of such counsel or (ii) the named parties to any such proceeding (including any impleaded parties) include both the Company and the Morgan Stanley Entity and representation of both parties by the same counsel would be inappropriate due to actual or potential differing interests between them. The Company shall not, in respect of the legal expenses of the Morgan Stanley Entities 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 Morgan Stanley Entities. Any such separate firm for the Morgan Stanley Entities shall be designated in writing by Morgan Stanley. The Company 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 Company agrees to indemnify the Morgan Stanley Entities from and against any loss or liability by reason of such settlement or judgment. Notwithstanding the foregoing sentence, if at any time a Morgan Stanley Entity shall have requested the Company to reimburse it for fees and expenses of counsel as contemplated by the second and third sentences of this paragraph, the Company 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 the Company of the aforesaid request and (ii) the Company shall not have reimbursed the Morgan Stanley Entity in accordance with such request prior to the date of such settlement. The Company shall not, without the prior written consent of Morgan Stanley, effect any settlement of any pending or threatened proceeding in respect of which any Morgan Stanley Entity is or could have been a party and indemnity could have been sought hereunder by such Morgan Stanley Entity, unless such settlement includes an unconditional release of the Morgan Stanley Entities from all liability on claims that are the subject matter of such proceeding.

(c) To the extent the indemnification provided for in Section 9(a) is unavailable to a Morgan Stanley Entity or insufficient in respect of any losses, claims, damages or liabilities referred to therein, then the Company in lieu of indemnifying the Morgan Stanley Entity thereunder, shall contribute to the amount paid or payable by the Morgan Stanley Entity 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 Morgan Stanley Entities on the other hand from the offering of the Directed Shares or (ii) if the allocation provided by clause 9(c)(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 9(c)(i) above but also the relative fault of the Company on the one hand and of the Morgan Stanley Entities on the other hand in connection with any 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 Morgan Stanley Entities on the other hand in connection with the offering of the Directed Shares shall be deemed to be in the same respective proportions as the net proceeds from the offering of the Directed Shares (before deducting expenses) and the total underwriting discounts and commissions received by the Morgan Stanley Entities for the Directed Shares, bear to the aggregate Public Offering Price of the Directed Shares. If the loss, claim, damage or liability is caused by an untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact, the relative fault of the Company on the one hand and the Morgan Stanley Entities on the other hand shall be determined by reference to, among other things, whether the untrue or alleged untrue statement or the omission or alleged omission relates to information supplied by the Company or by the Morgan Stanley Entities and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission.

(d) The Company and the Morgan Stanley Entities agree that it would not be just or equitable if contribution pursuant to this Section 9 were determined by pro rata allocation (even if the Morgan Stanley Entities 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 9(c). The amount paid or payable by the Morgan Stanley Entities 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 the Morgan Stanley Entities in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this Section 9, no Morgan Stanley Entity shall be required to contribute any amount in excess of the amount by which the total price at which the Directed Shares distributed to the public were offered to the public exceeds the amount of any damages that such Morgan Stanley Entity has otherwise been required to pay. The remedies provided for in this Section 9 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.

(e) The indemnity and contribution provisions contained in this Section 9 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 Morgan Stanley Entity or the Company, its officers or directors or any person controlling the Company and (iii) acceptance of and payment for any of the Directed Shares.

10. *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, the NYSE MKT, the NASDAQ Global Market, the Chicago Board of Options Exchange, the Chicago Mercantile Exchange or the Chicago Board of Trade, (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 Time of Sale Prospectus or the Prospectus.

11. *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 11 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 on such date, 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. 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, in the Time of Sale Prospectus, 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.

12. *Entire Agreement*. (a) This Agreement, together with any contemporaneous written agreements and any prior written agreements (to the extent not superseded by this Agreement) that relate to the offering of the Shares, represents the

entire agreement between the Company and the Underwriters with respect to the preparation of any preliminary prospectus, the Time of Sale Prospectus, the Prospectus, the conduct of the offering, and the purchase and sale of the Shares.

(b) The Company acknowledges that in connection with the offering of the Shares: (i) the Underwriters have acted at arms length, are not agents of, and owe no fiduciary duties to, the Company or any other person, (ii) the Underwriters owe the Company only those duties and obligations set forth in this Agreement and prior written agreements (to the extent not superseded by this Agreement), if any, and (iii) the Underwriters may have interests that differ from those of the Company. The Company waives to the full extent permitted by applicable law any claims it may have against the Underwriters arising from an alleged breach of fiduciary duty in connection with the offering of the Shares.

13. *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.

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

15. *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.

16. *Notices*. All communications hereunder shall be in writing and effective only upon receipt and if to the Underwriters shall be delivered, mailed or sent to you in care of Morgan Stanley & Co. LLC, 1585 Broadway, New York, New York 10036, Attention: Equity Syndicate Desk, with a copy to the Legal Department and J. P. Morgan Securities LLC, 383 Madison Avenue, New York, New York 10179 (fax: (212) 622-8358); Attention Equity Syndicate Desk; and if to the Company shall be delivered, mailed or sent to Ophthotech Corporation, One Penn Plaza, 35th Floor, New York, New York 10119, Attention: Chief Business Officer.

Very truly yours,

OPHTHOTECH CORPORATION

By: _____
Name:
Title:

Accepted as of the date hereof

MORGAN STANLEY & CO. LLC
J.P. MORGAN SECURITIES LLC

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

By: Morgan Stanley & Co. LLC

By: _____
Name:
Title:

By: J.P. Morgan Securities LLC

By: _____
Name:
Title:

SCHEDULE I

Underwriter	Number of Firm Shares To Be Purchased
Morgan Stanley & Co. LLC	
J.P. Morgan Securities LLC	
Leerink Swann LLC	
Stifel, Nicolaus & Company, Incorporated	
Total:	

SCHEDULE II

Time of Sale Prospectus

1. Preliminary Prospectus issued [—], 2013

2. [to include all free writing prospectuses filed by the Company under Rule 433(d) of the Securities Act]

3. [to include any free writing prospectus containing a description of terms that does not reflect final terms, if the Time of Sale Prospectus does not include a final term sheet]

4. [to include any orally communicated pricing information such as price per share and size of offering if a Rule 134 pricing term sheet is used at the time of sale instead of a pricing term sheet filed by the Company under Rule 433(d) as a free writing prospectus]

Testing the waters communication dated [ ], 2013

EXHIBIT A

[FORM OF LOCK-UP LETTER]

, 20

Morgan Stanley & Co. LLC
J.P. Morgan Securities LLC

c/o Morgan Stanley & Co. LLC
1585 Broadway
New York, NY 10036

c/o J.P. Morgan Securities LLC
383 Madison Avenue
New York, NY 10179

Ladies and Gentlemen:

The undersigned understands that Morgan Stanley & Co. LLC and J.P. Morgan Securities LLC (the "**Representatives**") propose to enter into an Underwriting Agreement (the "**Underwriting Agreement**") with Ophthotech Corporation, a Delaware corporation (the "**Company**"), providing for the public offering (the "**Public Offering**") by the several Underwriters, including the Representatives (the "**Underwriters**"), of shares of the Common Stock, $0.001 par value 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 each of the Representatives on behalf of the Underwriters, it will not, during the period commencing on the date hereof and ending 180 days after the date of the final prospectus (the "**Restricted Period**") 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 beneficially owned (as such term is used in Rule 13d-3 of the Securities Exchange Act of 1934, as amended (the "**Exchange Act**")), by the undersigned or any other securities so owned 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, or publicly disclose the intention to make any such offer, sale, pledge or disposition of shares of

Common Stock. The foregoing sentence shall not apply to (a) transfers or dispositions of Common Stock acquired in the Public Offering (other than any issuer-directed shares of Common Stock purchased in the Public Offering by an officer or director of the Company) or acquired in open market transactions after the completion of the Public Offering, (b) the exercise of options to purchase shares of Common Stock granted under a stock incentive plan or stock purchase plan described in the Prospectus or the exercise of warrants to purchase shares of Common Stock described in the Prospectus and outstanding as of the date of the Prospectus, *provided* that the underlying Common Stock continues to be subject to the restrictions set forth above, (c) the exercise of options to purchase shares of Common Stock granted under a stock incentive plan or stock purchase plan described in the Prospectus pursuant to an arrangement whereby the Company withholds shares issuable pursuant to such option in payment of the exercise price, *provided* that no filing under Section 16(a) of the Exchange Act or other public announcement, reporting a reduction in beneficial ownership of shares of Common Stock, shall be required or shall be voluntarily made during the Restricted Period in connection with such option exercise, and *provided* further that the underlying Common Stock issued upon the exercise of such options continues to be subject to the restrictions set forth above, (d) transfers or dispositions of Common Stock or any security convertible into or exercisable or exchangeable for Common Stock to the Company pursuant to any contractual arrangement in effect on the date of this Letter Agreement that provides for the repurchase of the undersigned's Common Stock or such other securities by the Company or in connection with the termination of the undersigned's employment with the Company, (e) transfers or dispositions of shares of Common Stock or any security convertible into or exercisable or exchangeable for Common Stock as a bona fide gift, (f) transfers or dispositions of shares of Common Stock or any security convertible into or exercisable or exchangeable for Common Stock by will or other testamentary document or by intestacy, (g) distributions of shares of Common Stock or any security convertible into or exercisable or exchangeable for Common Stock to limited partners, members, stockholders or trust beneficiaries of the undersigned or to any investment fund or other entity controlled or managed by the undersigned, or (h) transfers or dispositions of shares of Common Stock or any security convertible into or exercisable or exchangeable for Common Stock to any trust for the direct or indirect benefit of the undersigned or the immediate family of the undersigned in a transaction not involving a disposition for value; *provided* that (i) in the case of any transfer or distribution pursuant to clause (e), (f), (g) or (h), each donee, transferee or distributee shall sign and deliver a lock-up letter substantially in the form of this letter and (ii) in the case of any transfer or distribution pursuant to clause (a), (e), (g) or (h), no filing under Section 16(a) of the Exchange Act or other public announcement, reporting a reduction in beneficial ownership of shares of Common Stock, shall be required or shall be voluntarily made during the Restricted Period in connection with such transfer or distribution, or (i) the establishment of a trading plan pursuant to Rule 10b5-1 under the Exchange Act for the transfer of shares of Common Stock, *provided* that (i) such plan does not provide for the transfer of Common Stock during the Restricted Period and (ii) to the extent a public announcement or filing under the Exchange Act, if any, is required of or voluntarily made by or on behalf of the undersigned or the Company regarding the establishment of such plan, such announcement or filing shall include a statement to the effect that no transfer of Common

Stock may be made under such plan during the Restricted Period. For purposes hereof, "immediate family" shall mean any relationship by blood, marriage or adoption, not more remote than first cousin. In addition, the undersigned agrees that, without the prior written consent of each of the Representatives on behalf of the Underwriters, it will not, during the Restricted Period, 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. 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.

If the undersigned is an officer or director of the Company, the undersigned further agrees that the foregoing provisions shall be equally applicable to any issuer-directed shares of Common Stock the undersigned may purchase in the Public Offering.

If the undersigned is an officer or director of the Company, (i) each of the Representatives agrees that, at least three business days before the effective date of any release or waiver of the foregoing restrictions in connection with a transfer of shares of Common Stock, the Representatives will notify the Company of the impending release or waiver, and (ii) the Company has agreed in the Underwriting Agreement to announce the impending release or waiver by press release through a major news service at least two business days before the effective date of the release or waiver. Any release or waiver granted by the Representatives hereunder to any such officer or director shall only be effective two business days after the publication date of such press release. The provisions of this paragraph will not apply if (a) the release or waiver is effected solely to permit a transfer not for consideration and (b) the transferee has agreed in writing to be bound by the same terms described in this letter to the extent and for the duration that such terms remain in effect at the time of the transfer.

The undersigned understands that the Company and the Underwriters are relying upon this agreement in proceeding toward consummation of the Public Offering. The undersigned further understands that this agreement is irrevocable and shall be binding upon the undersigned's heirs, legal representatives, successors and assigns.

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.

The undersigned understands that, (i) if either the Representatives, on the one hand, or the Company, on the other hand, informs the other, prior to the execution of the Underwriting Agreement, that it has determined not to proceed with the Public Offering, (ii) if the Underwriting Agreement (other than the provisions thereof which survive termination) shall terminate or be terminated prior to payment for and delivery of the Securities to be sold thereunder, (iii) if the registration statement related to the Public Offering has been withdrawn prior to the execution of the Underwriting Agreement or (iv) the Underwriting Agreement is not executed on or before March 31, 2014, the undersigned shall be automatically released from all obligations under this agreement.

This agreement and any claim, controversy or dispute arising under or related to this agreement shall be governed by and construed in accordance with the laws of the State of New York, without regard to the conflict of laws principles thereof.

[*Signature page follows*]

Very truly yours,

(Name)

(Address)

EXHIBIT B

FORM OF WAIVER OF LOCK-UP

, 20

[Name and Address of
Officer or Director
Requesting Waiver]

Dear Mr./Ms. [Name]:

This letter is being delivered to you in connection with the offering by Ophthotech Corporation (the "**Company**") of shares of Common Stock, $0.001 par value per share (the "**Common Stock**"), of the Company and the lock-up letter dated , 20 (the "**Lock-up Letter**"), executed by you in connection with such offering, and your request for a [waiver] [release] dated , 20 , with respect to shares of Common Stock (the "**Shares**").

Morgan Stanley & Co. LLC and J.P. Morgan Securities LLC hereby agrees to [waive] [release] the transfer restrictions set forth in the Lock-up Letter, but only with respect to the Shares, effective , 20 ; provided, however, that such [waiver] [release] is conditioned on the Company announcing the impending [waiver] [release] by press release through a major news service at least two business days before effectiveness of such [waiver] [release]. This letter will serve as notice to the Company of the impending [waiver] [release].

Except as expressly [waived] [released] hereby, the Lock-up Letter shall remain in full force and effect.

Very truly yours,

Morgan Stanley & Co. LLC
J.P. Morgan Securities LLC

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

By: Morgan Stanley & Co. LLC

By: _____
Name:
Title:

By: J.P. Morgan Securities LLC

By: _____
Name:
Title:

cc: Company

FORM OF PRESS RELEASE

[Name of Company]
[Date]

Ophthotech Corporation (the "**Company**") announced today that Morgan Stanley & Co. LLC and J.P. Morgan Securities LLC, the lead book-running managers in the Company's recent public sale of shares of common stock is [waiving] [releasing] a lock-up restriction with respect to shares of the Company's common stock held by [certain officers or directors] [an officer or director] of the Company. The [waiver][release] will take effect on , 20 , and the shares may be sold on or after such date.

This press release is not an offer for sale of the securities in the United States or in any other jurisdiction where such offer is prohibited, and such securities may not be offered or sold in the United States absent registration or an exemption from registration under the United States Securities Act of 1933, as amended.

FOURTH AMENDED AND RESTATED CERTIFICATE OF INCORPORATION OF OPHTHOTECH CORPORATION

(Pursuant to Sections 242 and 245 of the
General Corporation Law of the State of Delaware)

Ophthotech Corporation, a corporation organized and existing under and by virtue of the provisions of the General Corporation Law of the State of Delaware (the "**General Corporation Law**"),

DOES HEREBY CERTIFY:

1. That the name of this corporation is Ophthotech Corporation, and that this corporation was originally incorporated pursuant to the General Corporation Law on January 5, 2007 under the name Ophthotech Corporation. The Certificate of Incorporation was most recently amended and restated on September 12, 2011 and further amended on June 20, 2012, December 24, 2012, March 15, 2013 and April 25, 2013.

2. That the Board of Directors duly adopted resolutions proposing to amend and restate the Third Amended and Restated Certificate of Incorporation, as amended, of this corporation, declaring said amendment and restatement to be advisable and in the best interests of this corporation and its stockholders, and authorizing the appropriate officers of this corporation to solicit the consent of the stockholders therefor, which resolution setting forth the proposed amendment and restatement is as follows:

RESOLVED, that the Third Amended and Restated Certificate of Incorporation, as amended, of this corporation be amended and restated in its entirety to read as follows:

FIRST: The name of this corporation is Ophthotech Corporation (the "**Corporation**").

SECOND: The address of the registered office of the Corporation in the State of Delaware is The Corporation Trust Company, 1209 Orange Street, Wilmington, New Castle County, Delaware, 19801. The name of its registered agent at such address is The Corporation Trust Company.

THIRD: The nature of the business or purposes to be conducted or promoted is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law.

FOURTH: The total number of shares of all classes of stock which the Corporation shall have authority to issue is (i) 187,918,509 shares of Common Stock, $0.001 par value per share ("**Common Stock**"), and (ii) 165,665,600 shares of Preferred Stock, $0.001 par value per share ("**Preferred Stock**"), of which 73,094,000 shares have been designated as **"Series A Preferred Stock"**, 18,480,000 shares have been designated as **"Series A-1 Preferred Stock"**, 3,000,000 shares have been designated as **"Junior Series A Preferred Stock"**, 42,391,600 shares have been designated as **"Series B Preferred Stock"**, 700,000 shares have been designated as "**Series B-1 Preferred Stock**" and 28,000,000 shares have been designated as "**Series C Preferred Stock**".

The following is a statement of the designations and the powers, privileges and rights, and the qualifications, limitations or restrictions thereof in respect of each class of capital stock of the Corporation.

A. COMMON STOCK

1. General. The voting, dividend and liquidation rights of the holders of the Common Stock are subject to and qualified by the rights, powers and preferences of the holders of the Preferred Stock set forth herein.

2. Voting. The holders of the Common Stock are entitled to one vote for each share of Common Stock held at all meetings of stockholders (and written actions in lieu of meetings). There shall be no cumulative voting. The number of authorized shares of Common Stock may be increased or decreased (but not below the number of shares thereof then outstanding) by (in addition to any vote of the holders of one or more series of Preferred Stock that may be required by the terms of this Certificate of Incorporation) the affirmative vote of the holders of shares of capital stock of the Corporation representing a majority of the votes represented by all outstanding shares of capital stock of the Corporation entitled to vote, irrespective of the provisions of Section 242(b)(2) of the General Corporation Law.

B. PREFERRED STOCK

1. Issuance and Reissuance.

Preferred Stock may be issued from time to time in one or more series, each of such series to consist of such number of shares and to have such terms, rights, powers and preferences, and the qualifications and limitations with respect thereto, as stated or expressed herein. Any shares of Preferred Stock that may be redeemed, purchased or acquired by the Corporation may be reissued except as otherwise provided by law or by the terms of any series of Preferred Stock.

C. JUNIOR PREFERRED STOCK

The Junior Series A Preferred Stock shall have the following rights, preferences, powers, privileges and restrictions, qualifications and limitations. Unless otherwise indicated, references to “Sections” or “Subsections” in this Part C of this Article FOURTH refer to sections and subsections of Part C of this Article FOURTH.

1. General. The voting, dividend and liquidation rights of the holders of the Junior Series A Preferred Stock are subject to and qualified by the rights, powers and preferences of the holders of the Senior Preferred Stock (as defined below) set forth herein.

2. Liquidation, Dissolution or Winding Up; Certain Mergers, Consolidations and Asset Sales.

2.1 In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Corporation, after full payment of the amount due to the holders of shares of Senior Preferred Stock pursuant to Section D.2.1 below, the holders of shares of Junior Series A Preferred Stock then outstanding shall be entitled to be paid out of the assets of the Corporation available for distribution to its stockholders before any payment shall be made to the holders of Common Stock by reason of their ownership thereof, an amount per share of Junior Series A Preferred Stock equal to the Junior Series A Original Issue Price (as defined below), plus any dividends declared but unpaid thereon. If upon any such liquidation, dissolution or winding up of the Corporation, the assets of the Corporation available for distribution to its stockholders, after full payment of the amount due to the holders of shares of Senior Preferred Stock pursuant to Section D.2.1 below, shall be insufficient to pay the holders of shares of Junior Series A Preferred Stock the full amount to which they shall be entitled under this Section C.2, the holders of shares of Junior Series A Preferred Stock shall share ratably in any distribution of the assets available for distribution in proportion to the respective amounts which would otherwise be payable in respect of the shares held by them upon such distribution if all amounts payable on or with respect to such shares were paid in full. The "**Junior Series A Original Issue Price**" shall mean $1.00 per share, subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to the Junior Series A Preferred Stock.

2.2 In the event of a Deemed Liquidation Event (as defined below), the holders of shares of Junior Series A Preferred Stock shall be treated as if such shares had been converted into Common Stock immediately prior to such Deemed Liquidation Event and the holders of shares of Junior Series A Preferred Stock shall not be entitled to receive any payment pursuant to Section 2.1.

3. Voting. Except as provided by this Certificate of Incorporation, by the General Corporation Law or other applicable law, the Junior Series A Preferred Stock shall be non-voting and shall not be entitled to receive notice of, or to vote at, any meetings of the stockholders of the Corporation.

4. Optional Conversion.

The holders of the Junior Series A Preferred Stock shall have conversion rights as follows (the "**Junior Conversion Rights**"):

4.1 Right to Convert.

4.1.1 Conversion Ratio. Each share of Junior Series A Preferred Stock shall be convertible, at the option of the holder thereof, at any time and from time to time, and without the payment of additional consideration by the holder thereof, into such number of fully paid and nonassessable shares of Common Stock as is determined by dividing the Junior Series A Original Issue Price by the Junior Series A Conversion Price (as defined below) in effect at the time of conversion. The "**Junior Series A Conversion Price**" shall initially be equal to $1.00. Such initial Junior Series A Conversion Price, and the rate at which shares of Junior Series A Preferred Stock may be converted into shares of Common Stock, shall be subject to adjustment as provided below.

4.1.2 Termination of Junior Conversion Rights. In the event of a liquidation, dissolution or winding up of the Corporation, the Junior Conversion Rights shall terminate at the close of business on the last full day preceding the date fixed for the payment of any such amounts distributable on such event to the holders of Junior Series A Preferred Stock.

4.2 Fractional Shares. No fractional shares of Common Stock shall be issued upon conversion of the Junior Series A Preferred Stock. In lieu of any fractional shares to which the holder would otherwise be entitled, the Corporation shall pay cash equal to such fraction multiplied by the fair market value of a share of Common Stock as determined in good faith by the Board of Directors of the Corporation. Whether or not fractional shares would be issuable upon such conversion shall be determined on the basis of the total number of shares of Junior Series A Preferred Stock the holder is at the time converting into Common Stock and the aggregate number of shares of Common Stock issuable upon such conversion.

4.3 Mechanics of Conversion.

4.3.1 Notice of Conversion. In order for a holder of Junior Series A Preferred Stock to voluntarily convert shares of Junior Series A Preferred Stock into shares of Common Stock, such holder shall surrender the certificate or certificates for such shares of Junior Series A Preferred Stock (or, if such registered holder alleges that such certificate has been lost, stolen or destroyed, a lost certificate affidavit and agreement reasonably acceptable to the Corporation to indemnify the Corporation against any claim that may be made against the Corporation on account of the alleged loss, theft or destruction of such certificate), at the office of the transfer agent for the Junior Series A Preferred Stock (or at the principal office of the Corporation if the Corporation serves as its own transfer agent), together with written notice that such holder elects to convert all or any number of the shares of the Junior Series A Preferred Stock represented by such certificate or certificates and, if applicable, any event on which such conversion is contingent. Such notice shall state such holder's name or the names of the nominees in which such holder wishes the certificate or certificates for shares of Common Stock to be issued. If required by the Corporation, certificates surrendered for conversion shall be endorsed or accompanied by a written instrument or instruments of transfer, in form satisfactory to the Corporation, duly executed by the registered holder or his, her or its attorney duly authorized in writing. The close of business on the date of receipt by the transfer agent (or by the Corporation if the Corporation serves as its own transfer agent) of such certificates (or lost certificate affidavit and agreement) and notice shall be the time of conversion (the "**Junior Series A Conversion Time**"), and the shares of Common Stock issuable upon conversion of the shares represented by such certificate shall be deemed to be outstanding of record as of such date. The Corporation shall, as soon as practicable after the Junior Series A Conversion Time, issue and deliver to such holder of Junior Series A Preferred Stock or to his, her or its nominees, a certificate or certificates for the number of full shares of Common Stock issuable upon such conversion in accordance with the provisions hereof, a certificate for the number (if any) of the shares of Junior Series A Preferred Stock represented by the surrendered certificate that were not converted into Common Stock, and cash as provided in Subsection 4.2 in lieu of any fraction of a share of Common Stock otherwise issuable upon such conversion and payment of any declared but unpaid dividends on the shares of Junior Series A Preferred Stock converted.

4.3.2 Reservation of Shares. The Corporation shall at all times when the Junior Series A Preferred Stock shall be outstanding, reserve and keep available out of its authorized but unissued capital stock, for the purpose of effecting the conversion of the Junior Series A Preferred Stock such number of its duly authorized shares of Common Stock as shall from time to time be sufficient to effect the conversion of all outstanding Junior Series A Preferred Stock; and if at any time the number of authorized but unissued shares of Common Stock shall not be sufficient to effect the conversion of all then outstanding shares of the Junior Series A Preferred Stock the Corporation shall take such corporate action as may be necessary to increase its authorized but unissued shares of Common Stock to such number of shares as shall be sufficient for such purposes, including, without limitation, engaging in best efforts to obtain the requisite stockholder approval of any necessary amendment to this Certificate of Incorporation. Before taking any action which would cause an adjustment reducing the Junior Series A Conversion Price below the then par value of the shares of Common Stock issuable upon conversion of the Junior Series A Preferred Stock, the Corporation will take any corporate action which may, in the opinion of its counsel, be necessary in order that the Corporation may validly and legally issue fully paid and nonassessable shares of Common Stock at such adjusted Junior Series A Conversion Price.

4.3.3 Effect of Conversion. All shares of Junior Series A Preferred Stock which shall have been surrendered for conversion as herein provided shall no longer be deemed to be outstanding and all rights with respect to such shares shall immediately cease and terminate at the Junior Series A Conversion Time, except only the right of the holders thereof to receive shares of Common Stock in exchange therefor and to receive payment of any dividends declared but unpaid thereon. Any shares of Junior Series A Preferred Stock so converted shall be retired and cancelled and may not be reissued as shares of such series, and the Corporation may thereafter take such appropriate action (without the need for stockholder action) as may be necessary to reduce the authorized number of shares of Junior Series A Preferred Stock accordingly.

4.3.4 No Further Adjustment. Upon any such conversion, no adjustment to the Junior Series A Conversion Price shall be made for any declared but unpaid dividends on the Junior Series A Preferred Stock surrendered for conversion or on the Common Stock delivered upon conversion.

4.3.5 Taxes. The Corporation shall pay any and all issue and other similar taxes that may be payable in respect of any issuance or delivery of shares of Common Stock upon conversion of shares of Junior Series A Preferred Stock pursuant to this Section 4. The Corporation shall not, however, be required to pay any tax which may be payable in respect of any transfer involved in the issuance and delivery of shares of Common Stock in a name other than that in which the shares of Junior Series A Preferred Stock so converted were registered, and no such issuance or delivery shall be made unless and until the person or entity requesting such issuance has paid to the Corporation the amount of any such tax or has established, to the satisfaction of the Corporation, that such tax has been paid.

4.4 Adjustment for Stock Splits and Combinations. If the Corporation shall at any time or from time to time after the Junior Series A Original Issue Date (as defined below)

effect a subdivision of the outstanding Common Stock, the Junior Series A Conversion Price in effect immediately before that subdivision shall be proportionately decreased so that the number of shares of Common Stock issuable on conversion of each share of such series shall be increased in proportion to such increase in the aggregate number of shares of Common Stock outstanding. If the Corporation shall at any time or from time to time after the Junior Series A Original Issue Date combine the outstanding shares of Common Stock (excluding any combinations of Common Stock that apply to individual holders pursuant to Part D, Section 6 of this Article FOURTH and not to the Common Stock as a class), the Junior Series A Conversion Price in effect immediately before the combination shall be proportionately increased so that the number of shares of Common Stock issuable on conversion of each share of such series shall be decreased in proportion to such decrease in the aggregate number of shares of Common Stock outstanding. Any adjustment under this subsection shall become effective at the close of business on the date the subdivision or combination becomes effective. For purposes of this Article FOURTH, the term "**Junior Series A Original Issue Date**" shall mean the date on which the first share of Junior Series A Preferred Stock was issued.

4.5 Adjustment for Certain Dividends and Distributions. In the event the Corporation at any time or from time to time after the Junior Series A Original Issue Date shall make or issue, or fix a record date for the determination of holders of Common Stock entitled to receive, a dividend or other distribution payable on the Common Stock in additional shares of Common Stock, then and in each such event the Junior Series A Conversion Price in effect immediately before such event shall be decreased as of the time of such issuance or, in the event such a record date shall have been fixed, as of the close of business on such record date, by multiplying the Junior Series A Conversion Price then in effect by a fraction:

(1) the numerator of which shall be the total number of shares of Common Stock issued and outstanding immediately prior to the time of such issuance or the close of business on such record date, and

(2) the denominator of which shall be the total number of shares of Common Stock issued and outstanding immediately prior to the time of such issuance or the close of business on such record date plus the number of shares of Common Stock issuable in payment of such dividend or distribution.

Notwithstanding the foregoing, (a) if such record date shall have been fixed and such dividend is not fully paid or if such distribution is not fully made on the date fixed therefor, the Junior Series A Conversion Price shall be recomputed accordingly as of the close of business on such record date and thereafter the Junior Series A Conversion Price shall be adjusted pursuant to this subsection as of the time of actual payment of such dividends or distributions; and (b) that no such adjustment shall be made if the holders of Junior Series A Preferred Stock simultaneously receive a dividend or other distribution of shares of Common Stock in a number equal to the number of shares of Common Stock as they would have received if all outstanding shares of Junior Series A Preferred Stock had been converted into Common Stock on the date of such event.

4.6 Adjustments for Other Dividends and Distributions. In the event the Corporation at any time or from time to time after the Junior Series A Original Issue Date shall make or issue, or fix a record date for the determination of holders of Common Stock entitled to receive, a dividend or other distribution payable in securities of the Corporation (other than a distribution of shares of Common Stock in respect of outstanding shares of Common Stock) or in other property, then and in each such event the holders of Junior Series A Preferred Stock shall receive, simultaneously with the distribution to the holders of Common Stock, a dividend or other distribution of such securities or other property in an amount equal to the amount of such securities or other property as they would have received if all outstanding shares of Junior Series A Preferred Stock had been converted into Common Stock on the date of such event.

4.7 Adjustment for Merger or Reorganization, etc. Subject to the provisions of Section 2, if there shall occur any reorganization, recapitalization, reclassification, consolidation or merger involving the Corporation in which the Common Stock (but not the Junior Series A Preferred Stock) is converted into or exchanged for securities, cash or other property (other than a transaction covered by Subsections 4.5 or 4.6), then, following any such reorganization, recapitalization, reclassification, consolidation or merger, each share of Junior Series A Preferred Stock shall thereafter be convertible in lieu of the Common Stock into which it was convertible prior to such event into the kind and amount of securities, cash or other property which a holder of the number of shares of Common Stock of the Corporation issuable upon conversion of one share of Junior Series A Preferred Stock immediately prior to such reorganization, recapitalization, reclassification, consolidation or merger would have been entitled to receive pursuant to such transaction; and, in such case, appropriate adjustment (as determined in good faith by the Board of Directors of the Corporation) shall be made in the application of the provisions in this Section 4 with respect to the rights and interests thereafter of the holders of the Junior Series A Preferred Stock, to the end that the provisions set forth in this Section 4 (including provisions with respect to changes in and other adjustments of the Junior Series A Conversion Price) shall thereafter be applicable, as nearly as reasonably may be, in relation to any securities or other property thereafter deliverable upon the conversion of the Junior Series A Preferred Stock.

4.8 Certificate as to Adjustments. Upon the occurrence of each adjustment or readjustment of the Junior Series A Conversion Price pursuant to this Section 4, the Corporation at its expense shall, as promptly as reasonably practicable but in any event not later than 10 days thereafter, compute such adjustment or readjustment in accordance with the terms hereof and furnish to each holder of Junior Series A Preferred Stock a certificate setting forth such adjustment or readjustment (including the kind and amount of securities, cash or other property into which the Junior Series A Preferred Stock is convertible) and showing in detail the facts upon which such adjustment or readjustment is based. The Corporation shall, as promptly as reasonably practicable after the written request at any time of any holder of Junior Series A Preferred Stock (but in any event not later than 10 days thereafter), furnish or cause to be furnished to such holder a certificate setting forth (i) the Junior Series A Conversion Price then in effect, and (ii) the number of shares of Common Stock and the amount, if any, of other securities, cash or property which then would be received upon the conversion of Junior Series A Preferred Stock.

5. Mandatory Conversion.

5.1 Trigger Event. At the Series A Mandatory Conversion Time (as defined below), (i) all outstanding shares of Junior Series A Preferred Stock shall automatically be converted into shares of Common Stock, at the then effective applicable conversion rate, and (ii) such shares may not be reissued by the Corporation.

5.2 Procedural Requirements. All holders of record of shares of Junior Series A Preferred Stock shall be sent written notice of the Series A Mandatory Conversion Time and the place designated for mandatory conversion of all such shares of Junior Series A Preferred Stock pursuant to this Section 5. Such notice need not be sent in advance of the occurrence of the Series A Mandatory Conversion Time. Upon receipt of such notice, each holder of shares of Junior Series A Preferred Stock shall surrender his, her or its certificate or certificates for all such shares (or, if such holder alleges that such certificate has been lost, stolen or destroyed, a lost certificate affidavit and agreement reasonably acceptable to the Corporation to indemnify the Corporation against any claim that may be made against the Corporation on account of the alleged loss, theft or destruction of such certificate) to the Corporation at the place designated in such notice. If so required by the Corporation, certificates surrendered for conversion shall be endorsed or accompanied by written instrument or instruments of transfer, in form satisfactory to the Corporation, duly executed by the registered holder or by his, her or its attorney duly authorized in writing. All rights with respect to the Junior Series A Preferred Stock converted pursuant to Section 5.1, including the rights, if any, to receive notices and vote (other than as a holder of Common Stock), will terminate at the Series A Mandatory Conversion Time (notwithstanding the failure of the holder or holders thereof to surrender the certificates at or prior to such time), except only the rights of the holders thereof, upon surrender of their certificate or certificates (or lost certificate affidavit and agreement) therefor, to receive the items provided for in the next sentence of this Subsection 5.2. As soon as practicable after the Series A Mandatory Conversion Time and the surrender of the certificate or certificates (or lost certificate affidavit and agreement) for Junior Series A Preferred Stock, the Corporation shall issue and deliver to such holder, or to his, her or its nominees, a certificate or certificates for the number of full shares of Common Stock issuable on such conversion in accordance with the provisions hereof, together with cash as provided in Subsection 4.2 in lieu of any fraction of a share of Common Stock otherwise issuable upon such conversion and the payment of any declared but unpaid dividends on the shares of Junior Series A Preferred Stock converted. Such converted Junior Series A Preferred Stock shall be retired and cancelled and may not be reissued as shares of such series, and the Corporation may thereafter take such appropriate action (without the need for stockholder action) as may be necessary to reduce the authorized number of shares of Junior Series A Preferred Stock accordingly.

6. Redemption. The Junior Series A Preferred Stock is not redeemable.

7. Waiver. Any of the rights, powers, preferences and other terms of the Junior Series A Preferred Stock set forth herein may be waived on behalf of all holders of Junior Series A Preferred Stock by the affirmative written consent or vote of the holders of at least a majority of the shares of Junior Series A Preferred Stock then outstanding.

8. Notices. Any notice required or permitted by the provisions of this Article FOURTH to be given to a holder of shares of Junior Series A Preferred Stock shall be mailed, postage prepaid, to the post office address last shown on the records of the Corporation, or given by electronic communication in compliance with the provisions of the General Corporation Law, and shall be deemed sent upon such mailing or electronic transmission.

D. SENIOR PREFERRED STOCK

The Series A Preferred Stock, the Series A-1 Preferred Stock, the Series B Preferred Stock, the Series B-1 Preferred Stock and the Series C Preferred Stock (collectively, the "**Senior Preferred Stock**") shall have the following rights, preferences, powers, privileges and restrictions, qualifications and limitations. Unless otherwise indicated, references to "Sections" or "Subsections" in this Part D of this Article FOURTH refer to sections and subsections of Part D of this Article FOURTH.

1. Dividends.

1.1 Legacy Accruing Dividends. During the period from and after the date of issuance of each share of Series A Preferred Stock and Series A-1 Preferred Stock through but excluding the Series B Original Issue Date, as defined in Subsection 4.4.1(d) (the "**Legacy Dividend Period**"), dividends at the rate per annum of $0.08 per share shall accrue on each outstanding share of Series A Preferred Stock and Series A-1 Preferred Stock, as the case may be (subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to the Series A Preferred Stock and Series A-1 Preferred Stock, as the case may be) (the "**Legacy Accruing Dividends**"). Legacy Accruing Dividends shall accrue daily during the Legacy Dividend Period, whether or not declared, and shall be cumulative but not compounding; provided, however, that except as set forth in Subsection 1.3 or in Subsection 2.2, such Legacy Accruing Dividends shall be payable only when, as and if declared by the Board of Directors during the Legacy Dividend Period and the Corporation shall be under no obligation to pay such Legacy Accruing Dividends.

1.2 Accruing Dividends. From and after (i) the Series B Original Issue Date with respect to any shares of Series A Preferred Stock, Series A-1 Preferred Stock and Series B Preferred Stock outstanding on the Series B Original Issue Date and (ii) the date of issuance of each share of Series A Preferred Stock, Series A-1 Preferred Stock, Series B Preferred Stock, Series B-1 Preferred Stock and Series C Preferred Stock issued after the Series B Original Issue Date, dividends shall accrue on each outstanding share of Series A Preferred Stock, Series A-1 Preferred Stock, Series B Preferred Stock, Series B-1 Preferred Stock and Series C Preferred Stock, as the case may be, as follows:

1.2.1 Cash Dividends.

(a) Cash dividends at the rate per annum of $0.10 per share shall accrue on each outstanding share of Series C Preferred Stock (subject to appropriate

adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to the Series C Preferred Stock) (the "**Series C Accruing Cash Dividends**"). The Series C Accruing Cash Dividends shall accrue daily, whether or not declared, and shall be cumulative but not compounding; provided, however, that except as set forth in Subsection 1.3 or in Subsection 2.1, such Series C Accruing Cash Dividends shall be payable only when, as and if declared by the Board of Directors, in preference to the Other Preferred Stock Accruing Cash Dividends (as defined below), and the Corporation shall be under no obligation to pay such Series C Accruing Cash Dividends. So long as any shares of Series C Preferred Stock are outstanding, the Company shall not declare, pay or set aside any Legacy Accruing Dividends or any Other Preferred Stock Accruing Cash Dividends on the Series A Preferred Stock, Series A-1 Preferred Stock, Series B Preferred Stock or Series B-1 Preferred Stock until all Series C Accruing Cash Dividends shall have been paid or declared and set aside; provided, however, that such Legacy Accruing Dividends and Other Preferred Stock Accruing Cash Dividends shall accrue in accordance with Subsection 1.1 and Subsection 1.2.1(b).

(b) Cash dividends at the rate per annum of $0.04 per share shall accrue on each outstanding share of Series A Preferred Stock, Series A-1 Preferred Stock, Series B Preferred Stock and Series B-1 Preferred Stock, as the case may be (subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to the Series A Preferred Stock, the Series A-1 Preferred Stock, the Series B Preferred Stock or the Series B-1 Preferred Stock, as the case may be) (the "**Other Preferred Stock Accruing Cash Dividends**", and together with the Series C Accruing Cash Dividends, the "**Accruing Cash Dividends**"). Other Preferred Stock Accruing Cash Dividends shall accrue daily, whether or not declared, and shall be cumulative but not compounding; provided, however, that except as set forth in Subsection 1.3 or in Subsection 2.2, such Other Preferred Stock Accruing Cash Dividends shall be payable only when, as and if declared by the Board of Directors, on a *pari passu* basis with respect to the Series A Preferred Stock, the Series A-1 Preferred Stock, the Series B Preferred Stock and the Series B-1 Preferred Stock, and the Corporation shall be under no obligation to pay such Accruing Cash Dividends.

1.2.2 Stock Dividends.

(a) Dividends payable in additional shares of Series C Preferred Stock shall accrue at a rate per annum of 0.04 of a share of Series C Preferred Stock, in the case of each outstanding share of Series C Preferred Stock (subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to the Series C Preferred Stock) (the "**Series C Accruing Stock Dividends**"). Series C Accruing Stock Dividends shall accrue daily, whether or not declared, and shall be cumulative but not compounding. Such Series C Accruing Stock Dividends shall be payable in preference to the Other Preferred Stock Accruing Stock Dividends (as defined below), only when, as and if declared by the Board of Directors, or, to the extent not previously declared and paid, as provided in Subsection 1.3 or immediately prior to the earliest to occur of (i) conversion of the Series C Preferred Stock into Common Stock (or other securities, cash or property) pursuant to the terms of this Certificate of Incorporation, (ii) any voluntary or involuntary liquidation, dissolution or winding up of the Corporation and (iii) any Deemed Liquidation Event. Except as set forth in the immediately preceding sentence, the Corporation shall be under no obligation to

pay such Series C Accruing Stock Dividends. So long as any shares of Series C Preferred Stock are outstanding, the Company shall not declare, pay or set aside any Other Preferred Stock Accruing Stock Dividends on the Series A Preferred Stock, Series A-1 Preferred Stock, Series B Preferred Stock or Series B-1 Preferred Stock until all Series C Accruing Stock Dividends shall have been paid or declared and set aside; provided, however, that such Other Preferred Stock Accruing Stock Dividends shall accrue in accordance with Subsection 1.2.2(b).

(b) Dividends payable in additional shares of Series A Preferred Stock, Series A-1 Preferred Stock, Series B Preferred Stock and Series B-1 Preferred Stock, as the case may be, shall accrue at a rate per annum of 0.04 of a share of Series A Preferred Stock, in the case of each outstanding share of Series A Preferred Stock, 0.04 of a share of Series A-1 Preferred Stock, in the case of each outstanding share of Series A-1 Preferred Stock, 0.04 of a share of Series B Preferred Stock, in the case of each outstanding share of Series B Preferred Stock, and 0.04 of a share of Series B-1 Preferred Stock, in the case of each outstanding share of Series B-1 Preferred Stock (subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to the Series A Preferred Stock, the Series A-1 Preferred Stock, the Series B Preferred Stock or the Series B-1 Preferred Stock, as the case may be) (the "**Other Preferred Stock Accruing Stock Dividends**", and together with the Series C Accruing Stock Dividends, the "**Accruing Stock Dividends**"). The Accruing Cash Dividends and the Accruing Stock Dividends are hereinafter referred to collectively as the "**Accruing Dividends**". Other Preferred Stock Accruing Stock Dividends shall accrue daily, whether or not declared, and shall be cumulative but not compounding. Such Other Preferred Stock Accruing Stock Dividends shall be payable only when, as and if declared by the Board of Directors, on a *pari passu* basis with respect to the Series A Preferred Stock, the Series A-1 Preferred Stock, the Series B Preferred Stock and the Series B-1 Preferred Stock, or, to the extent not previously declared and paid, as provided in Subsection 1.3 or immediately prior to the earliest to occur of (i) conversion of the applicable shares of Series A Preferred Stock, Series A-1 Preferred Stock, Series B Preferred Stock or Series B-1 Preferred Stock, as the case may be, into Common Stock (or other securities, cash or property) pursuant to the terms of this Certificate of Incorporation, (ii) any voluntary or involuntary liquidation, dissolution or winding up of the Corporation and (iii) any Deemed Liquidation Event. Except as set forth in the immediately preceding sentence, the Corporation shall be under no obligation to pay such Other Preferred Stock Accruing Stock Dividends.

(c) No fractional shares of Series A Preferred Stock, Series A-1 Preferred Stock, Series B Preferred Stock, Series B-1 Preferred Stock or Series C Preferred Stock shall be issued upon payment of the Accruing Stock Dividends. In lieu of any fractional shares to which the holder would otherwise be entitled, the Corporation shall pay cash equal to such fraction multiplied by the fair market value of a share of such Senior Preferred Stock as determined in good faith by the Board of Directors of the Corporation. Whether or not fractional shares would be issuable upon the conversion of the applicable shares of Series A Preferred Stock, Series A-1 Preferred Stock, Series B Preferred Stock, Series B-1 Preferred Stock or Series C Preferred Stock, as the case may be, into Common Stock (or other securities, cash or property) pursuant to the terms of this Certificate of Incorporation shall be determined on the basis of the total number of shares of Series A Preferred Stock, Series A-1 Preferred Stock, Series B Preferred Stock, Series B-1 Preferred Stock or Series C Preferred Stock, as the case may be, the

holder is entitled to receive upon payment of the Accruing Stock Dividends, after aggregating all shares of Series A Preferred Stock, Series A-1 Preferred Stock, Series B Preferred Stock, Series B-1 Preferred Stock and Series C Preferred Stock, as the case may be, held by each such holder.

(d) Holders of Series A Preferred Stock, Series A-1 Preferred Stock, Series B Preferred Stock, Series B-1 Preferred Stock and Series C Preferred Stock shall have no rights as a stockholder with respect to the shares of Senior Preferred Stock issuable as Accruing Stock Dividends unless and until such time as such shares of Senior Preferred Stock are actually issued pursuant to the terms hereof.

1.3 Priority in Payment of Dividends. Except as provided in Subsection 1.2, the Corporation shall not declare, pay or set aside any dividends on shares of any other class or series of capital stock of the Corporation (other than dividends on shares of Common Stock payable in shares of Common Stock) unless (in addition to the obtaining of any consents required elsewhere in this Certificate of Incorporation) the holders of the Series A Preferred Stock, Series A-1 Preferred Stock, Series B Preferred Stock, Series B-1 Preferred Stock and Series C Preferred Stock then outstanding shall first receive, or simultaneously receive, a dividend on each outstanding share of Series A Preferred Stock, Series A-1 Preferred Stock, Series B Preferred Stock, Series B-1 Preferred Stock or Series C Preferred Stock, as the case may be, in an amount at least equal to the greater of (i) the amount of the aggregate Accruing Dividends and, in the case of the Series A Preferred Stock and Series A-1 Preferred Stock, the aggregate Legacy Accruing Dividends, then accrued on such share of Series A Preferred Stock, Series A-1 Preferred Stock, Series B Preferred Stock, Series B-1 Preferred Stock and Series C Preferred Stock, as the case may be, and not previously paid and (ii) (A) in the case of a dividend on Common Stock or any class or series that is convertible into Common Stock, that dividend per share of Series A Preferred Stock, Series A-1 Preferred Stock, Series B Preferred Stock, Series B-1 Preferred Stock or Series C Preferred Stock, as applicable, as would equal the product of (1) the dividend payable on each share of such class or series determined, if applicable, as if all shares of such class or series had been converted into Common Stock and (2) the number of shares of Common Stock issuable upon conversion of a share of Series A Preferred Stock, Series A-1 Preferred Stock, Series B Preferred Stock, Series B-1 Preferred Stock or Series C Preferred Stock, as applicable, in each case calculated on the record date for determination of holders entitled to receive such dividend or (B) in the case of a dividend on any class or series that is not convertible into Common Stock, at a rate per share of Series A Preferred Stock, Series A-1 Preferred Stock, Series B Preferred Stock, Series B-1 Preferred Stock and Series C Preferred Stock, as the case may be, determined by (1) dividing the amount of the dividend payable on each share of such class or series of capital stock by the original issuance price of such class or series of capital stock (subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to such class or series) and (2) multiplying such fraction by an amount equal to the Series A Original Issue Price, Series A-1 Original Issue Price, Series B Original Issue Price, Series B-1 Original Issue Price or Series C Original Issue Price, as applicable (each as defined below); provided that, if the Corporation declares, pays or sets aside, on the same date, a dividend on shares of more than one class or series of capital stock of the Corporation, the dividend payable to the holders of Series A Preferred Stock, Series A-1 Preferred Stock, Series B Preferred Stock, Series B-1 Preferred Stock and Series C Preferred Stock pursuant to this Subsection 1.3 shall be calculated based

upon the dividend on the class or series of capital stock that would result in the highest Series A Preferred Stock, Series A-1 Preferred Stock, Series B Preferred Stock, Series B-1 Preferred Stock and Series C Preferred Stock dividend. For purposes of this Subsection 1.3, the amount of the Accruing Stock Dividends shall be the then current fair market value of such Accruing Stock Dividends as determined in good faith by the Board of Directors of the Corporation, including a majority of the Preferred Directors. The "**Series A Original Issue Price**" shall mean $1.00 per share, subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to the Series A Preferred Stock. The "**Series A-1 Original Issue Price**" shall mean $1.00 per share, subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to the Series A-1 Preferred Stock. The "**Series B Original Issue Price**" shall mean $1.00 per share, subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to the Series B Preferred Stock. The "**Series B-1 Original Issue Price**" shall mean $1.00 per share, subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to the Series B-1 Preferred Stock. The "**Series C Original Issue Price**" shall mean $2.50 per share, subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to the Series C Preferred Stock.

2. Liquidation, Dissolution or Winding Up; Certain Mergers, Consolidations and Asset Sales.

2.1 Preferential Payments to Holders of Series C Preferred Stock. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Corporation, the holders of shares of Series C Preferred Stock then outstanding (including any shares of Series C Preferred Stock issued as a result of such liquidation, dissolution or winding up of the Corporation as Series C Accruing Stock Dividends) shall be entitled to be paid, out of the assets of the Corporation available for distribution to its stockholders before any payment shall be made to the holders of Series A Preferred Stock, Series A-1 Preferred Stock, Series B Preferred Stock, Series B-1 Preferred Stock, Junior Series A Preferred Stock or Common Stock by reason of their ownership thereof, an amount per share of Series C Preferred Stock equal to the Series C Original Issue Price, plus any Series C Accruing Cash Dividends accrued but unpaid thereon, whether or not declared, together with any other dividends declared but unpaid thereon. If upon any such liquidation, dissolution or winding up of the Corporation, the assets of the Corporation available for distribution to its stockholders shall be insufficient to pay the holders of shares of Series C Preferred Stock the full amount to which they shall be entitled under this Subsection 2.1, the holders of shares of Series C Preferred Stock shall share ratably in any distribution of the assets available for distribution in proportion to the respective amounts which would otherwise be payable in respect of the shares held by them upon such distribution if all amounts payable on or with respect to such shares were paid in full.

2.2 Preferential Payments to Holders of Series A Preferred Stock, Series A-1 Preferred Stock, Series B Preferred Stock and Series B-1 Preferred Stock. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Corporation, after full payment of the amount due to the holders of shares of Series C Preferred Stock pursuant to Subsection 2.1, the holders of shares of Series A Preferred Stock, Series A-1 Preferred Stock,

Series B Preferred Stock and Series B-1 Preferred Stock then outstanding (including any shares of Series A Preferred Stock, Series A-1 Preferred Stock, Series B Preferred Stock and Series B-1 Preferred Stock issued as a result of such liquidation, dissolution or winding up of the Corporation as Other Preferred Stock Accruing Stock Dividends) shall be entitled to be paid, on a *pari passu* basis, out of the assets of the Corporation available for distribution to its stockholders, before any payment shall be made to the holders of Junior Series A Preferred Stock or Common Stock by reason of their ownership thereof, (i) an amount per share of Series A Preferred Stock equal to the Series A Original Issue Price, plus any Other Preferred Stock Accruing Cash Dividends and Legacy Accruing Dividends accrued but unpaid thereon, whether or not declared, together with any other dividends declared but unpaid thereon, (ii) an amount per share of Series A-1 Preferred Stock equal to the Series A-1 Original Issue Price, plus any Other Preferred Stock Accruing Cash Dividends and Legacy Accruing Dividends accrued but unpaid thereon, whether or not declared, together with any other dividends declared but unpaid thereon, (iii) an amount per share of Series B Preferred Stock equal to the Series B Original Issue Price, plus any Other Preferred Stock Accruing Cash Dividends accrued but unpaid thereon, whether or not declared, together with any other dividends declared but unpaid thereon, and (iv) an amount per share of Series B-1 Preferred Stock equal to the Series B-1 Original Issue Price, plus any Other Preferred Stock Accruing Cash Dividends accrued but unpaid thereon, whether or not declared, together with any other dividends declared but unpaid thereon. If upon any such liquidation, dissolution or winding up of the Corporation, the assets of the Corporation available for distribution to its stockholders, after full payment of the amount due to the holders of shares of Series C Preferred Stock pursuant to Subsection 2.1, shall be insufficient to pay the holders of shares of Series A Preferred Stock, Series A-1 Preferred Stock, Series B Preferred Stock and Series B-1 Preferred Stock the full amount to which they shall be entitled under this Subsection 2.2, the holders of shares of Series A Preferred Stock, Series A-1 Preferred Stock, Series B Preferred Stock and Series B-1 Preferred Stock shall share ratably in any distribution of the assets available for distribution in proportion to the respective amounts which would otherwise be payable in respect of the shares held by them upon such distribution if all amounts payable on or with respect to such shares were paid in full.

2.3 Distribution of Remaining Assets. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Corporation, after the payment of all preferential amounts required to be paid to the holders of shares of Series A Preferred Stock, Series A-1 Preferred Stock, Series B Preferred Stock, Series B-1 Preferred Stock and Series C Preferred Stock pursuant to Subsections 2.1 and 2.2 and the holders of shares of Junior Series A Preferred Stock pursuant to Section C.2, the remaining assets of the Corporation available for distribution to its stockholders shall be distributed among the holders of the shares of Series A Preferred Stock, Series A-1 Preferred Stock, Series B Preferred Stock, Series B-1 Preferred Stock and Series C Preferred Stock (including any shares of Series A Preferred Stock, Series A-1 Preferred Stock, Series B Preferred Stock, Series B-1 Preferred Stock and Series C Preferred Stock issued as a result of such liquidation, dissolution or winding up of the Corporation as Accruing Stock Dividends) and Common Stock, pro rata based on the number of shares held by each such holder, after giving effect to the payment of any Accruing Stock Dividends pursuant to Subsection 1.2.2, treating for this purpose all such securities as if they had been converted to Common Stock pursuant to the terms of this Certificate of Incorporation immediately prior to such dissolution, liquidation or winding up of the Corporation. Notwithstanding the foregoing:

(a) if the aggregate amount per share which the holders of Series A Preferred Stock or Series A-1 Preferred Stock are entitled to receive under Subsections 2.2 and 2.3 shall exceed two (2) times the Series A Original Issue Price or Series A-1 Original Issue Price, as applicable, after giving effect to the payment of any Other Preferred Stock Accruing Stock Dividends pursuant to Subsection 1.2.2 (the "**Series A Maximum Participation Amount**"), each holder of Series A Preferred Stock and Series A-1 Preferred Stock shall be entitled to receive upon such dissolution, liquidation or winding up of the Corporation for all outstanding shares of Series A Preferred Stock or Series A-1 Preferred Stock, as the case may be, after giving effect to the payment of any Other Preferred Stock Accruing Stock Dividends pursuant to Subsection 1.2.2, the greater of (i) the Series A Maximum Participation Amount applicable to the Series A Preferred Stock or Series A-1 Preferred Stock, as the case may be, and (ii) the amount such holder would have received if all such outstanding shares of Series A Preferred Stock and Series A-1 Preferred Stock had been converted into Common Stock immediately prior to such dissolution, liquidation or winding up of the Corporation; and

(b) if the aggregate amount per share which the holders of Series B Preferred Stock or Series B-1 Preferred Stock are entitled to receive under Subsections 2.2 and 2.3 shall exceed 2.65 times the Series B Original Issue Price or Series B-1 Original Issue Price, as applicable, after giving effect to the payment of any Other Preferred Stock Accruing Stock Dividends pursuant to Subsection 1.2.2 (the "**Series B Maximum Participation Amount**"), each holder of Series B Preferred Stock and Series B-1 Preferred Stock shall be entitled to receive upon such dissolution, liquidation or winding up of the Corporation for all outstanding shares of Series B Preferred Stock or Series B-1 Preferred Stock, as the case may be, after giving effect to the payment of any Other Preferred Stock Accruing Stock Dividends pursuant to Subsection 1.2.2, the greater of (i) the Series B Maximum Participation Amount applicable to the Series B Preferred Stock or Series B-1 Preferred Stock, as the case may be, and (ii) the amount such holder would have received if all such outstanding shares of Series B Preferred Stock and Series B-1 Preferred Stock had been converted into Common Stock immediately prior to such dissolution, liquidation or winding up of the Corporation.

(c) if the aggregate amount per share which the holders of Series C Preferred Stock are entitled to receive under Subsections 2.1 and 2.3 shall exceed 2.65 times the Series C Original Issue Price, after giving effect to the payment of any Series C Accruing Stock Dividends pursuant to Subsection 1.2.2 (the "**Series C Maximum Participation Amount**"), each holder of Series C Preferred Stock shall be entitled to receive upon such dissolution, liquidation or winding up of the Corporation for all outstanding shares of Series C Preferred Stock, after giving effect to the payment of any Series C Accruing Stock Dividends pursuant to Subsection 1.2.2, the greater of (i) the Series C Maximum Participation Amount applicable to the Series C Preferred Stock and (ii) the amount such holder would have received if all such outstanding shares of Series C Preferred Stock had been converted into Common Stock immediately prior to such dissolution, liquidation or winding up of the Corporation.

The aggregate amount which a holder of a share of Series A Preferred Stock is entitled to receive under Subsections 2.2 and 2.3 is hereinafter referred to as the "**Series A Liquidation Amount**." The aggregate amount which a holder of a share of Series A-1 Preferred Stock is entitled to receive under Subsections 2.2 and 2.3 is hereinafter referred to as the "**Series A-1 Liquidation**

Amount." The aggregate amount which a holder of a share of Series B Preferred Stock is entitled to receive under Subsections 2.2 and 2.3 is hereinafter referred to as the "**Series B Liquidation Amount**." The aggregate amount which a holder of a share of Series B-1 Preferred Stock is entitled to receive under Subsections 2.2 and 2.3 is hereinafter referred to as the "**Series B-1 Liquidation Amount**." The aggregate amount which a holder of a share of Series C Preferred Stock is entitled to receive under Subsections 2.1 and 2.3 is hereinafter referred to as the "**Series C Liquidation Amount**."

2.4 Liquidation Events.

2.4.1 Definition. Each of the following events shall be considered a "**Deemed Liquidation Event**" unless the holders of (1) at least a majority of the outstanding shares of Series A Preferred Stock (voting separately as a class) and (2) at least a majority of the votes represented by the then outstanding shares of Series B Preferred Stock and Series C Preferred Stock (voting together as a single class) elect otherwise by written notice sent to the Corporation:

(a) a merger, acquisition or consolidation in which

(i) the Corporation is a constituent party or

(ii) a subsidiary of the Corporation is a constituent party and the Corporation issues shares of its capital stock pursuant to such merger or consolidation,

except any such merger or consolidation involving the Corporation or a subsidiary in which the shares of capital stock of the Corporation outstanding immediately prior to such merger or consolidation continue to represent, or are converted into or exchanged for shares of capital stock that represent, immediately following such merger or consolidation, at least a majority, by voting power, of the capital stock of (1) the surviving or resulting corporation or (2) if the surviving or resulting corporation is a wholly owned subsidiary of another corporation immediately following such merger or consolidation, the parent corporation of such surviving or resulting corporation (provided that, for the purpose of this Subsection 2.4.1, all shares of Common Stock issuable upon exercise of Options (as defined below) outstanding immediately prior to such merger or consolidation or upon conversion of Convertible Securities (as defined below) outstanding immediately prior to such merger or consolidation shall be deemed to be outstanding immediately prior to such merger or consolidation and, if applicable, converted or exchanged in such merger or consolidation on the same terms as the actual outstanding shares of Common Stock are converted or exchanged); or

(b) the sale, lease, transfer, exclusive license or other disposition, in a single transaction or series of related transactions, by the Corporation or any subsidiary of the Corporation of all or substantially all the assets of the Corporation and its subsidiaries taken as a whole, or the sale or disposition (whether by merger or otherwise) of one or more subsidiaries of the Corporation if substantially all of the assets of the Corporation and its subsidiaries taken as a whole are held by such subsidiary or subsidiaries, except where such sale, lease, transfer, exclusive license or other disposition is to a wholly owned subsidiary of the Corporation.

2.4.2 Effecting a Deemed Liquidation Event.

(a) The Corporation shall not have the power to effect a Deemed Liquidation Event referred to in Subsection 2.4.1(a)(i) unless the agreement or plan of merger or consolidation for such transaction (the "**Merger Agreement**") provides that the consideration payable to the stockholders of the Corporation shall be allocated among the holders of capital stock of the Corporation in accordance with Subsections 2.1, 2.2 and 2.3 and Section 2.

(b) In the event of a Deemed Liquidation Event referred to in Subsection 2.4.1(a)(ii) or 2.4.1(b), if the Corporation does not effect a dissolution of the Corporation under the General Corporation Law within 90 days after such Deemed Liquidation Event, then (i) the Corporation shall send a written notice to each holder of Series A Preferred Stock, Series A-1 Preferred Stock, Series B Preferred Stock, Series B-1 Preferred Stock and Series C Preferred Stock no later than the 90th day after the Deemed Liquidation Event advising such holders of their right (and the requirements to be met to secure such right) pursuant to the terms of the following clause (ii) to require the redemption of such shares of Series A Preferred Stock, Series A-1 Preferred Stock, Series B Preferred Stock, Series B-1 Preferred Stock and Series C Preferred Stock and (ii) if the holders of (1) at least a majority of the then outstanding shares of Series A Preferred Stock (voting separately as a class) and (2) at least a majority of the votes represented by the then outstanding shares of Series B Preferred Stock and Series C Preferred Stock (voting together as a single class) so request in a written instrument delivered to the Corporation not later than 120 days after such Deemed Liquidation Event, the Corporation shall use the consideration received by the Corporation for such Deemed Liquidation Event (net of any retained liabilities associated with the assets sold or technology licensed, as determined in good faith by the Board of Directors of the Corporation), together with any other assets of the Corporation available for distribution to its stockholders (the "**Available Proceeds**"), to the extent legally available therefor, on the 160th day after such Deemed Liquidation Event, to redeem all outstanding shares of Series A Preferred Stock, Series A-1 Preferred Stock, Series B Preferred Stock, Series B-1 Preferred Stock and Series C Preferred Stock (including any shares of Series A Preferred Stock, Series A-1 Preferred Stock, Series B Preferred Stock, Series B-1 Preferred Stock and Series C Preferred Stock issued as a result of such liquidation, dissolution or winding up of the Corporation as Accruing Stock Dividends) at a price per share equal to the Series A Liquidation Amount, Series A-1 Liquidation Amount, Series B Liquidation Amount, Series B-1 Liquidation Amount or Series C Liquidation Amount, as applicable. Within 10 days of the Corporation's receipt of such a written request for redemption from the holders of (x) at least a majority of the then outstanding Series A Preferred Stock (voting separately as a class) and (y) at least a majority of the votes represented by the then outstanding Series B Preferred Stock and Series C Preferred Stock (voting together as a single class), the Corporation shall deliver written notice of its receipt of such request to all holders of Series A Preferred Stock, Series A-1 Preferred Stock, Series B Preferred Stock, Series B-1 Preferred Stock and Series C Preferred Stock who were not parties to such request. Notwithstanding the foregoing, in the event of a redemption pursuant to this Subsection 2.4.2(b), if the Available Proceeds are not

sufficient to redeem all outstanding shares of Series A Preferred Stock, Series A-1 Preferred Stock, Series B Preferred Stock, Series B-1 Preferred Stock and Series C Preferred Stock as requested by the holders thereof pursuant to clause (ii) above, the Corporation shall redeem: (A) first, all outstanding shares of Series C Preferred Stock, or if the Available Proceeds are not sufficient to redeem all outstanding shares of Series C Preferred Stock, a pro rata portion of each holder's shares of Series C Preferred Stock to the fullest extent of such Available Proceeds, based on the respective amounts which would otherwise be payable in respect of the shares to be redeemed if the Available Proceeds were sufficient to redeem all such shares, and shall redeem the remaining shares to have been redeemed as soon as practicable after the Corporation has funds legally available therefor; and (B) second, after redeeming all outstanding shares of Series C Preferred Stock pursuant to clause (A), a pro rata portion of each holder's shares of Series A Preferred Stock, Series A-1 Preferred Stock, Series B Preferred Stock and Series B-1 Preferred Stock, on a pari passu basis, to the fullest extent of such Available Proceeds, based on the respective amounts which would otherwise be payable in respect of the shares to be redeemed if the Available Proceeds were sufficient to redeem all such shares, and shall redeem the remaining shares to have been redeemed as soon as practicable after the Corporation has funds legally available therefor. Prior to the distribution or redemption provided for in this Subsection 2.4.2(b), the Corporation shall not expend or dissipate the consideration received for such Deemed Liquidation Event, except to discharge expenses incurred in connection with such Deemed Liquidation Event or in the ordinary course of business.

2.4.3 Amount Deemed Paid or Distributed. The amount deemed paid or distributed to the holders of capital stock of the Corporation upon any such merger, consolidation, sale, transfer, exclusive license, other disposition or redemption shall be the cash or the value of the property, rights or securities paid or distributed to such holders by the Corporation or the acquiring person, firm or other entity. The value of such property, rights or securities shall be determined in good faith by the Board of Directors of the Corporation, including a majority of the Preferred Directors.

2.4.4 Allocation of Escrow. In the event of a Deemed Liquidation Event pursuant to Subsection 2.4.1(a)(i), if any portion of the consideration payable to the stockholders of the Corporation is placed into escrow and/or is payable to the stockholders of the Corporation subject to contingencies, the Merger Agreement shall provide that (a) the portion of such consideration that is not placed in escrow and not subject to any contingencies (the "**Initial Consideration**") shall be allocated among the holders of capital stock of the Corporation in accordance with Subsections 2.1, 2.2 and 2.3 as if the Initial Consideration were the only consideration payable in connection with such Deemed Liquidation Event and (b) any additional consideration which becomes payable to the stockholders of the Corporation upon release from escrow or satisfaction of contingencies shall be allocated among the holders of capital stock of the Corporation in accordance with Subsections 2.1, 2.2 and 2.3 after taking into account the previous payment of the Initial Consideration as part of the same transaction.

3. Voting.

3.1 General. On any matter presented to the stockholders of the Corporation for their action or consideration at any meeting of stockholders of the Corporation (or by written

consent of stockholders in lieu of meeting), each holder of outstanding shares of Series A Preferred Stock, Series A-1 Preferred Stock, Series B Preferred Stock, Series B-1 Preferred Stock and Series C Preferred Stock shall be entitled to cast the number of votes equal to the number of whole shares of Common Stock into which the shares of Series A Preferred Stock, Series A-1 Preferred Stock, Series B Preferred Stock, Series B-1 Preferred Stock or Series C Preferred Stock, as the case may be, held by such holder are convertible as of the record date for determining stockholders entitled to vote on such matter. Except as provided by law or by the other provisions of this Certificate of Incorporation, holders of Series A Preferred Stock, Series A-1 Preferred Stock, Series B Preferred Stock, Series B-1 Preferred Stock and Series C Preferred Stock shall vote together with the holders of Common Stock as a single class.

3.2 Election of Directors. The holders of record of the shares of Series A Preferred Stock, exclusively and as a separate class, shall be entitled to elect three (3) directors of the Corporation (the "**Series A Directors**"), the holders of record of the shares of Series B Preferred Stock, exclusively and as a separate class, shall be entitled to elect one (1) director of the Corporation (the "**Series B Director**" and, together with the Series A Directors, the "**Preferred Directors**") and the holders of record of the shares of Common Stock, exclusively and as a separate class, shall be entitled to elect one (1) director of the Corporation. Any director elected as provided in the preceding sentence may be removed without cause by, and only by, the affirmative vote of the holders of the shares of the class or series of capital stock entitled to elect such director or directors, given either at a special meeting of such stockholders duly called for that purpose or pursuant to a written consent of stockholders. If the holders of shares of Series A Preferred Stock, Series B Preferred Stock or Common Stock, as the case may be, fail to elect a sufficient number of directors to fill all directorships for which they are entitled to elect directors, voting exclusively and as a separate class, pursuant to the first sentence of this Subsection 3.2, then any directorship not so filled shall remain vacant until such time as the holders of the Series A Preferred Stock, Series B Preferred Stock or Common Stock, as the case may be, elect a person to fill such directorship by vote or written consent in lieu of a meeting; and no such directorship may be filled by stockholders of the Corporation other than by the stockholders of the Corporation that are entitled to elect a person to fill such directorship, voting exclusively and as a separate class. The holders of record of the shares of Common Stock, Series A Preferred Stock, Series B Preferred Stock and Series C Preferred Stock, exclusively and voting together as a single class, shall be entitled to elect the balance of the total number of directors of the Corporation. At any meeting held for the purpose of electing a director, the presence in person or by proxy of the holders of a majority of the outstanding shares of the class or series entitled to elect such director shall constitute a quorum for the purpose of electing such director. Except as otherwise provided in this Subsection 3.2, a vacancy in any directorship filled by the holders of any class or series shall be filled only by vote or written consent in lieu of a meeting of the holders of such class or series or by any remaining director or directors elected by the holders of such class or series pursuant to this Subsection 3.2.

3.3 Series A Preferred Stock Protective Provisions. At any time when shares of Series A Preferred Stock are outstanding, the Corporation shall not, either directly or indirectly by amendment, merger, consolidation or otherwise, do any of the following without (in addition to any other vote required by law or this Certificate of Incorporation) the written consent or affirmative vote of the holders of at least a majority of the then outstanding shares of Series A Preferred Stock, given in writing or by vote at a meeting, consenting or voting (as the case may be) separately as a class:

(a) liquidate, dissolve or wind-up the business and affairs of the Corporation, effect any Deemed Liquidation Event, or consent to any of the foregoing;

(b) alter or change the rights, preferences or privileges of the Series A Preferred Stock;

(c) amend, waive, alter or repeal any provision of this Certificate of Incorporation or the Bylaws of the Corporation in a manner that adversely affects the powers, preferences or rights of the Series A Preferred Stock;

(d) create, reclassify or authorize the creation or reclassification of, or issue or obligate itself to issue shares of, any additional class or series of capital stock unless the same ranks junior to the Series A Preferred Stock with respect to the distribution of assets on the liquidation, dissolution or winding up of the Corporation or upon a Deemed Liquidation Event, the payment of dividends and redemption rights;

(e) increase or decrease the authorized number of shares of Preferred Stock or Common Stock (other than increases necessary to authorize additional shares of Senior Preferred Stock issuable as Accruing Stock Dividends and additional shares of Common Stock issuable upon conversion of such shares of Senior Preferred Stock);

(f) in-license or out-license any material intellectual property, unless approved by the Board of Directors, including a majority of the Preferred Directors;

(g) purchase or redeem (or permit any subsidiary to purchase or redeem) or pay or declare any dividend or make any distribution on, any shares of capital stock of the Corporation other than (i) redemptions of or dividends or distributions on the Series A Preferred Stock, Series A-1 Preferred Stock, Series B Preferred Stock, Series B-1 Preferred Stock and Series C Preferred Stock as expressly authorized herein, (ii) dividends or other distributions payable on the Common Stock solely in the form of additional shares of Common Stock, (iii) repurchases of stock from former employees, officers, directors, consultants or other persons who performed services for the Corporation or any subsidiary in connection with the cessation of such employment or service at the lower of the original purchase price or the then-current fair market value thereof and (iv) as approved by the Board of Directors, including the approval of a majority of the Preferred Directors;

(h) increase or decrease the authorized number of directors constituting the Board of Directors; or

(i) change the manner of election of any member of the Board of Directors that is designated by or requires the consent of SV Life Sciences Fund IV, L.P., Novo A/S or HBM BioVentures (Cayman) Ltd. under the Second Amended and Restated Voting Agreement, dated on or about the Effective Date (as defined below) by and among the Corporation and certain of its stockholders, as further amended from time to time (the "**Voting Agreement**").

3.4 Series A-1 Preferred Stock Protective Provision. At any time when shares of Series A-1 Preferred Stock are outstanding, the Corporation shall not, either directly or indirectly by amendment, merger, consolidation or otherwise, authorize the issuance of any additional shares of Series A-1 Preferred Stock, amend, waive, alter or repeal any provisions of this Certificate of Incorporation of the Corporation or otherwise affect the rights, preferences and privileges of the Series A-1 Preferred Stock in a manner that adversely affects the powers, preferences or rights of the Series A-1 Preferred Stock but does not so affect the Senior Preferred Stock as a class without (in addition to any other vote required by law or this Certificate of Incorporation) the written consent or affirmative vote of the holders of at least a majority of the then outstanding shares of Series A-1 Preferred Stock, given in writing or by vote at a meeting, consenting or voting (as the case may be) separately as a class (other than any action to increase the number of shares of Series A-1 Preferred Stock issuable as Accruing Stock Dividends).

3.5 Series B and Series C Preferred Stock Protective Provisions. At any time when shares of Series B Preferred Stock or Series C Preferred Stock are outstanding, the Corporation shall not, either directly or indirectly by amendment, merger, consolidation or otherwise, do any of the following without (in addition to any other vote required by law or this Certificate of Incorporation) the written consent or affirmative vote of the holders of at least a majority of the votes represented by the then outstanding shares of Series B Preferred Stock and Series C Preferred Stock, given in writing or by vote at a meeting, consenting or voting (as the case may be) together as a single class:

(a) liquidate, dissolve or wind-up the business and affairs of the Corporation, effect any Deemed Liquidation Event, or consent to any of the foregoing;

(b) alter or change the rights, preferences or privileges of the Series C Preferred Stock or the Series B Preferred Stock;

(c) amend, waive, alter or repeal any provision of this Certificate of Incorporation or the Bylaws of the Corporation in a manner that adversely affects the powers, preferences or rights of the Series C Preferred Stock or the Series B Preferred Stock;

(d) create, reclassify or authorize the creation or reclassification of, or issue or obligate itself to issue shares of, any additional class or series of capital stock unless the same ranks junior to the Series C Preferred Stock and the Series B Preferred Stock with respect to the distribution of assets on the liquidation, dissolution or winding up of the Corporation or upon a Deemed Liquidation Event, the payment of dividends and redemption rights;

(e) increase or decrease the authorized number of shares of Senior Preferred Stock or Common Stock (other than increases necessary to authorize additional shares of Senior Preferred Stock issuable as Accruing Stock Dividends and additional shares of Common Stock issuable upon conversion of such shares of Senior Preferred Stock);

(f) in-license or out-license any material intellectual property, unless approved by the Board of Directors, including a majority of the Preferred Directors;

(g) purchase or redeem (or permit any subsidiary to purchase or redeem) or pay or declare any dividend or make any distribution on, any shares of capital stock of the Corporation other than (i) redemptions of or dividends or distributions on the Series A Preferred Stock, Series A-1 Preferred Stock, Series B Preferred Stock, Series B-1 Preferred Stock and Series C Preferred Stock as expressly authorized herein, (ii) dividends or other distributions payable on the Common Stock solely in the form of additional shares of Common Stock, (iii) repurchases of stock from former employees, officers, directors, consultants or other persons who performed services for the Corporation or any subsidiary in connection with the cessation of such employment or service at the lower of the original purchase price or the then-current fair market value thereof and (iv) as approved by the Board of Directors, including the approval of a majority of the Preferred Directors, which majority shall include the Series B Director;

(h) pay or declare any dividend or distribution on any shares of capital stock of the Corporation, other than the Series B Preferred Stock and the Series C Preferred Stock, that would exceed the dividend payable on the equivalent number of shares of Series C Preferred Stock and Series B Preferred Stock (determined pursuant to Subsection 1.3) or be paid prior to the payment in full of the Series C Liquidation Amount to the holders of the Series C Preferred Stock and the Series B Liquidation Amount to the holders of the Series B Preferred Stock, other than as provided in Subsections 2.1, 2.2 and 6 and, in the case of the Accruing Stock Dividends, in connection with the following as provided in Subsection 1.2.2: (i) conversion of the applicable shares of Senior Preferred Stock into Common Stock (or other securities, cash or property) pursuant to the terms of this Certificate of Incorporation, (ii) any voluntary or involuntary liquidation, dissolution or winding up of the Corporation and (iii) any Deemed Liquidation Event;

(i) create, or authorize the creation of, or issue, or authorize the issuance of any debt or debt security, or permit any subsidiary to take any such action with respect to any debt or debt security, if the aggregate principal amount of such indebtedness of the Corporation and its subsidiaries for borrowed money following such action would exceed $2,000,000, other than equipment leases or bank lines of credit, unless such debt security has received the prior approval of the Board of Directors, including the approval of a majority of the Preferred Directors, which majority shall include the Series B Director;

(j) increase or decrease the authorized number of directors constituting the Board of Directors;

(k) change the manner of election of any member of the Board of Directors that is designated by or requires the consent of Clarus Lifesciences II, L.P. under the Voting Agreement; or

(l) change the manner of election of any member of the Board of Directors that is designated by or requires the consent of Novo A/S under the Voting Agreement.

3.6 Series B-1 Preferred Stock Protective Provision. At any time when shares of Series B-1 Preferred Stock are outstanding, the Corporation shall not, either directly or indirectly by amendment, merger, consolidation or otherwise, authorize the issuance of any additional shares of Series B-1 Preferred Stock, amend, waive, alter or repeal any provisions of this Certificate of Incorporation of the Corporation or otherwise affect the rights, preferences and privileges of the Series B-1 Preferred Stock in a manner that adversely affects the powers, preferences or rights of the Series B-1 Preferred Stock but does not so affect the Senior Preferred Stock as a class without (in addition to any other vote required by law or this Certificate of Incorporation) the written consent or affirmative vote of the holders of at least a majority of the then outstanding shares of Series B-1 Preferred Stock, given in writing or by vote at a meeting, consenting or voting (as the case may be) separately as a class (other than any action to increase the number of shares of Series B-1 Preferred Stock issuable as Accruing Stock Dividends).

3.7 Series B Preferred Stock Protective Provision. At any time when shares of Series B Preferred Stock are outstanding, the Corporation shall not, either directly or indirectly by amendment, merger, consolidation or otherwise, authorize the issuance of any additional shares of Series B Preferred Stock, amend, waive, alter or repeal any provisions of this Certificate of Incorporation of the Corporation or otherwise alter or change the rights, preferences and privileges of the Series B Preferred Stock in a manner that adversely affects the powers, preferences or rights of the Series B Preferred Stock but does not so similarly affect the powers, preferences or rights of the Senior Preferred Stock as a class without (in addition to any other vote required by law or this Certificate of Incorporation) the written consent or affirmative vote of the holders of at least sixty percent (60%) of the then outstanding shares of Series B Preferred Stock, given in writing or by vote at a meeting, consenting or voting (as the case may be) separately as a class (other than any action to increase the number of shares of Series B Preferred Stock issuable as Accruing Stock Dividends).

3.8 Series C Preferred Stock Protective Provision. At any time when shares of Series C Preferred Stock are outstanding, the Corporation shall not, either directly or indirectly by amendment, merger, consolidation or otherwise, authorize the issuance of any additional shares of Series C Preferred Stock, amend, waive, alter or repeal any provisions of this Certificate of Incorporation of the Corporation or otherwise alter or change the rights, preferences and privileges of the Series C Preferred Stock in a manner that adversely affects the powers, preferences or rights of the Series C Preferred Stock but does not so similarly affect the powers, preferences or rights of the Senior Preferred Stock as a class without (in addition to any other vote required by law or this Certificate of Incorporation) the written consent or affirmative vote of the holders of at least a majority of the then outstanding shares of Series C Preferred Stock, given in writing or by vote at a meeting, consenting or voting (as the case may be) separately as a class (other than any action to increase the number of shares of Series C Preferred Stock issuable as Accruing Stock Dividends).

4. Optional Conversion.

The holders of the Series A Preferred Stock, Series A-1 Preferred Stock, Series B Preferred Stock, Series B-1 Preferred Stock and Series C Preferred Stock, as the case may be, shall have conversion rights as follows (the "**Series A Conversion Rights**", the "**Series A-1 Conversion Rights**", the "**Series B Conversion Rights**", the "**Series B-1 Conversion Rights**" and the "**Series C Conversion Rights**", as applicable):

4.1 Right to Convert.

4.1.1 Conversion Ratio. Each share of Series A Preferred Stock shall be convertible, at the option of the holder thereof, at any time and from time to time, and without the payment of additional consideration by the holder thereof, into such number of fully paid and nonassessable shares of Common Stock as is determined by dividing the Series A Original Issue Price by the Series A Conversion Price (as defined below) in effect at the time of conversion. As of the date of the effectiveness of filing with the Secretary of State of the State of Delaware of this Certificate of Incorporation (the "**Effective Date**"), the "**Series A Conversion Price**" is equal to $1.00. Each share of Series A-1 Preferred Stock shall be convertible, at the option of the holder thereof, at any time and from time to time, and without the payment of additional consideration by the holder thereof, into such number of fully paid and nonassessable shares of Common Stock as is determined by dividing the Series A-1 Original Issue Price by the Series A-1 Conversion Price (as defined below) in effect at the time of conversion. As of the Effective Date, the "**Series A-1 Conversion Price**" is equal to $1.00. Each share of Series B Preferred Stock shall be convertible, at the option of the holder thereof, at any time and from time to time, and without the payment of additional consideration by the holder thereof, into such number of fully paid and nonassessable shares of Common Stock as is determined by dividing the Series B Original Issue Price by the Series B Conversion Price (as defined below) in effect at the time of conversion. As of the Effective Date, the "**Series B Conversion Price**" is equal to $1.00. Each share of Series B-1 Preferred Stock shall be convertible, at the option of the holder thereof, at any time and from time to time, and without the payment of additional consideration by the holder thereof, into such number of fully paid and nonassessable shares of Common Stock as is determined by dividing the Series B-1 Original Issue Price by the Series B-1 Conversion Price (as defined below) in effect at the time of conversion. The "**Series B-1 Conversion Price**" shall initially be equal to $1.00. Each share of Series C Preferred Stock shall be convertible, at the option of the holder thereof, at any time and from time to time, and without the payment of additional consideration by the holder thereof, into such number of fully paid and nonassessable shares of Common Stock as is determined by dividing the Series C Original Issue Price by the Series C Conversion Price (as defined below) in effect at the time of conversion; provided however, that shares of Common Stock issued upon conversion of Series C Preferred Stock shall also be subject to the terms of Section 6. The "**Series C Conversion Price**" shall initially be equal to $2.50. The initial Series A Conversion Price, Series A-1 Conversion Price, Series B Conversion Price, Series B-1 Conversion Price and Series C Conversion Price, and the rate at which shares of Series A Preferred Stock, Series A-1 Preferred Stock, Series B Preferred Stock, Series B-1 Preferred Stock and Series C Preferred Stock may be converted into shares of Common Stock, shall be subject to adjustment as provided below.

4.1.2 Accruing Stock Dividends. In accordance with Subsection 1.2.2, immediately prior to the conversion of any shares of Series A Preferred Stock, Series A-1 Preferred Stock, Series B Preferred Stock, Series B-1 Preferred Stock or Series C Preferred Stock, as the case may be, into Common Stock as set forth in this Subsection 4.1, Accruing Stock Dividends accrued but unpaid thereon, whether or not declared, shall be deemed issued in

respect of the shares of Series A Preferred Stock, Series A-1 Preferred Stock, Series B Preferred Stock, Series B-1 Preferred Stock and Series C Preferred Stock, as the case may be, being converted to the holders of such shares and shall be converted into shares of Common Stock pursuant to Subsection 4.1 at the same time as such other shares.

4.1.3 Termination of Conversion Rights. In the event of a liquidation, dissolution or winding up of the Corporation or a Deemed Liquidation Event, the Series A Conversion Rights, Series A-1 Conversion Rights, Series B Conversion Rights, Series B-1 Conversion Rights and Series C Conversion Rights shall terminate at the close of business on the last full day preceding the date fixed for the payment of any such amounts distributable on such event to the holders of Series A Preferred Stock, Series A-1 Preferred Stock, Series B Preferred Stock, Series B-1 Preferred Stock and Series C Preferred Stock; provided that the holders of Series A Preferred Stock, Series A-1 Preferred Stock, Series B Preferred Stock, Series B-1 Preferred Stock and Series C Preferred Stock, as the case may be, may elect to convert such shares into Common Stock conditioned upon the actual occurrence of such liquidation, dissolution or winding up of the Corporation or Deemed Liquidation Event.

4.2 Fractional Shares. No fractional shares of Common Stock shall be issued upon conversion of the Series A Preferred Stock, Series A-1 Preferred Stock, Series B Preferred Stock, Series B-1 Preferred Stock or Series C Preferred Stock. In lieu of any fractional shares to which the holder would otherwise be entitled, the Corporation shall pay cash equal to such fraction multiplied by the fair market value of a share of Common Stock as determined in good faith by the Board of Directors of the Corporation. Whether or not fractional shares would be issuable upon the conversion of the applicable shares of Series A Preferred Stock, Series A-1 Preferred Stock, Series B Preferred Stock, Series B-1 Preferred Stock or Series C Preferred Stock, as the case may be, into Common Stock pursuant to the terms of this Certificate of Incorporation shall be determined on the basis of the total number of shares of Series A Preferred Stock, Series A-1 Preferred Stock, Series B Preferred Stock, Series B-1 Preferred Stock and Series C Preferred Stock the holder is at the time converting into Common Stock and the aggregate number of shares of Common Stock issuable upon such conversion.

4.3 Mechanics of Conversion.

4.3.1 Notice of Conversion. In order for a holder of Series A Preferred Stock, Series A-1 Preferred Stock, Series B Preferred Stock, Series B-1 Preferred Stock or Series C Preferred Stock to voluntarily convert shares of Series A Preferred Stock, Series A-1 Preferred Stock, Series B Preferred Stock, Series B-1 Preferred Stock or Series C Preferred Stock, as applicable, into shares of Common Stock, such holder shall surrender the certificate or certificates for such shares of Series A Preferred Stock, Series A-1 Preferred Stock, Series B Preferred Stock, Series B-1 Preferred Stock or Series C Preferred Stock, as applicable (or, if such registered holder alleges that such certificate has been lost, stolen or destroyed, a lost certificate affidavit and agreement reasonably acceptable to the Corporation to indemnify the Corporation against any claim that may be made against the Corporation on account of the alleged loss, theft or destruction of such certificate), at the office of the transfer agent for the Series A Preferred Stock, Series A-1 Preferred Stock, Series B Preferred Stock, Series B-1 Preferred Stock and Series C Preferred Stock (or at the principal office of the Corporation if the Corporation serves as

its own transfer agent), together with written notice that such holder elects to convert all or any number of the shares of the Series A Preferred Stock, Series A-1 Preferred Stock, Series B Preferred Stock, Series B-1 Preferred Stock or Series C Preferred Stock, as applicable, represented by such certificate or certificates and, if applicable, any event on which such conversion is contingent. Such notice shall state such holder's name or the names of the nominees in which such holder wishes the certificate or certificates for shares of Common Stock to be issued. If required by the Corporation, certificates surrendered for conversion shall be endorsed or accompanied by a written instrument or instruments of transfer, in form satisfactory to the Corporation, duly executed by the registered holder or his, her or its attorney duly authorized in writing. The close of business on the date of receipt by the transfer agent (or by the Corporation if the Corporation serves as its own transfer agent) of such certificates (or lost certificate affidavit and agreement) and notice shall be the time of conversion (the "**Series A Conversion Time**", "**Series A-1 Conversion Time**", "**Series B Conversion Time**", "**Series B-1 Conversion Time**" or "**Series C Conversion Time**", as applicable), and the shares of Common Stock issuable upon conversion of the shares represented by such certificates shall be deemed to be outstanding of record as of such date. The Corporation shall, as soon as practicable after the Series A Conversion Time, Series A-1 Conversion Time, Series B Conversion Time, Series B-1 Conversion Time or Series C Conversion Time, as applicable, issue and deliver to such holder of Series A Preferred Stock, Series A-1 Preferred Stock, Series B Preferred Stock, Series B-1 Preferred Stock or Series C Preferred Stock to his, her or its nominees, a certificate or certificates for the number of full shares of Common Stock issuable upon such conversion, including the number of shares of Common Stock issuable upon conversion of shares of Series A Preferred Stock, Series A-1 Preferred Stock, Series B Preferred Stock, Series B-1 Preferred Stock and Series C Preferred Stock, as the case may be, issuable as Accruing Stock Dividends on any such shares being presented for conversion, in accordance with the provisions hereof, a certificate for the number (if any) of the shares of Series A Preferred Stock, Series A-1 Preferred Stock, Series B Preferred Stock, Series B-1 Preferred Stock or Series C Preferred Stock, as applicable, represented by the surrendered certificate that were not converted into Common Stock, and cash as provided in Subsection 4.2 in lieu of any fraction of a share of Common Stock otherwise issuable upon such conversion and payment of any declared but unpaid dividends on the shares of Series A Preferred Stock, Series A-1 Preferred Stock, Series B Preferred Stock, Series B-1 Preferred Stock or Series C Preferred Stock converted.

4.3.2 Reservation of Shares. The Corporation shall at all times when the Series A Preferred Stock, Series A-1 Preferred Stock, Series B Preferred Stock, Series B-1 Preferred Stock and Series C Preferred Stock shall be outstanding, reserve and keep available out of its authorized but unissued capital stock, for the purpose of effecting the conversion of the Series A Preferred Stock, Series A-1 Preferred Stock, Series B Preferred Stock, Series B-1 Preferred Stock and Series C Preferred Stock such number of its duly authorized shares of Common Stock as shall from time to time be sufficient to effect the conversion of all outstanding Series A Preferred Stock, Series A-1 Preferred Stock, Series B Preferred Stock, Series B-1 Preferred Stock and Series C Preferred Stock, including any shares issuable as Accruing Stock Dividends. Notwithstanding the foregoing, the Corporation shall only be required to reserve and keep available out of its authorized but unissued capital stock, with respect to the Accruing Stock Dividends, a number of shares of Common Stock sufficient to effect the conversion of shares of Senior Preferred Stock accrued as Accruing Stock Dividends during the period beginning on the

Series B Original Issue Date through the tenth (10th) anniversary of the Series B Original Issue Date. If at any time the number of authorized but unissued shares of Common Stock shall not be sufficient to effect the conversion of all then outstanding shares of the Series A Preferred Stock, Series A-1 Preferred Stock, Series B Preferred Stock, Series B-1 Preferred Stock and Series C Preferred Stock, including any shares issuable as Accruing Stock Dividends, the Corporation shall take such corporate action as may be necessary to increase its authorized but unissued shares of Common Stock to such number of shares as shall be sufficient for such purposes, including, without limitation, engaging in best efforts to obtain the requisite stockholder approval of any necessary amendment to this Certificate of Incorporation. Before taking any action which would cause an adjustment reducing the Series A Conversion Price, Series A-1 Conversion Price, Series B Conversion Price, Series B-1 Conversion Price or Series C Conversion Price below the then par value of the shares of Common Stock issuable upon conversion of the Series A Preferred Stock, Series A-1 Preferred Stock, Series B Preferred Stock, Series B-1 Preferred Stock or Series C Preferred Stock, as applicable, the Corporation will take any corporate action which may, in the opinion of its counsel, be necessary in order that the Corporation may validly and legally issue fully paid and nonassessable shares of Common Stock at such adjusted Series A Conversion Price, Series A-1 Conversion Price, Series B Conversion Price, Series B-1 Conversion Price or Series C Conversion Price.

4.3.3 Effect of Conversion. All shares of Series A Preferred Stock, Series A-1 Preferred Stock, Series B Preferred Stock, Series B-1 Preferred Stock and Series C Preferred Stock which shall have been surrendered for conversion as herein provided shall no longer be deemed to be outstanding and all rights with respect to such shares shall immediately cease and terminate at the Series A Conversion Time, Series A-1 Conversion Time, Series B Conversion Time, Series B-1 Conversion Time or Series C Conversion Time, as applicable, except only the right of the holders thereof to receive shares of Common Stock in exchange therefor and to receive payment of any dividends declared but unpaid thereon. Any shares of Series A Preferred Stock, Series A-1 Preferred Stock, Series B Preferred Stock, Series B-1 Preferred Stock and Series C Preferred Stock so converted shall be retired and cancelled and may not be reissued as shares of such series, and the Corporation may thereafter take such appropriate action (without the need for stockholder action) as may be necessary to reduce the authorized number of shares of Series A Preferred Stock, Series A-1 Preferred Stock, Series B Preferred Stock, Series B-1 Preferred Stock and Series C Preferred Stock accordingly.

4.3.4 No Further Adjustment. Upon any such conversion, no adjustment to the Series A Conversion Price, Series A-1 Conversion Price, Series B Conversion Price, Series B-1 Conversion Price or Series C Conversion Price shall be made for any declared but unpaid dividends on the Series A Preferred Stock, Series A-1 Preferred Stock, Series B Preferred Stock, Series B-1 Preferred Stock or Series C Preferred Stock surrendered for conversion or on the Common Stock delivered upon conversion.

4.3.5 Taxes. The Corporation shall pay any and all issue and other similar taxes that may be payable in respect of any issuance or delivery of shares of Common Stock upon conversion of shares of Series A Preferred Stock, Series A-1 Preferred Stock, Series B Preferred Stock, Series B-1 Preferred Stock and Series C Preferred Stock pursuant to this Section 4. The Corporation shall not, however, be required to pay any tax which may be payable

in respect of any transfer involved in the issuance and delivery of shares of Common Stock in a name other than that in which the shares of Series A Preferred Stock, Series A-1 Preferred Stock, Series B Preferred Stock, Series B-1 Preferred Stock and Series C Preferred Stock so converted were registered, and no such issuance or delivery shall be made unless and until the person or entity requesting such issuance has paid to the Corporation the amount of any such tax or has established, to the satisfaction of the Corporation, that such tax has been paid.

4.4 Adjustments to Series A Conversion Price, Series A-1 Conversion Price, Series B Conversion Price, Series B-1 Conversion Price and Series C Conversion Price for Diluting Issues.

4.4.1 Special Definitions. For purposes of this Article FOURTH, the following definitions shall apply:

(a) "**Option**" shall mean rights, options or warrants to subscribe for, purchase or otherwise acquire Common Stock or Convertible Securities.

(b) "**Series A Original Issue Date**" shall mean the date on which the first share of Series A Preferred Stock was issued.

(c) "**Series A-1 Original Issue Date**" shall mean the date on which the first share of Series A-1 Preferred Stock was issued.

(d) "**Series B Original Issue Date**" shall mean the date on which the first share of Series B Preferred Stock was issued.

(e) "**Series B-1 Original Issue Date**" shall mean the date on which the first share of Series B-1 Preferred Stock was issued.

(f) "**Series C Original Issue Date**" shall mean the date on which the first share of Series C Preferred Stock was issued.

(g) "**Convertible Securities**" shall mean any evidences of indebtedness, shares or other securities directly or indirectly convertible into or exchangeable for Common Stock, but excluding Options.

(h) "**Additional Shares of Common Stock**" shall mean all shares of Common Stock issued (or, pursuant to Subsection 4.4.3 below, deemed to be issued) by the Corporation after the Effective Date, other than the following shares of Common Stock, and shares of Common Stock deemed issued pursuant to the following Options and Convertible Securities (collectively "**Exempted Securities**"):

(i) shares of Series C Preferred Stock issued pursuant to the Series C Preferred Stock Purchase Agreement dated on or about the Effective Date between the Corporation and certain purchasers of the Series C Preferred Stock, as amended from time to time (the "**Purchase Agreement**");

(ii) shares of Common Stock, Options or Convertible Securities issued as a dividend or distribution on Senior Preferred Stock, including any Accruing Stock Dividends;

(iii) shares of Common Stock, Options or Convertible Securities issued by reason of a dividend, stock split, split-up or other distribution on shares of Common Stock that is covered by Subsection 4.5, 4.6, 4.7 or 4.8;

(iv) shares of Common Stock or Options issued to employees or directors of, or consultants or advisors to, the Corporation or any of its subsidiaries pursuant to a plan, agreement or arrangement approved by the Board of Directors of the Corporation, including, with respect to any plan, agreement or arrangement adopted or entered into after the Series C Original Issue Date, a majority of the Preferred Directors;

(v) shares of Common Stock or Convertible Securities actually issued upon the exercise of Options outstanding on the Series C Original Issue Date or Options that are otherwise Exempted Securities under this Subsection 4.4.1(g) or shares of Common Stock actually issued upon the conversion or exchange of Convertible Securities outstanding on the Series C Original Issue Date or Convertible Securities that are otherwise Exempted Securities under this Subsection 4.4.1(g), in each case provided such issuance is pursuant to the terms of such Option or Convertible Security;

(vi) shares of Common Stock, Options or Convertible Securities issued in connection with a joint venture, corporate partnering transaction or licensing arrangement approved by the Board of Directors of the Corporation, including, with respect to any agreement for any such transaction or arrangement entered into after the Series C Original Issue Date, a majority of the Preferred Directors; and

(vii) shares of Common Stock, Options or Convertible Securities issued to banks, equipment lessors or other financial institutions, or to real property lessors, pursuant to a debt financing, equipment leasing or real property leasing transaction approved by the Board of Directors of the Corporation, including, with respect to any agreement for any such transaction or arrangement entered into after the Series C Original Issue Date, a majority of the Preferred Directors.

4.4.2 No Adjustment of Series A Conversion Price, Series A-1 Conversion Price, Series B Conversion Price, Series B-1 Conversion Price or Series C Conversion Price. No adjustment in the Series A Conversion Price or Series A-1 Conversion Price shall be made as the result of the issuance or deemed issuance of Additional Shares of Common Stock if the Corporation receives written notice from the holders of at least a majority of the then outstanding shares of Series A Preferred Stock, acting as a separate class, agreeing that no such adjustment shall be made as the result of the issuance or deemed issuance of such Additional Shares of Common Stock. No adjustment in the Series B Conversion Price or Series B-1 Conversion Price shall be made as the result of the issuance or deemed issuance of Additional Shares of Common Stock if the Corporation receives written notice from the holders of at least sixty percent (60%) of the then outstanding shares of Series B Preferred Stock, acting as a separate class, agreeing that no such adjustment shall be made as the result of the issuance or deemed issuance of such Additional Shares of Common Stock. No adjustment in the Series C Conversion Price shall be made as the result of the issuance or deemed issuance of Additional Shares of Common Stock if the Corporation receives written notice from the holders of at least a majority of the then outstanding shares of Series C Preferred Stock, acting as a separate class, agreeing that no such adjustment shall be made as the result of the issuance or deemed issuance of such Additional Shares of Common Stock.

4.4.3 Deemed Issue of Additional Shares of Common Stock.

(a) If the Corporation at any time or from time to time after the Effective Date shall issue any Options or Convertible Securities (excluding Options or Convertible Securities which are themselves Exempted Securities) or shall fix a record date for the determination of holders of any class of securities entitled to receive any such Options or Convertible Securities, then the maximum number of shares of Common Stock (as set forth in the instrument relating thereto, assuming the satisfaction of any conditions to exercisability, convertibility or exchangeability but without regard to any provision contained therein for a subsequent adjustment of such number) issuable upon the exercise of such Options or, in the case of Convertible Securities and Options therefor, the conversion or exchange of such Convertible Securities, shall be deemed to be Additional Shares of Common Stock issued as of the time of such issue or, in case such a record date shall have been fixed, as of the close of business on such record date.

(b) If the terms of any Option or Convertible Security, the issuance of which resulted in an adjustment to the Series A Conversion Price, the Series A-1 Conversion Price, the Series B Conversion Price, the Series B-1 Conversion Price or the Series C Conversion Price pursuant to the terms of Subsection 4.4.4, are revised as a result of an amendment to such terms or any other adjustment pursuant to the provisions of such Option or Convertible Security (but excluding automatic adjustments to such terms pursuant to anti-dilution or similar provisions of such Option or Convertible Security) to provide for either (1) any increase or decrease in the number of shares of Common Stock issuable upon the exercise, conversion and/or exchange of any such Option or Convertible Security or (2) any increase or decrease in the consideration payable to the Corporation upon such exercise, conversion and/or exchange, then, effective upon such increase or decrease becoming effective, the Series A Conversion Price, Series A-1 Conversion Price, Series B Conversion Price or Series B-1 Conversion Price or Series C Conversion Price computed upon the original issue of such Option or Convertible Security (or upon the occurrence of a record date with respect thereto) shall be readjusted to such Series A Conversion Price, Series A-1 Conversion Price, Series B Conversion Price, Series B-1 Conversion Price and Series C Conversion Price, as the case may be, as would have obtained had such revised terms been in effect upon the original date of issuance of such Option or Convertible Security. Notwithstanding the foregoing, no readjustment pursuant to this clause (b) shall have the effect of increasing the Series A Conversion Price, Series A-1 Conversion Price, Series B Conversion Price, Series B-1 Conversion Price or Series C Conversion Price to an amount which exceeds the lower of (i) the Series A Conversion Price, Series A-1 Conversion Price, Series B Conversion Price, Series B-1 Conversion Price or Series C Conversion Price, as the case may be, in effect immediately prior to the original adjustment made as a result of the issuance of such Option or Convertible Security, or (ii) the Series A Conversion Price, Series A-1 Conversion Price, Series B Conversion Price, Series B-1 Conversion Price or Series C Conversion Price, as the case may be, that would have resulted from any issuances of Additional Shares of Common Stock (other than deemed issuances of Additional Shares of Common Stock as a result of the issuance of such Option or Convertible Security) between the original adjustment date and such readjustment date.

(c) If the terms of any Option or Convertible Security (excluding Options or Convertible Securities which are themselves Exempted Securities), the issuance of which did not result in an adjustment to the Series A Conversion Price, Series A-1 Conversion Price, Series B Conversion Price, Series B-1 Conversion Price or Series C Conversion Price pursuant to the terms of Subsection 4.4.4 (either because the consideration per share (determined pursuant to Subsection 4.4.5) of the Additional Shares of Common Stock subject thereto was equal to or greater than the Series A Conversion Price, Series A-1 Conversion Price, Series B Conversion Price, Series B-1 Conversion Price or Series C Conversion Price, as the case may be, then in effect, or because such Option or Convertible Security was issued before the Effective Date), are revised after the Effective Date as a result of an amendment to such terms or any other adjustment pursuant to the provisions of such Option or Convertible Security (but excluding automatic adjustments to such terms pursuant to anti-dilution or similar provisions of such Option or Convertible Security) to provide for either (1) any increase or decrease in the number of shares of Common Stock issuable upon the exercise, conversion or exchange of any such Option or Convertible Security or (2) any increase or decrease in the consideration payable to the Corporation upon such exercise, conversion or

exchange, then such Option or Convertible Security, as so amended or adjusted, and the Additional Shares of Common Stock subject thereto (determined in the manner provided in Subsection 4.4.3(a)) shall be deemed to have been issued effective upon such increase or decrease becoming effective.

(d) Upon the expiration or termination of any unexercised Option or unconverted or unexchanged Convertible Security (or portion thereof) which resulted (either upon its original issuance or upon a revision of its terms) in an adjustment to the Series A Conversion Price, Series A-1 Conversion Price, Series B Conversion Price, Series B-1 Conversion Price or Series C Conversion Price pursuant to the terms of Subsection 4.4.4, the Series A Conversion Price, Series A-1 Conversion Price, Series B Conversion Price, Series B-1 Conversion Price or Series C Conversion Price, as applicable, shall be readjusted to such Series A Conversion Price, Series A-1 Conversion Price, Series B Conversion Price, Series B-1 Conversion Price or Series C Conversion Price, as the case may be, as would have obtained had such Option or Convertible Security (or portion thereof) never been issued.

(e) If the number of shares of Common Stock issuable upon the exercise, conversion and/or exchange of any Option or Convertible Security, or the consideration payable to the Corporation upon such exercise, conversion and/or exchange, is calculable at the time such Option or Convertible Security is issued or amended but is subject to adjustment based upon subsequent events, any adjustment to the Series A Conversion Price, Series A-1 Conversion Price, Series B Conversion Price, Series B-1 Conversion Price or Series C Conversion Price provided for in this Subsection 4.4.3 shall be effected at the time of such issuance or amendment based on such number of shares or amount of consideration without regard to any provisions for subsequent adjustments (and any subsequent adjustments shall be treated as provided in clauses (b) and (c) of this Subsection 4.4.3). If the number of shares of Common Stock issuable upon the exercise, conversion and/or exchange of any Option or Convertible Security, or the consideration payable to the Corporation upon such exercise, conversion and/or exchange, cannot be calculated at all at the time such Option or Convertible Security is issued or amended, any adjustment to the Series A Conversion Price, Series A-1 Conversion Price, Series B Conversion Price, Series B-1 Conversion Price or Series C Conversion Price that would result under the terms of this Subsection 4.4.3 at the time of such issuance or amendment shall instead be effected at the time such number of shares and/or amount of consideration is first calculable (even if subject to subsequent adjustments), assuming for purposes of calculating such adjustment to the Series A Conversion Price, Series A-1 Conversion Price, Series B Conversion Price, Series B-1 Conversion Price or Series C Conversion Price, as the case may be, that such issuance or amendment took place at the time such calculation can first be made.

4.4.4 Adjustment of Series A Conversion Price, Series A-1 Conversion Price, Series B Conversion Price, Series B-1 Conversion Price and Series C Conversion Price Upon Issuance of Additional Shares of Common Stock. In the event the Corporation shall at any time after the Effective Date, issue Additional Shares of Common Stock (including Additional Shares of Common Stock deemed to be issued pursuant to Subsection 4.4.3), without consideration or for a consideration per share less than the Series A Conversion Price, Series A-1 Conversion Price, Series B Conversion Price, Series B-1 Conversion Price or Series C

Conversion Price, as the case may be, in effect immediately prior to such issue, then the Series A Conversion Price, Series A-1 Conversion Price, Series B Conversion Price, Series B-1 Conversion Price or Series C Conversion Price, as applicable shall be reduced, concurrently with such issue, to a price (calculated to the nearest one-hundredth of a cent) determined in accordance with the following formula:

$$P = \frac{P_1 * Q_1 + P_2 * Q_2}{Q_1 + Q_2}$$

For purposes of the foregoing formula, the following definitions shall apply:

(a) "P" shall mean the Series A Conversion Price, Series A-1 Conversion Price, Series B Conversion Price, Series B-1 Conversion Price or Series C Conversion Price, as applicable, in effect immediately after such issue of Additional Shares of Common Stock;

(b) "P_1" shall mean the Series A Conversion Price, Series A-1 Conversion Price, Series B Conversion Price, Series B-1 Conversion Price or Series C Conversion Price, as applicable, in effect immediately prior to such issue of Additional Shares of Common Stock;

(c) "P_2" shall mean the price per share of the Additional Shares of Common Stock;

(d) "Q_1" shall mean the number of equivalent shares of Common Stock outstanding prior to such issue of Additional Shares of Common Stock (treating as outstanding for this purpose the number of shares of Senior Preferred Stock accrued as Accruing Stock Dividends as of immediately prior to such issue of Additional Shares of Common Stock); and

(e) "Q_2" shall mean the number of such Additional Shares of Common Stock issued in such transaction.

4.4.5 Determination of Consideration. For purposes of this Subsection 4.4, the consideration received by the Corporation for the issue of any Additional Shares of Common Stock shall be computed as follows:

(a) Cash and Property: Such consideration shall:

(i) insofar as it consists of cash, be computed at the aggregate amount of cash received by the Corporation, excluding amounts paid or payable for accrued interest;

(ii) insofar as it consists of property other than cash, be computed at the fair market value thereof at the

time of such issue, as determined in good faith by the Board of Directors of the Corporation (including a majority of the Preferred Directors); and

(iii) in the event Additional Shares of Common Stock are issued together with other shares or securities or other assets of the Corporation for consideration which covers both, be the proportion of such consideration so received, computed as provided in clauses (i) and (ii) above, as determined in good faith by the Board of Directors of the Corporation (including a majority of the Preferred Directors).

(b) Options and Convertible Securities. The consideration per share received by the Corporation for Additional Shares of Common Stock deemed to have been issued pursuant to Subsection 4.4.3, relating to Options and Convertible Securities, shall be determined by dividing

(i) the total amount, if any, received or receivable by the Corporation as consideration for the issue of such Options or Convertible Securities, plus the minimum aggregate amount of additional consideration (as set forth in the instruments relating thereto, without regard to any provision contained therein for a subsequent adjustment of such consideration) payable to the Corporation upon the exercise of such Options or the conversion or exchange of such Convertible Securities, or in the case of Options for Convertible Securities, the exercise of such Options for Convertible Securities and the conversion or exchange of such Convertible Securities, by

(ii) the maximum number of shares of Common Stock (as set forth in the instruments relating thereto, without regard to any provision contained therein for a subsequent adjustment of such number) issuable upon the exercise of such Options or the conversion or exchange of such Convertible Securities, or in the case of Options for Convertible Securities, the exercise of such Options for Convertible Securities and the conversion or exchange of such Convertible Securities.

4.4.6 Multiple Closing Dates. In the event the Corporation shall issue on more than one date Additional Shares of Common Stock that are a part of one transaction or a series of related transactions and that would result in an adjustment to the Series A Conversion

Price, Series A-1 Conversion Price, Series B Conversion Price, Series B-1 Conversion Price or Series C Conversion Price pursuant to the terms of Subsection 4.4.4, and such issuance dates occur within a period of no more than 90 days from the first such issuance to the final such issuance, then, upon the final such issuance, the Series A Conversion Price, Series A-1 Conversion Price, Series B Conversion Price, Series B-1 Conversion Price or Series C Conversion Price, as applicable, shall be readjusted to give effect to all such issuances as if they occurred on the date of the first such issuance (and without giving effect to any additional adjustments as a result of any such subsequent issuances within such period).

4.5 Adjustment for Stock Splits and Combinations. If the Corporation shall at any time or from time to time after the Effective Date effect a subdivision of the outstanding Common Stock, the Series A Conversion Price, Series A-1 Conversion Price, Series B Conversion Price, Series B-1 Conversion Price and Series C Conversion Price in effect immediately before that subdivision shall be proportionately decreased so that the number of shares of Common Stock issuable on conversion of each share of such series shall be increased in proportion to such increase in the aggregate number of shares of Common Stock outstanding. If the Corporation shall at any time or from time to time after the Effective Date combine the outstanding shares of Common Stock (excluding any combinations of Common Stock that apply to individual holders pursuant to Section 6 and not to the Common Stock as a class), the Series A Conversion Price, Series A-1 Conversion Price, Series B Conversion Price, Series B-1 Conversion Price and Series C Conversion Price in effect immediately before the combination shall be proportionately increased so that the number of shares of Common Stock issuable on conversion of each share of such series shall be decreased in proportion to such decrease in the aggregate number of shares of Common Stock outstanding. Any adjustment under this subsection shall become effective at the close of business on the date the subdivision or combination becomes effective.

4.6 Adjustment for Certain Dividends and Distributions. In the event the Corporation at any time or from time to time after the Effective Date shall make or issue, or fix a record date for the determination of holders of Common Stock entitled to receive, a dividend or other distribution payable on the Common Stock in additional shares of Common Stock, then and in each such event the Series A Conversion Price, Series A-1 Conversion Price, Series B Conversion Price, Series B-1 Conversion Price and Series C Conversion Price in effect immediately before such event shall be decreased as of the time of such issuance or, in the event such a record date shall have been fixed, as of the close of business on such record date, by multiplying the Series A Conversion Price, Series A-1 Conversion Price, Series B Conversion Price, Series B-1 Conversion Price and Series C Conversion Price, respectively, then in effect by a fraction:

(1) the numerator of which shall be the total number of shares of Common Stock issued and outstanding immediately prior to the time of such issuance or the close of business on such record date, and

(2) the denominator of which shall be the total number of shares of Common Stock issued and outstanding

immediately prior to the time of such issuance or the close of business on such record date plus the number of shares of Common Stock issuable in payment of such dividend or distribution.

Notwithstanding the foregoing, (a) if such record date shall have been fixed and such dividend is not fully paid or if such distribution is not fully made on the date fixed therefor, the Series A Conversion Price, Series A-1 Conversion Price, Series B Conversion Price, Series B-1 Conversion Price and Series C Conversion Price shall be recomputed accordingly as of the close of business on such record date and thereafter the Series A Conversion Price, Series A-1 Conversion Price, Series B Conversion Price, Series B-1 Conversion Price and Series C Conversion Price shall be adjusted pursuant to this subsection as of the time of actual payment of such dividends or distributions; and (b) that no such adjustment shall be made if the holders of Series A Preferred Stock, Series A-1 Preferred Stock, Series B Preferred Stock, Series B-1 Preferred Stock and Series C Preferred Stock simultaneously receive a dividend or other distribution of shares of Common Stock in a number equal to the number of shares of Common Stock as they would have received if all outstanding shares of Series A Preferred Stock, Series A-1 Preferred Stock, Series B Preferred Stock, Series B-1 Preferred Stock and Series C Preferred Stock had been converted into Common Stock on the date of such event.

4.7 Adjustments for Other Dividends and Distributions. In the event the Corporation at any time or from time to time after the Effective Date shall make or issue, or fix a record date for the determination of holders of Common Stock entitled to receive, a dividend or other distribution payable in securities of the Corporation (other than a distribution of shares of Common Stock in respect of outstanding shares of Common Stock) or in other property and the provisions of Section 1 do not apply to such dividend or distribution, then and in each such event the holders of Series A Preferred Stock, Series A-1 Preferred Stock, Series B Preferred Stock, Series B-1 Preferred Stock and Series C Preferred Stock, as applicable, shall receive, simultaneously with the distribution to the holders of Common Stock, a dividend or other distribution of such securities or other property in an amount equal to the amount of such securities or other property as they would have received if all outstanding shares of Series A Preferred Stock, Series A-1 Preferred Stock, Series B Preferred Stock, Series B-1 Preferred Stock and Series C Preferred Stock had been converted into Common Stock on the date of such event.

4.8 Adjustment for Merger or Reorganization, etc. Subject to the provisions of Subsection 2.4, if there shall occur any reorganization, recapitalization, reclassification, consolidation or merger involving the Corporation in which the Common Stock (but not the Series A Preferred Stock, Series A-1 Preferred Stock, Series B Preferred Stock, Series B-1 Preferred Stock or Series C Preferred Stock) is converted into or exchanged for securities, cash or other property (other than a transaction covered by Subsections 4.4, 4.6 or 4.7), then, following any such reorganization, recapitalization, reclassification, consolidation or merger, each share of Series A Preferred Stock, Series A-1 Preferred Stock, Series B Preferred Stock, Series B-1 Preferred Stock and Series C Preferred Stock shall thereafter be convertible in lieu of the Common Stock into which it was convertible prior to such event into the kind and amount of securities, cash or other property which a holder of the number of shares of Common Stock of

the Corporation issuable upon conversion of one share of Series A Preferred Stock, Series A-1 Preferred Stock, Series B Preferred Stock, Series B-1 Preferred Stock or Series C Preferred Stock as applicable, immediately prior to such reorganization, recapitalization, reclassification, consolidation or merger would have been entitled to receive pursuant to such transaction; and, in such case, appropriate adjustment (as determined in good faith by the Board of Directors of the Corporation) shall be made in the application of the provisions in this Section 4 with respect to the rights and interests thereafter of the holders of the Series A Preferred Stock, Series A-1 Preferred Stock, Series B Preferred Stock, Series B-1 Preferred Stock and Series C Preferred Stock, to the end that the provisions set forth in this Section 4 (including provisions with respect to changes in and other adjustments of the Series A Conversion Price, Series A-1 Conversion Price, Series B Conversion Price, Series B-1 Conversion Price and Series C Conversion Price) shall thereafter be applicable, as nearly as reasonably may be, in relation to any securities or other property thereafter deliverable upon the conversion of the Series A Preferred Stock, Series A-1 Preferred Stock, Series B Preferred Stock, Series B-1 Preferred Stock and Series C Preferred Stock.

4.9 Certificate as to Adjustments. Upon the occurrence of each adjustment or readjustment of the Series A Conversion Price, Series A-1 Conversion Price, Series B Conversion Price, Series B-1 Conversion Price or Series C Conversion Price pursuant to this Section 4, the Corporation at its expense shall, as promptly as reasonably practicable but in any event not later than 10 days thereafter, compute such adjustment or readjustment in accordance with the terms hereof and furnish to each holder of Series A Preferred Stock, Series A-1 Preferred Stock, Series B Preferred Stock, Series B-1 Preferred Stock and Series C Preferred Stock, as applicable, a certificate setting forth such adjustment or readjustment (including the kind and amount of securities, cash or other property into which the Series A Preferred Stock, Series A-1 Preferred Stock, Series B Preferred Stock, Series B-1 Preferred Stock or Series C Preferred Stock, as applicable, is convertible) and showing in detail the facts upon which such adjustment or readjustment is based. The Corporation shall, as promptly as reasonably practicable after the written request at any time of any holder of Series A Preferred Stock, Series A-1 Preferred Stock, Series B Preferred Stock, Series B-1 Preferred Stock or Series C Preferred Stock (but in any event not later than 10 days thereafter), furnish or cause to be furnished to such holder a certificate setting forth (i) the Series A Conversion Price, Series A-1 Conversion Price, Series B Conversion Price, Series B-1 Conversion Price or Series C Conversion Price then in effect, and (ii) the number of shares of Common Stock and the amount, if any, of other securities, cash or property which then would be received upon the conversion of Series A Preferred Stock, Series A-1 Preferred Stock, Series B Preferred Stock, Series B-1 Preferred Stock or Series C Preferred Stock, including the number of shares of Senior Preferred Stock accrued as Accruing Stock Dividends.

4.10 Notice of Record Date. In the event:

(a) the Corporation shall take a record of the holders of its Common Stock (or other capital stock or securities at the time issuable upon conversion of the Series A Preferred Stock, Series A-1 Preferred Stock, Series B Preferred Stock, Series B-1 Preferred Stock, Series C Preferred Stock and Junior Series A Preferred Stock) for the purpose of entitling or enabling them to receive any dividend or other distribution, or to receive any right to subscribe for or purchase any shares of capital stock of any class or any other securities, or to receive any other security; or

(b) of any capital reorganization of the Corporation, any reclassification of the Common Stock of the Corporation, or any Deemed Liquidation Event; or

(c) of the voluntary or involuntary dissolution, liquidation or winding-up of the Corporation,

then, and in each such case, the Corporation will send or cause to be sent to the holders of the Series A Preferred Stock, Series A-1 Preferred Stock, Series B Preferred Stock, Series B-1 Preferred Stock and Series C Preferred Stock a notice specifying, as the case may be, (i) the record date for such dividend, distribution or right, and the amount and character of such dividend, distribution or right, or (ii) the effective date on which such reorganization, reclassification, consolidation, merger, transfer, dissolution, liquidation or winding-up is proposed to take place, and the time, if any is to be fixed, as of which the holders of record of Common Stock (or such other capital stock or securities at the time issuable upon the conversion of the Series A Preferred Stock, Series A-1 Preferred Stock, Series B Preferred Stock, Series B-1 Preferred Stock and Series C Preferred Stock) shall be entitled to exchange their shares of Common Stock (or such other capital stock or securities) for securities or other property deliverable upon such reorganization, reclassification, consolidation, merger, transfer, dissolution, liquidation or winding-up, and the amount per share and character of such exchange applicable to the Series A Preferred Stock, Series A-1 Preferred Stock, Series B Preferred Stock, Series B-1 Preferred Stock, Series C Preferred Stock, Junior Series A Preferred Stock and the Common Stock. Such notice shall be sent at least 10 days prior to the record date or effective date for the event specified in such notice.

5. Mandatory Conversion.

5.1 Trigger Events. Upon either (a) the closing of the sale of shares of Common Stock to the public at a price to the public of at least $2.50 per share (subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to the Common Stock), in an underwritten public offering pursuant to an effective registration statement under the Securities Act of 1933, as amended, resulting in at least $40,000,000 of gross proceeds (before deducting underwriting discount and commissions and other offering expenses) to the Corporation (a "**Qualified Public Offering**") or (b) the date and time, or the occurrence of an event, specified by vote or written consent of the holders of at least a majority of the votes represented by the then outstanding shares of Series A Preferred Stock (the time of such closing pursuant to clause (a) or the date and time specified or the time of the event specified in such vote or written consent pursuant to clause (b) is referred to herein as the "**Series A Mandatory Conversion Time**"), (i) all outstanding shares of Series A Preferred Stock and Series A-1 Preferred Stock shall automatically be converted into shares of Common Stock, at the then effective applicable conversion rate, and (ii) such shares may not be reissued by the Corporation. Upon either (a) the closing of a Qualified Public Offering or (b) the date and time, or the occurrence of an event, specified by vote or written consent of the holders of at least (1) sixty percent (60%) of the votes represented by the then outstanding shares of Series B Preferred Stock and (2) a majority of the votes represented by the then outstanding

shares of Series C Preferred Stock (the time of such closing pursuant to clause (a) or the date and time specified or the time of the event specified in such vote or written consent pursuant to clause (b) is referred to herein as the "**Series B/C Mandatory Conversion Time**"), (i) all outstanding shares of Series B Preferred Stock, Series B-1 Preferred Stock and Series C Preferred Stock shall automatically be converted into shares of Common Stock, at the then effective applicable conversion rate, and (ii) such shares may not be reissued by the Corporation. The Corporation shall not, either directly or indirectly by amendment, merger, consolidation or otherwise, alter or change the definition of "Qualified Public Offering" without the vote or written consent of the holders of at least (1) a majority of the votes represented by the then outstanding shares of Series A Preferred Stock, (2) sixty percent (60%) of the votes represented by the then outstanding shares of Series B Preferred Stock and (3) a majority of the votes represented by the then outstanding shares of Series C Preferred Stock.

5.2 Accruing Stock Dividends. In accordance with Subsection 1.2.2, immediately prior to the mandatory conversion of any shares of Series A Preferred Stock, Series A-1 Preferred Stock, Series B Preferred Stock, Series B-1 Preferred Stock or Series C Preferred Stock, as the case may be, into Common Stock as set forth in this Section 5, Accruing Stock Dividends accrued but unpaid thereon, whether or not declared, shall be deemed issued in respect of the shares of Series A Preferred Stock, Series A-1 Preferred Stock, Series B Preferred Stock, Series B-1 Preferred Stock and Series C Preferred Stock, as the case may be, being converted to the holders of such shares and shall be converted into shares of Common Stock pursuant to Subsection 4.1 at the same time as such other shares.

5.3 Procedural Requirements. All holders of record of shares of Series A Preferred Stock and Series A-1 Preferred Stock shall be sent written notice of the Series A Mandatory Conversion Time and the place designated for mandatory conversion of all such shares of Series A Preferred Stock and Series A-1 Preferred Stock pursuant to this Section 5. All holders of record of Series B Preferred Stock, Series B-1 Preferred Stock and Series C Preferred Stock shall be sent written notice of the Series B/C Mandatory Conversion Time and the place designated for mandatory conversion of all such shares of Series B Preferred Stock, Series B-1 Preferred Stock and Series C Preferred Stock pursuant to this Section 5. Such notice need not be sent in advance of the occurrence of the Series A Mandatory Conversion Time or Series B/C Mandatory Conversion Time. Upon receipt of such notice, each holder of shares of Series A Preferred Stock, Series A-1 Preferred Stock, Series B Preferred Stock, Series B-1 Preferred Stock and Series C Preferred Stock, as the case may be, shall surrender his, her or its certificate or certificates for all such shares (or, if such holder alleges that such certificate has been lost, stolen or destroyed, a lost certificate affidavit and agreement reasonably acceptable to the Corporation to indemnify the Corporation against any claim that may be made against the Corporation on account of the alleged loss, theft or destruction of such certificate) to the Corporation at the place designated in such notice. If so required by the Corporation, certificates surrendered for conversion shall be endorsed or accompanied by written instrument or instruments of transfer, in form satisfactory to the Corporation, duly executed by the registered holder or by his, her or its attorney duly authorized in writing. All rights with respect to the Series A Preferred Stock, Series A-1 Preferred Stock, Series B Preferred Stock, Series B-1 Preferred Stock and Series C Preferred Stock converted pursuant to Section 5.1, including the rights, if any, to receive notices and vote (other than as a holder of Common Stock), will

terminate at the Series A Mandatory Conversion Time or Series B/C Mandatory Conversion Time, as applicable (notwithstanding the failure of the holder or holders thereof to surrender the certificates at or prior to such time), except only the rights of the holders thereof, upon surrender of their certificate or certificates (or lost certificate affidavit and agreement) therefor, to receive the items provided for in the next sentence of this Subsection 5.3. As soon as practicable after the Series A Mandatory Conversion Time or Series B/C Mandatory Conversion Time, as the case may be, and the surrender of the certificate or certificates (or lost certificate affidavit and agreement) for Series A Preferred Stock, Series A-1 Preferred Stock, Series B Preferred Stock, Series B-1 Preferred Stock or Series C Preferred Stock, as applicable, the Corporation shall issue and deliver to such holder, or to his, her or its nominees, a certificate or certificates for the number of full shares of Common Stock issuable on such conversion in accordance with the provisions hereof, including the number of shares of Common Stock issuable upon conversion of shares of Series A Preferred Stock, Series A-1 Preferred Stock, Series B Preferred Stock, Series B-1 Preferred Stock and Series C Preferred Stock, as the case may be, issuable as Accruing Stock Dividends on any such shares being mandatorily converted, together with cash as provided in Subsection 4.2 in lieu of any fraction of a share of Common Stock otherwise issuable upon such conversion and the payment of any declared but unpaid dividends on the shares of Series A Preferred Stock, Series A-1 Preferred Stock, Series B Preferred Stock, Series B-1 Preferred Stock and Series C Preferred Stock converted. Such converted Series A Preferred Stock, Series A-1 Preferred Stock, Series B Preferred Stock, Series B-1 Preferred Stock and Series C Preferred Stock shall be retired and cancelled and may not be reissued as shares of such series, and the Corporation may thereafter take such appropriate action (without the need for stockholder action) as may be necessary to reduce the authorized number of shares of Series A Preferred Stock, Series A-1 Preferred Stock, Series B Preferred Stock, Series B-1 Preferred Stock and Series C Preferred Stock accordingly.

5A. Special Mandatory Conversion.

5A.1. Trigger Events.

(a) In the event that any holder of shares of Series A Preferred Stock, Series B Preferred Stock or Series C Preferred Stock does not participate in a Qualified Financing (as defined below) by purchasing in the aggregate, in such Qualified Financing and within the time period specified by the Corporation (provided that the Corporation has sent to each holder of Series A Preferred Stock, Series B Preferred Stock and Series C Preferred Stock at least 15 days written notice of, and the opportunity to purchase its Pro Rata Amount (as defined below) of, the Qualified Financing), such holder's Pro Rata Amount, then each share of Series A Preferred Stock, Series B Preferred Stock and Series C Preferred Stock, as the case may be, held by such holder shall automatically, and without any further action on the part of such holder, be converted into shares of Common Stock at the Series A Conversion Price, Series B Conversion Price or Series C Conversion Price, as the case may be, in effect immediately prior to the consummation of such Qualified Financing, effective upon, subject to, and concurrently with, the consummation of the Qualified Financing. For purposes of determining the number of shares of Series A Preferred Stock, Series B Preferred Stock or Series C Preferred Stock owned by a holder, and for determining the number of Offered Securities (as defined below) a holder of Series A Preferred Stock, Series B Preferred Stock or Series C Preferred Stock has purchased in

a Qualified Financing, all shares of Series A Preferred Stock, Series B Preferred Stock or Series C Preferred Stock held by Affiliates (as defined below) of such holder shall be aggregated with such holder's shares and all Offered Securities purchased by Affiliates of such holder shall be aggregated with the Offered Securities purchased by such holder (provided that no shares or securities shall be attributed to more than one entity or person within any such group of affiliated entities or persons).

(b) In the event that any holder of Series C Preferred Stock (or Common Stock issued upon conversion of Series C Preferred Stock) who is required to purchase shares of the Corporation's Series C Preferred Stock in the Second Closing, the Third Closing or an Accelerated Closing, as applicable, fails to purchase all the Second Closing Shares, Third Closing Shares or Accelerated Closing Shares, as applicable, that such holder of Series C Preferred Stock (or Common Stock issued upon conversion of Series C Preferred Stock) (the "**Defaulting Holde**r") is required to purchase under the Purchase Agreement, then (i) any outstanding shares of Series C Preferred Stock held by the Defaulting Holder shall, immediately upon the Second Closing, Third Closing or Accelerated Closing, as applicable, be converted into that number of shares of Common Stock equal to the product of (a) the number of shares of Common Stock such shares of Series C Preferred Stock are convertible into based on the Series C Conversion Price immediately following the Second Closing, Third Closing or Accelerated Closing, as applicable, multiplied by (b) 0.10, (ii) any outstanding shares of Series A Preferred Stock held by the Defaulting Holder shall, immediately upon the Second Closing, Third Closing or Accelerated Closing, as applicable, be converted into shares of Common Stock at the Series A Conversion Price in effect immediately prior to the Second Closing, Third Closing or Accelerated Closing, as applicable and (iii) any outstanding shares of Series B Preferred Stock held by the Defaulting Holder shall, immediately upon the Second Closing, Third Closing or Accelerated Closing, as applicable, be converted into shares of Common Stock at the Series B Conversion Price in effect immediately prior to the Second Closing, Third Closing or Accelerated Closing, as applicable; provided, however, that this Section 5A.1(b) shall not apply in connection with an Accelerated Closing to a holder of Series C Preferred Stock (or Common Stock issued upon conversion of Series C Preferred Stock) who provides proper notice pursuant to Section 1.3(c) of the Purchase Agreement that such holder will not purchase Accelerated Closing Shares at an Accelerated Closing. Capitalized terms used and not defined in this Section 5A.1(b) shall have the meanings ascribed thereto in the Purchase Agreement.

(c) The conversions referred to in Sections 5A.1(a) and 5A.1(b) are referred to herein as a "**Special Mandatory Conversion**."

(d) Notwithstanding anything to the contrary contained herein, no Accruing Stock Dividends, whether or not declared, shall be payable upon a Special Mandatory Conversion of shares of Series A Preferred Stock, Series B Preferred Stock or Series C Preferred Stock, and the holders of such shares of Series A Preferred Stock, Series B Preferred Stock or Series C Preferred Stock being converted shall forfeit all rights to such Accruing Stock Dividends effective upon such Special Mandatory Conversion.

(e) In addition to the foregoing, any outstanding shares of Common Stock held by the Defaulting Holder that were issued to such Defaulting Holder upon

an optional conversion of Series C Preferred Stock into Common Stock pursuant to the provisions of Section 4 at any time prior to the Second Closing or Third Closing, as applicable (the "**Subject Conversion Shares**") shall be subject to the provisions of Section 6.

5A.2. Procedural Requirements. Upon a Special Mandatory Conversion, each holder of shares of Series A Preferred Stock, Series B Preferred Stock or Series C Preferred Stock converted pursuant to Subsection 5A.1 shall be sent written notice of such Special Mandatory Conversion and the place designated for mandatory conversion of all such shares of Series A Preferred Stock, Series B Preferred Stock or Series C Preferred Stock pursuant to this Section 5A. Upon receipt of such notice, each holder of such shares of Series A Preferred Stock, Series B Preferred Stock or Series C Preferred Stock shall surrender his, her or its certificate or certificates for all such shares (or, if such holder alleges that such certificate has been lost, stolen or destroyed, a lost certificate affidavit and agreement reasonably acceptable to the Corporation to indemnify the Corporation against any claim that may be made against the Corporation on account of the alleged loss, theft or destruction of such certificate) to the Corporation at the place designated in such notice. If so required by the Corporation, certificates surrendered for conversion shall be endorsed or accompanied by written instrument or instruments of transfer, in form satisfactory to the Corporation, duly executed by the registered holder or by his, her or its attorney duly authorized in writing. All rights with respect to the Series A Preferred Stock, Series B Preferred Stock and Series C Preferred Stock converted pursuant to Subsection 5A.1, including the rights, if any, to receive notices and vote (other than as a holder of Common Stock), will terminate at the time of the Special Mandatory Conversion (notwithstanding the failure of the holder or holders thereof to surrender the certificates for such shares at or prior to such time), except only the rights of the holders thereof, upon surrender of their certificate or certificates therefor (or lost certificate affidavit and agreement), to receive the items provided for in the next sentence of this Subsection 5A.2. As soon as practicable after the Special Mandatory Conversion and the surrender of the certificate or certificates (or lost certificate affidavit and agreement) for Series A Preferred Stock, Series B Preferred Stock or Series C Preferred Stock so converted, the Corporation shall issue and deliver to such holder, or to his, her or its nominees, a certificate or certificates for the number of full shares of Common Stock issuable on such conversion in accordance with the provisions hereof, together with cash as provided in Subsection 4.2, in lieu of any fraction of a share of Common Stock otherwise issuable upon such conversion and the payment of any declared but unpaid dividends on the shares of Series A Preferred Stock, Series B Preferred Stock or Series C Preferred Stock converted. Such converted Series A Preferred Stock, Series B Preferred Stock and Series C Preferred Stock shall be retired and cancelled and may not be reissued as shares of such series, and the Corporation may thereafter take such appropriate action (without the need for stockholder action) as may be necessary to reduce the authorized number of shares of Series A Preferred Stock, Series B Preferred Stock and Series C Preferred Stock accordingly.

5A.3. Definitions. For purposes of this Section 5A, the following definitions shall apply:

5A.3.1 "**Affiliate**" shall mean, with respect to any holder of shares of Series A Preferred Stock, Series B Preferred Stock or Series C Preferred Stock, any person, entity or firm which, directly or indirectly, controls, is controlled by or is under common control

with such holder, including, without limitation, any entity of which the holder is a partner or member, any partner, officer, director, member or employee of such holder and any venture capital fund now or hereafter existing of which the holder is a partner or member which is controlled by or under common control with one or more general partners of such holder or shares the same management company with such holder.

5A.3.2 "**Offered Securities**" shall mean the equity securities of the Corporation set aside by the Board of Directors of the Corporation for purchase by holders of outstanding shares of Series A Preferred Stock, Series B Preferred Stock or Series C Preferred Stock in connection with a Qualified Financing, and offered to such holders.

5A.3.3 "**Pro Rata Amount**" shall mean, with respect to any holder of Series A Preferred Stock, Series B Preferred Stock or Series C Preferred Stock, the lesser of (a) a number of Offered Securities calculated by multiplying the aggregate number of Offered Securities by a fraction, the numerator of which is equal to the number of shares of Series A Preferred Stock, Series B Preferred Stock or Series C Preferred Stock, as applicable, owned by such holder, and the denominator of which is equal to the aggregate number of outstanding shares of Series A Preferred Stock, Series B Preferred Stock or Series C Preferred Stock, as the case may be, or (b) the maximum number of Offered Securities that such holder is permitted by the Corporation to purchase in such Qualified Financing, after giving effect to any cutbacks or limitations established by the Board of Directors and applied on a pro rata basis to all holders of Series A Preferred Stock, Series B Preferred Stock and Series C Preferred Stock.

5A.3.4 "**Qualified Financing**" shall mean any transaction involving the issuance or sale of Additional Shares of Common Stock after the Effective Date (i) that would result in the reduction of the Series C Conversion Price pursuant to the terms of this Certificate of Incorporation (without giving effect to the operation of Subsection 4.4.2), (ii) in which such Additional Shares of Common Stock are issued at a price per share equal to the Series C Conversion Price then in effect or (iii) any bridge financing, in the case of each of the transactions set forth in clauses (i) through (iii), unless the holders of at least a majority of the Series A Preferred Stock (voting separately as a class) and at least a majority of the votes represented by the then outstanding shares of Series B Preferred Stock and Series C Preferred Stock (voting together as a single class) elect, by written notice sent to the Corporation at least ten (10) days prior to the consummation of the Qualified Financing, that such transaction not be treated as a Qualified Financing for purposes of this Section 5A.

6. Special Mandatory Combination of Shares.

6.1 Combination of Subject Conversion Shares. Immediately upon the Second Closing or Third Closing, as applicable, any Subject Conversion Shares shall automatically, and without further action on the part of the Defaulting Holder or the Company, be combined into that number of shares of Common Stock equal to the product obtained by multiplying (a) the number of shares of Subject Conversion Shares outstanding immediately prior to the Second Closing or Third Closing, as applicable, by (b) 0.10 (subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to the Common Stock that occurs after the issuance of the Subject Conversion Shares, but prior to the Second Closing or the Third Closing, as applicable) (a "**Special Mandatory Combination**").

6.2 Procedural Requirements. Upon a Special Mandatory Combination, each holder of shares of Subject Conversion Shares combined pursuant to Section 6.1 shall be sent written notice of such Special Mandatory Combination and the place designated for exchange of stock certificates representing such Subject Conversion Shares (the "**Pre-Combination Certificates**") for stock certificates representing a number of shares of Common Stock that reflects the effect of the Special Mandatory Combination (the "**Post-Combination Certificates**"). Upon receipt of such notice, each holder of Subject Conversion Shares shall surrender his, her or its Pre-Combination Certificate(s) (or, if such holder alleges that a Pre-Combination Certificate has been lost, stolen or destroyed, a lost certificate affidavit and agreement reasonably acceptable to the Corporation to indemnify the Corporation against any claim that may be made against the Corporation on account of the alleged loss, theft or destruction of such certificate) to the Corporation at the place designated in such notice. If so required by the Corporation, Pre-Combination Certificates surrendered for exchange for Post-Combination Certificates shall be endorsed or accompanied by written instrument or instruments of transfer, in form satisfactory to the Corporation, duly executed by the registered holder or by his, her or its attorney duly authorized in writing. As soon as practicable after the Special Mandatory Combination and the surrender of the Pre-Combination Certificates (or lost certificate affidavit and agreement), the Corporation shall issue and deliver to such holder, or to his, her or its nominees, Post-Combination Certificates for the number of full shares of Common Stock held by the holder after giving effect to the Special Mandatory Combination, together with cash as provided in Subsection 6.3, in lieu of any fraction of a share of Common Stock otherwise issuable as a result of the Special Mandatory Combination. Effective as of the Special Mandatory Combination, each Pre-Combination Certificate will represent the number of shares of Common Stock reflected thereon after giving effect to the Special Mandatory Combination, notwithstanding the failure of the holder thereof to surrender such Pre-Combination Certificate as required by this Section 6.2, as well as the right to receive payment for fractional shares as provided in Subsection 6.3.

6.3 Fractional Shares. No fractional shares of Common Stock shall be issued upon combination of the Subject Conversion Shares pursuant to the Special Mandatory Combination. In lieu of any fractional shares to which the holder would otherwise be entitled, the Corporation shall pay cash equal to such fraction multiplied by the fair market value of a share of Common Stock as determined in good faith by the Board of Directors of the Corporation. Whether or not fractional shares would be issuable upon such combination shall be determined on the basis of the total number of Subject Conversion Shares held by a holder that are subject to the Special Mandatory Combination.

7. Redemption. The Series A Preferred Stock, Series A-1 Preferred Stock, Series B Preferred Stock, Series B-1 Preferred Stock and Series C Preferred Stock are not redeemable except in accordance with the Deemed Liquidation provisions of Subsection 2.4.2(b).

8. Redeemed or Otherwise Acquired Shares. Any shares of Series A Preferred Stock, Series A-1 Preferred Stock, Series B Preferred Stock, Series B-1 Preferred Stock or Series C

Preferred Stock that are redeemed or otherwise acquired by the Corporation or any of its subsidiaries shall be automatically and immediately cancelled and retired and shall not be reissued, sold or transferred. Neither the Corporation nor any of its subsidiaries may exercise any voting or other rights granted to the holders of Series A Preferred Stock, Series A-1 Preferred Stock, Series B Preferred Stock, Series B-1 Preferred Stock or Series C Preferred Stock following redemption.

9. Waiver. Except as otherwise provided herein, any of the rights, powers, preferences and other terms of the Series A Preferred Stock set forth herein may be waived on behalf of all holders of Series A Preferred Stock by the affirmative written consent or vote of the holders of at least a majority of the shares of Series A Preferred Stock then outstanding. Except as otherwise provided herein, any of the rights, powers, preferences and other terms of the Series A-1 Preferred Stock set forth herein may be waived on behalf of all holders of Series A-1 Preferred Stock by the affirmative written consent or vote of the holders of at least a majority of the shares of Series A-1 Preferred Stock then outstanding. Except as otherwise provided herein, any of the rights, powers, preferences and other terms of the Series B Preferred Stock set forth herein may be waived on behalf of all holders of Series B Preferred Stock by the affirmative written consent or vote of the holders of at least sixty percent (60%) of the shares of Series B Preferred Stock then outstanding. Except as otherwise provided herein, any of the rights, powers, preferences and other terms of the Series B-1 Preferred Stock set forth herein may be waived on behalf of all holders of Series B-1 Preferred Stock by the affirmative written consent or vote of the holders of at least a majority of the shares of Series B-1 Preferred Stock then outstanding. Except as otherwise provided herein, any of the rights, powers, preferences and other terms of the Series C Preferred Stock set forth herein may be waived on behalf of all holders of Series C Preferred Stock by the affirmative written consent or vote of the holders of at least a majority of the shares of Series C Preferred Stock then outstanding.

10. Notices. Any notice required or permitted by the provisions of this Article FOURTH to be given to a holder of shares of Series A Preferred Stock, Series A-1 Preferred Stock, Series B Preferred Stock, Series B-1 Preferred Stock or Series C Preferred Stock shall be mailed, postage prepaid, to the post office address last shown on the records of the Corporation, or given by electronic communication in compliance with the provisions of the General Corporation Law, and shall be deemed sent upon such mailing or electronic transmission.

FIFTH: Subject to any additional vote required by this Certificate of Incorporation, in furtherance and not in limitation of the powers conferred by statute, the Board of Directors is expressly authorized to make, repeal, alter, amend and rescind any or all of the Bylaws of the Corporation.

SIXTH: Subject to any additional vote required by this Certificate of Incorporation, the number of directors of the Corporation shall be determined in the manner set forth in the Bylaws of the Corporation.

SEVENTH: Elections of directors need not be by written ballot unless the Bylaws of the Corporation shall so provide.

EIGHTH: Meetings of stockholders may be held within or without the State of Delaware, as the Bylaws of the Corporation may provide. The books of the Corporation may be kept outside the State of Delaware at such place or places as may be designated from time to time by the Board of Directors or in the Bylaws of the Corporation.

NINTH: To the fullest extent permitted by law, a director of the Corporation shall not be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director. If the General Corporation Law or any other law of the State of Delaware is amended after approval by the stockholders of this Article NINTH to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a director of the Corporation shall be eliminated or limited to the fullest extent permitted by the General Corporation Law as so amended.

Any repeal or modification of the foregoing provisions of this Article NINTH by the stockholders of the Corporation shall not adversely affect any right or protection of a director of the Corporation existing at the time of, or increase the liability of any director of the Corporation with respect to any acts or omissions of such director occurring prior to, such repeal or modification.

TENTH: The following indemnification provisions shall apply to the persons enumerated below.

1. Right to Indemnification of Directors and Officers. The Corporation shall indemnify and hold harmless, to the fullest extent permitted by applicable law as it presently exists or may hereafter be amended, any person (an "**Indemnified Person**") who was or is made or is threatened to be made a party or is otherwise involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (a "**Proceeding**"), by reason of the fact that such person, or a person for whom such person is the legal representative, is or was a director or officer of the Corporation or, while a director or officer of the Corporation, is or was serving at the request of the Corporation as a director, officer, employee or agent of another Corporation or of a partnership, joint venture, limited liability company, trust, enterprise or nonprofit entity, including service with respect to employee benefit plans, against all liability and loss suffered and expenses (including attorneys' fees) reasonably incurred by such Indemnified Person in such Proceeding. Notwithstanding the preceding sentence, except as otherwise provided in Section 3 of this Article TENTH, the Corporation shall be required to indemnify an Indemnified Person in connection with a Proceeding (or part thereof) commenced by such Indemnified Person only if the commencement of such Proceeding (or part thereof) by the Indemnified Person was authorized in advance by the Board of Directors.

2. Prepayment of Expenses of Directors and Officers. The Corporation shall pay the expenses (including attorneys' fees) incurred by an Indemnified Person in defending any Proceeding in advance of its final disposition, provided, however, that, to the extent required by law, such payment of expenses in advance of the final disposition of the Proceeding shall be made only upon receipt of an undertaking by the Indemnified Person to repay all amounts advanced if it should be ultimately determined that the Indemnified Person is not entitled to be indemnified under this Article TENTH or otherwise.

3. Claims by Directors and Officers. If a claim for indemnification or advancement of expenses under this Article TENTH is not paid in full within 30 days after a written claim therefor by the Indemnified Person has been received by the Corporation, the Indemnified Person may file suit to recover the unpaid amount of such claim and, if successful in whole or in part, shall be entitled to be paid the expense of prosecuting such claim. In any such action the Corporation shall have the burden of proving that the Indemnified Person is not entitled to the requested indemnification or advancement of expenses under applicable law.

4. Indemnification of Employees and Agents. The Corporation may indemnify and advance expenses to any person who was or is made or is threatened to be made or is otherwise involved in any Proceeding by reason of the fact that such person, or a person for whom such person is the legal representative, is or was an employee or agent of the Corporation or, while an employee or agent of the Corporation, is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation or of a partnership, joint venture, limited liability company, trust, enterprise or nonprofit entity, including service with respect to employee benefit plans, against all liability and loss suffered and expenses (including attorney's fees) reasonably incurred by such person in connection with such Proceeding. The ultimate determination of entitlement to indemnification of persons who are non-director or officer employees or agents shall be made in such manner as is determined by the Board of Directors in its sole discretion. Notwithstanding the foregoing sentence, the Corporation shall not be required to indemnify a person in connection with a Proceeding initiated by such person if the Proceeding was not authorized in advance by the Board of Directors.

5. Advancement of Expenses of Employees and Agents. The Corporation may pay the expenses (including attorney's fees) incurred by an employee or agent in defending any Proceeding in advance of its final disposition on such terms and conditions as may be determined by the Board of Directors.

6. Non-Exclusivity of Rights. The rights conferred on any person by this Article TENTH shall not be exclusive of any other rights which such person may have or hereafter acquire under any statute, other provisions of this Certificate of Incorporation, the Bylaws of the Corporation, agreement, vote of stockholders or disinterested directors or otherwise.

7. Other Indemnification. The Corporation's obligation, if any, to indemnify any person who was or is serving at its request as a director, officer or employee of another Corporation, partnership, limited liability company, joint venture, trust, organization or other enterprise shall be reduced by any amount such person may collect as indemnification from such other Corporation, partnership, limited liability company, joint venture, trust, organization or other enterprise.

8. Insurance. The Board of Directors may, to the full extent permitted by applicable law as it presently exists, or may hereafter be amended from time to time, authorize an appropriate officer or officers to purchase and maintain at the Corporation's expense insurance: (a) to indemnify the Corporation for any obligation which it incurs as a result of the indemnification of directors, officers and employees under the provisions of this Article TENTH; and (b) to indemnify or insure directors, officers and employees against liability in instances in which they may not otherwise be indemnified by the Corporation under the provisions of this Article TENTH.

9. Amendment or Repeal. Any repeal or modification of the foregoing provisions of this Article TENTH shall not adversely affect any right or protection hereunder of any person in respect of any act or omission occurring prior to the time of such repeal or modification. The rights provided hereunder shall inure to the benefit of any Indemnified Person and such person's heirs, executors and administrators.

* * *

3. That the foregoing amendment and restatement was approved by the holders of the requisite number of shares of this corporation in accordance with Section 228 of the General Corporation Law.

4. That this Fourth Amended and Restated Certificate of Incorporation, which restates and integrates and further amends the provisions of this corporation's Third Amended and Restated Certificate of Incorporation, as amended, has been duly adopted in accordance with Sections 242 and 245 of the General Corporation Law.

* * *

IN WITNESS WHEREOF, this Fourth Amended and Restated Certificate of Incorporation has been executed by a duly authorized officer of this corporation on this 22nd day of May, 2013.

By: /s/ David Guyer
David Guyer
Chief Executive Officer

CERTIFICATE OF AMENDMENT TO
FOURTH AMENDED AND RESTATED
CERTIFICATE OF INCORPORATION
OF
OPHTHOTECH CORPORATION

Ophthotech Corporation (the "**Corporation**"), a corporation organized and existing under and by virtue of the provisions of the General Corporation Law of the State of Delaware (the "**General Corporation Law**"),

DOES HEREBY CERTIFY:

1. That the Board of Directors of the Corporation duly adopted resolutions proposing to amend the Fourth Amended and Restated Certificate of Incorporation of the Corporation (the "**Certificate of Incorporation**"), declaring said amendment to be advisable and in the best interests of the Corporation and its stockholders and authorizing the appropriate officers of the Corporation to solicit the consent of the stockholders therefor, which resolutions setting forth the proposed amendment are as follows:

RESOLVED, that the first sentence of Article FOURTH of the Certificate of Incorporation be and hereby is amended by deleting the number "187,918,509" and inserting the number "195,018,509" in lieu thereof.

* * *

2. That the foregoing amendment was approved by the holders of the requisite number of shares of the Corporation in accordance with Section 228 of the General Corporation Law.

3. That this Certificate of Amendment has been duly adopted in accordance with Section 242 of the General Corporation Law.

IN WITNESS WHEREOF, this Certificate of Amendment has been executed by a duly authorized officer of the Corporation on this 3rd day of July, 2013.

By: /s/ David R. Guyer
David R. Guyer
Chief Executive Officer

CERTIFICATE OF AMENDMENT TO
FOURTH AMENDED AND RESTATED
CERTIFICATE OF INCORPORATION
OF
OPHTHOTECH CORPORATION

Ophthotech Corporation (the "**Corporation**"), a corporation organized and existing under and by virtue of the provisions of the General Corporation Law of the State of Delaware (the "**General Corporation Law**"),

DOES HEREBY CERTIFY:

1. That the Board of Directors of the Corporation duly adopted resolutions proposing to amend the Fourth Amended and Restated Certificate of Incorporation of the Corporation (the "**Certificate of Incorporation**"), declaring said amendment to be advisable and in the best interests of the Corporation and its stockholders and authorizing the appropriate officers of the Corporation to solicit the consent of the stockholders therefor, which resolutions setting forth the proposed amendment are as follows:

RESOLVED: That a new first paragraph of Article FOURTH of the Fourth Amended and Restated Certificate of Incorporation of the Corporation be and hereby is inserted immediately preceding the existing first paragraph (listing the authorized classes and shares of stock of the Corporation) as follows:

"**FOURTH:** Upon the filing of this Certificate of Amendment to the Fourth Amended and Restated Certificate of Incorporation with the Secretary of State of the State of Delaware (the "**Effective Time**"), a one-for-5.9000 reverse stock split of the Corporation's Common Stock (as defined below) shall become effective, pursuant to which each 5.9000 shares of Common Stock issued or outstanding (including treasury shares) immediately prior to the Effective Time shall be reclassified and combined into one validly issued, fully paid and nonassessable share of Common Stock automatically and without any action by the holder thereof upon the Effective Time and shall represent one share of Common Stock from and after the Effective Time (such reclassification and combination of shares designated as the "**Reverse Stock Split**"). No fractional shares of Common Stock shall be issued as a result of the Reverse Stock Split and, in lieu thereof, upon surrender after the Effective Time of a certificate which formerly represented shares of Common Stock that were issued and outstanding immediately prior to the Effective Time, any person who would otherwise be entitled to a fractional share of Common Stock as a result of the Reverse Stock Split, following the Effective Time, shall be entitled to receive a cash payment equal to the fraction of which such holder would otherwise be entitled multiplied by the fair value per share as determined by the Board of Directors of the Corporation. Each stock certificate that, immediately prior to the Effective Time, represented

shares of Common Stock that were issued and outstanding immediately prior to the Effective Time shall, from and after the Effective Time, automatically and without the necessity of presenting the same for exchange, represent that number of whole shares of Common Stock after the Effective Time into which the shares formerly represented by such certificate have been reclassified (as well as the right to receive cash in lieu of fractional shares of Common Stock after the Effective Time); provided, however, that each person of record holding a certificate that represented shares of Common Stock that were issued and outstanding immediately prior to the Effective Time shall receive, upon surrender of such certificate, a new certificate evidencing and representing the number of whole shares of Common Stock after the Effective Time into which the shares of Common Stock formerly represented by such certificate shall have been reclassified."

* * *

2. That the foregoing amendment was approved by the holders of the requisite number of shares of the Corporation in accordance with Section 228 of the General Corporation Law.

3. That this Certificate of Amendment has been duly adopted in accordance with Section 242 of the General Corporation Law.

IN WITNESS WHEREOF, this Certificate of Amendment has been executed by a duly authorized officer of the Corporation on this 9th day of September, 2013.

By: /s/ David R. Guyer
David R. Guyer
Chief Executive Officer

Exhibit 3.3

RESTATED CERTIFICATE OF INCORPORATION

OF

OPHTHOTECH CORPORATION

(originally incorporated on January 5, 2007)

Ophthotech Corporation (the "Corporation"), a corporation organized and existing under and by virtue of the provisions of the General Corporation Law of the State of Delaware, does hereby certify as follows:

A. The current name of the Corporation is Ophthotech Corporation. The original Certificate of Incorporation was filed with the Secretary of State of the State of Delaware on January 5, 2007. The Certificate of Incorporation was mostly recently amended and restated on May 22, 2013 and was further amended on July 3, 2013 and September 9, 2013.

B. A resolution was duly adopted by the Board of Directors of the Corporation pursuant to Sections 242 and 245 of the General Corporation Law of the State of Delaware setting forth this Restated Certificate of Incorporation and declaring such Restated Certificate of Incorporation advisable. The stockholders of the Corporation duly approved and adopted this Restated Certificate of Incorporation by written consent in accordance with Sections 228, 242 and 245 of the General Corporation Law of the State of Delaware.

Accordingly, the Certificate of Incorporation of this Corporation, as previously amended and restated, is hereby further amended and restated in its entirety to read as follows:

FIRST: The name of the Corporation is Ophthotech Corporation.

SECOND: The address of the Corporation's registered office in the State of Delaware is Corporation Trust Center, 1209 Orange Street, in the City of Wilmington, County of New Castle, 19801. The name of its registered agent at that address is The Corporation Trust Company.

THIRD: The nature of the business or purposes to be conducted or promoted by the Corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of the State of Delaware.

FOURTH: The total number of shares of all classes of stock which the Corporation shall have authority to issue is 205,000,000 shares, consisting of (i) 200,000,000 shares of Common Stock, $0.001 par value per share ("Common Stock"), and (ii) 5,000,000 shares of Preferred Stock, $0.001 par value per share ("Preferred Stock").

The following is a statement of the designations and the powers, privileges and rights, and the qualifications, limitations or restrictions thereof in respect of each class of capital stock of the Corporation.

A COMMON STOCK.

1. General. The voting, dividend and liquidation rights of the holders of the Common Stock are subject to and qualified by the rights of the holders of the Preferred Stock of any series as may be designated by the Board of Directors upon any issuance of the Preferred Stock of any series.

2. Voting. The holders of the Common Stock shall have voting rights at all meetings of stockholders, each such holder being entitled to one vote for each share thereof held by such holder; provided, however, that, except as otherwise required by law, holders of Common Stock shall not be entitled to vote on any amendment to this Certificate of Incorporation (which, as used herein, shall mean the certificate of incorporation of the Corporation, as amended from time to time, including the terms of any certificate of designations of any series of Preferred Stock) that relates solely to the terms of one or more outstanding series of Preferred Stock if the holders of such affected series are entitled, either separately or together as a class with the holders of one or more other such series, to vote thereon pursuant to this Certificate of Incorporation. There shall be no cumulative voting.

The number of authorized shares of Common Stock may be increased or decreased (but not below the number of shares thereof then outstanding) by the affirmative vote of the holders of a majority of the stock of the Corporation entitled to vote, irrespective of the provisions of Section 242(b)(2) of the General Corporation Law of the State of Delaware.

3. Dividends. Dividends may be declared and paid on the Common Stock from funds lawfully available therefor as and when determined by the Board of Directors and subject to any preferential dividend or other rights of any then outstanding Preferred Stock.

4. Liquidation. Upon the dissolution or liquidation of the Corporation, whether voluntary or involuntary, holders of Common Stock will be entitled to receive all assets of the Corporation available for distribution to its stockholders, subject to any preferential or other rights of any then outstanding Preferred Stock.

B PREFERRED STOCK.

Preferred Stock may be issued from time to time in one or more series, each of such series to have such terms as stated or expressed herein and in the resolution or resolutions providing for the issue of such series adopted by the Board of Directors of the Corporation as hereinafter provided. Any shares of Preferred Stock which may be redeemed, purchased or acquired by the Corporation may be reissued except as otherwise provided by law.

Authority is hereby expressly granted to the Board of Directors from time to time to issue the Preferred Stock in one or more series, and in connection with the creation of any such series, by adopting a resolution or resolutions providing for the issuance of the shares thereof and by filing a certificate of designations relating thereto in accordance with the General Corporation Law of the State of Delaware, to determine and fix the number of shares of such series and such voting powers, full or limited, or no voting powers, and such designations, preferences and relative participating, optional or other special rights, and qualifications, limitations or

restrictions thereof, including without limitation thereof, dividend rights, conversion rights, redemption privileges and liquidation preferences, as shall be stated and expressed in such resolutions, all to the full extent now or hereafter permitted by the General Corporation Law of the State of Delaware. Without limiting the generality of the foregoing, the resolutions providing for issuance of any series of Preferred Stock may provide that such series shall be superior or rank equally or be junior to any other series of Preferred Stock to the extent permitted by law.

The number of authorized shares of Preferred Stock may be increased or decreased (but not below the number of shares then outstanding) by the affirmative vote of the holders of a majority of the voting power of the capital stock of the Corporation entitled to vote thereon, voting as a single class, irrespective of the provisions of Section 242(b)(2) of the General Corporation Law of the State of Delaware.

FIFTH: Except as otherwise provided herein, the Corporation reserves the right to amend, alter, change or repeal any provision contained in this Certificate of Incorporation, in the manner now or hereafter prescribed by statute and this Certificate of Incorporation, and all rights conferred upon stockholders herein are granted subject to this reservation.

SIXTH: In furtherance and not in limitation of the powers conferred upon it by the General Corporation Law of the State of Delaware, and subject to the terms of any series of Preferred Stock, the Board of Directors shall have the power to adopt, amend, alter or repeal the By-laws of the Corporation by the affirmative vote of a majority of the directors present at any regular or special meeting of the Board of Directors at which a quorum is present. The stockholders may not adopt, amend, alter or repeal the By-laws of the Corporation, or adopt any provision inconsistent therewith, unless such action is approved, in addition to any other vote required by this Certificate of Incorporation, by the affirmative vote of the holders of at least seventy-five percent (75%) of the votes that all the stockholders would be entitled to cast in any annual election of directors or class of directors. Notwithstanding any other provisions of law, this Certificate of Incorporation or the By-laws of the Corporation, and notwithstanding the fact that a lesser percentage may be specified by law, the affirmative vote of the holders of at least seventy-five percent (75%) of the votes which all the stockholders would be entitled to cast in any annual election of directors or class of directors shall be required to amend or repeal, or to adopt any provision inconsistent with, this Article SIXTH.

SEVENTH: Except to the extent that the General Corporation Law of the State of Delaware prohibits the elimination or limitation of liability of directors for breaches of fiduciary duty, no director of the Corporation shall be personally liable to the Corporation or its stockholders for monetary damages for any breach of fiduciary duty as a director, notwithstanding any provision of law imposing such liability. No amendment to or repeal of this provision shall apply to or have any effect on the liability or alleged liability of any director of the Corporation for or with respect to any acts or omissions of such director occurring prior to such amendment or repeal. If the General Corporation Law of the State of Delaware is amended to permit further elimination or limitation of the personal liability of directors, then the liability of a director of the Corporation shall be eliminated or limited to the fullest extent permitted by the General Corporation Law of the State of Delaware as so amended.

EIGHTH: The Corporation shall provide indemnification as follows:

1. Actions, Suits and Proceedings Other than by or in the Right of the Corporation. The Corporation shall indemnify each person who was or is a party or threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Corporation) by reason of the fact that he or she is or was, or has agreed to become, a director or officer of the Corporation, or is or was serving, or has agreed to serve, at the request of the Corporation, as a director, officer, partner, employee or trustee of, or in a similar capacity with, another corporation, partnership, joint venture, trust or other enterprise (including any employee benefit plan) (all such persons being referred to hereafter as an "Indemnitee"), or by reason of any action alleged to have been taken or omitted in such capacity, against all expenses (including attorneys' fees), liabilities, losses, judgments, fines (including excise taxes and penalties arising under the Employee Retirement Income Security Act of 1974), and amounts paid in settlement actually and reasonably incurred by or on behalf of Indemnitee in connection with such action, suit or proceeding and any appeal therefrom, if Indemnitee acted in good faith and in a manner which Indemnitee reasonably believed to be in, or not opposed to, the best interests of the Corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that Indemnitee did not act in good faith and in a manner which Indemnitee reasonably believed to be in, or not opposed to, the best interests of the Corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his or her conduct was unlawful.

2. Actions or Suits by or in the Right of the Corporation. The Corporation shall indemnify any Indemnitee who was or is a party to or threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that Indemnitee is or was, or has agreed to become, a director or officer of the Corporation, or is or was serving, or has agreed to serve, at the request of the Corporation, as a director, officer, partner, employee or trustee of, or in a similar capacity with, another corporation, partnership, joint venture, trust or other enterprise (including any employee benefit plan), or by reason of any action alleged to have been taken or omitted in such capacity, against all expenses (including attorneys' fees) and, to the extent permitted by law, amounts paid in settlement actually and reasonably incurred by or on behalf of Indemnitee in connection with such action, suit or proceeding and any appeal therefrom, if Indemnitee acted in good faith and in a manner which Indemnitee reasonably believed to be in, or not opposed to, the best interests of the Corporation, except that no indemnification shall be made under this Section 2 in respect of any claim, issue or matter as to which Indemnitee shall have been adjudged to be liable to the Corporation, unless, and only to the extent, that the Court of Chancery of Delaware or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of such liability but in view of all the circumstances of the case, Indemnitee is fairly and reasonably entitled to indemnity for such expenses (including attorneys' fees) which the Court of Chancery of Delaware or such other court shall deem proper.

3. Indemnification for Expenses of Successful Party. Notwithstanding any other provisions of this Article EIGHTH, to the extent that an Indemnitee has been successful, on the

merits or otherwise, in defense of any action, suit or proceeding referred to in Sections 1 and 2 of this Article EIGHTH, or in defense of any claim, issue or matter therein, or on appeal from any such action, suit or proceeding, Indemnitee shall be indemnified against all expenses (including attorneys' fees) actually and reasonably incurred by or on behalf of Indemnitee in connection therewith. Without limiting the foregoing, if any action, suit or proceeding is disposed of, on the merits or otherwise (including a disposition without prejudice), without (i) the disposition being adverse to Indemnitee, (ii) an adjudication that Indemnitee was liable to the Corporation, (iii) a plea of guilty or nolo contendere by Indemnitee, (iv) an adjudication that Indemnitee did not act in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the Corporation, and (v) with respect to any criminal proceeding, an adjudication that Indemnitee had reasonable cause to believe his or her conduct was unlawful, Indemnitee shall be considered for the purposes hereof to have been wholly successful with respect thereto.

4. Notification and Defense of Claim. As a condition precedent to an Indemnitee's right to be indemnified, such Indemnitee must notify the Corporation in writing as soon as practicable of any action, suit, proceeding or investigation involving such Indemnitee for which indemnity will or could be sought. With respect to any action, suit, proceeding or investigation of which the Corporation is so notified, the Corporation will be entitled to participate therein at its own expense and/or to assume the defense thereof at its own expense, with legal counsel reasonably acceptable to Indemnitee. After notice from the Corporation to Indemnitee of its election so to assume such defense, the Corporation shall not be liable to Indemnitee for any legal or other expenses subsequently incurred by Indemnitee in connection with such action, suit, proceeding or investigation, other than as provided below in this Section 4. Indemnitee shall have the right to employ his or her own counsel in connection with such action, suit, proceeding or investigation, but the fees and expenses of such counsel incurred after notice from the Corporation of its assumption of the defense thereof shall be at the expense of Indemnitee unless (i) the employment of counsel by Indemnitee has been authorized by the Corporation, (ii) counsel to Indemnitee shall have reasonably concluded that there may be a conflict of interest or position on any significant issue between the Corporation and Indemnitee in the conduct of the defense of such action, suit, proceeding or investigation or (iii) the Corporation shall not in fact have employed counsel to assume the defense of such action, suit, proceeding or investigation, in each of which cases the fees and expenses of counsel for Indemnitee shall be at the expense of the Corporation, except as otherwise expressly provided by this Article EIGHTH. The Corporation shall not be entitled, without the consent of Indemnitee, to assume the defense of any claim brought by or in the right of the Corporation or as to which counsel for Indemnitee shall have reasonably made the conclusion provided for in clause (ii) above. The Corporation shall not be required to indemnify Indemnitee under this Article EIGHTH for any amounts paid in settlement of any action, suit, proceeding or investigation effected without its written consent. The Corporation shall not settle any action, suit, proceeding or investigation in any manner which would impose any penalty or limitation on Indemnitee without Indemnitee's written consent. Neither the Corporation nor Indemnitee will unreasonably withhold or delay its consent to any proposed settlement.

5. Advancement of Expenses. Subject to the provisions of Section 6 of this Article EIGHTH, in the event of any threatened or pending action, suit, proceeding or investigation of which the Corporation receives notice under this Article EIGHTH, any expenses (including attorneys' fees) incurred by or on behalf of Indemnitee in defending an action, suit, proceeding or

investigation or any appeal therefrom shall be paid by the Corporation in advance of the final disposition of such matter; provided, however, that the payment of such expenses incurred by or on behalf of Indemnitee in advance of the final disposition of such matter shall be made only upon receipt of an undertaking by or on behalf of Indemnitee to repay all amounts so advanced in the event that it shall ultimately be determined by final judicial decision from which there is no further right to appeal that Indemnitee is not entitled to be indemnified by the Corporation as authorized in this Article EIGHTH; and provided further that no such advancement of expenses shall be made under this Article EIGHTH if it is determined (in the manner described in Section 6) that (i) Indemnitee did not act in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interests of the Corporation, or (ii) with respect to any criminal action or proceeding, Indemnitee had reasonable cause to believe his or her conduct was unlawful. Such undertaking shall be accepted without reference to the financial ability of Indemnitee to make such repayment.

6. Procedure for Indemnification and Advancement of Expenses. In order to obtain indemnification or advancement of expenses pursuant to Section 1, 2, 3 or 5 of this Article EIGHTH, an Indemnitee shall submit to the Corporation a written request. Any such advancement of expenses shall be made promptly, and in any event within 60 days after receipt by the Corporation of the written request of Indemnitee, unless (i) the Corporation has assumed the defense pursuant to Section 4 of this Article EIGHTH (and none of the circumstances described in Section 4 of this Article EIGHTH that would nonetheless entitle the Indemnitee to indemnification for the fees and expenses of separate counsel have occurred) or (ii) the Corporation determines within such 60-day period that Indemnitee did not meet the applicable standard of conduct set forth in Section 1, 2 or 5 of this Article EIGHTH, as the case may be. Any such indemnification, unless ordered by a court, shall be made with respect to requests under Section 1 or 2 only as authorized in the specific case upon a determination by the Corporation that the indemnification of Indemnitee is proper because Indemnitee has met the applicable standard of conduct set forth in Section 1 or 2, as the case may be. Such determination shall be made in each instance (a) by a majority vote of the directors of the Corporation consisting of persons who are not at that time parties to the action, suit or proceeding in question ("disinterested directors"), whether or not a quorum, (b) by a committee of disinterested directors designated by majority vote of disinterested directors, whether or not a quorum, (c) if there are no disinterested directors, or if the disinterested directors so direct, by independent legal counsel (who may, to the extent permitted by law, be regular legal counsel to the Corporation) in a written opinion, or (d) by the stockholders of the Corporation.

7. Remedies. The right to indemnification or advancement of expenses as granted by this Article EIGHTH shall be enforceable by Indemnitee in any court of competent jurisdiction. Neither the failure of the Corporation to have made a determination prior to the commencement of such action that indemnification is proper in the circumstances because Indemnitee has met the applicable standard of conduct, nor an actual determination by the Corporation pursuant to Section 6 of this Article EIGHTH that Indemnitee has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that Indemnitee has not met the applicable standard of conduct. In any suit brought by Indemnitee to enforce a right to indemnification, or brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the Corporation shall have the burden of proving that Indemnitee is not entitled to be indemnified, or to such advancement of expenses,

under this Article EIGHTH. Indemnitee's expenses (including attorneys' fees) reasonably incurred in connection with successfully establishing Indemnitee's right to indemnification, in whole or in part, in any such proceeding shall also be indemnified by the Corporation. Notwithstanding the foregoing, in any suit brought by Indemnitee to enforce a right to indemnification hereunder it shall be a defense that the Indemnitee has not met any applicable standard for indemnification set forth in the General Corporation Law of the State of Delaware.

8. Limitations. Notwithstanding anything to the contrary in this Article EIGHTH, except as set forth in Section 7 of this Article EIGHTH, the Corporation shall not indemnify an Indemnitee pursuant to this Article EIGHTH in connection with a proceeding (or part thereof) initiated by such Indemnitee unless the initiation thereof was approved by the Board of Directors of the Corporation. Notwithstanding anything to the contrary in this Article EIGHTH, the Corporation shall not indemnify an Indemnitee to the extent such Indemnitee is reimbursed from the proceeds of insurance, and in the event the Corporation makes any indemnification payments to an Indemnitee and such Indemnitee is subsequently reimbursed from the proceeds of insurance, such Indemnitee shall promptly refund indemnification payments to the Corporation to the extent of such insurance reimbursement.

9. Subsequent Amendment. No amendment, termination or repeal of this Article EIGHTH or of the relevant provisions of the General Corporation Law of the State of Delaware or any other applicable laws shall adversely affect or diminish in any way the rights of any Indemnitee to indemnification under the provisions hereof with respect to any action, suit, proceeding or investigation arising out of or relating to any actions, transactions or facts occurring prior to the final adoption of such amendment, termination or repeal.

10. Other Rights. The indemnification and advancement of expenses provided by this Article EIGHTH shall not be deemed exclusive of any other rights to which an Indemnitee seeking indemnification or advancement of expenses may be entitled under any law (common or statutory), agreement or vote of stockholders or disinterested directors or otherwise, both as to action in Indemnitee's official capacity and as to action in any other capacity while holding office for the Corporation, and shall continue as to an Indemnitee who has ceased to be a director or officer, and shall inure to the benefit of the estate, heirs, executors and administrators of Indemnitee. Nothing contained in this Article EIGHTH shall be deemed to prohibit, and the Corporation is specifically authorized to enter into, agreements with officers and directors providing indemnification rights and procedures different from those set forth in this Article EIGHTH. In addition, the Corporation may, to the extent authorized from time to time by its Board of Directors, grant indemnification rights to other employees or agents of the Corporation or other persons serving the Corporation and such rights may be equivalent to, or greater or less than, those set forth in this Article EIGHTH.

11. Partial Indemnification. If an Indemnitee is entitled under any provision of this Article EIGHTH to indemnification by the Corporation for some or a portion of the expenses (including attorneys' fees), liabilities, losses, judgments, fines (including excise taxes and penalties arising under the Employee Retirement Income Security Act of 1974) or amounts paid in settlement actually and reasonably incurred by or on behalf of Indemnitee in connection with any action, suit, proceeding or investigation and any appeal therefrom but not, however, for the total amount thereof, the Corporation shall nevertheless indemnify Indemnitee for the portion of

such expenses (including attorneys' fees), liabilities, losses, judgments, fines (including excise taxes and penalties arising under the Employee Retirement Income Security Act of 1974) or amounts paid in settlement to which Indemnitee is entitled.

12. Insurance. The Corporation may purchase and maintain insurance, at its expense, to protect itself and any director, officer, employee or agent of the Corporation or another corporation, partnership, joint venture, trust or other enterprise (including any employee benefit plan) against any expense, liability or loss incurred by him or her in any such capacity, or arising out of his or her status as such, whether or not the Corporation would have the power to indemnify such person against such expense, liability or loss under the General Corporation Law of the State of Delaware.

13. Savings Clause. If this Article EIGHTH or any portion hereof shall be invalidated on any ground by any court of competent jurisdiction, then the Corporation shall nevertheless indemnify each Indemnitee as to any expenses (including attorneys' fees), liabilities, losses, judgments, fines (including excise taxes and penalties arising under the Employee Retirement Income Security Act of 1974) and amounts paid in settlement in connection with any action, suit, proceeding or investigation, whether civil, criminal or administrative, including an action by or in the right of the Corporation, to the fullest extent permitted by any applicable portion of this Article EIGHTH that shall not have been invalidated and to the fullest extent permitted by applicable law.

14. Definitions. Terms used herein and defined in Section 145(h) and Section 145(i) of the General Corporation Law of the State of Delaware shall have the respective meanings assigned to such terms in such Section 145(h) and Section 145(i).

NINTH: This Article NINTH is inserted for the management of the business and for the conduct of the affairs of the Corporation.

1. General Powers. The business and affairs of the Corporation shall be managed by or under the direction of the Board of Directors.

2. Number of Directors; Election of Directors. Subject to the rights of holders of any series of Preferred Stock to elect directors, the number of directors of the Corporation shall be established by the Board of Directors. Election of directors need not be by written ballot, except as and to the extent provided in the By-laws of the Corporation.

3. Classes of Directors. Subject to the rights of holders of any series of Preferred Stock to elect directors, the Board of Directors shall be and is divided into three classes, designated Class I, Class II and Class III. Each class shall consist, as nearly as may be possible, of one-third of the total number of directors constituting the entire Board of Directors. The Board of Directors is authorized to assign members of the Board of Directors already in office to Class I, Class II or Class III at the time such classification becomes effective.

4. Terms of Office. Subject to the rights of holders of any series of Preferred Stock to elect directors, each director shall serve for a term ending on the date of the third annual meeting of stockholders following the annual meeting of stockholders at which such director was

elected; provided that each director initially assigned to Class I shall serve for a term expiring at the Corporation's first annual meeting of stockholders held after the effectiveness of this Restated Certificate of Incorporation; each director initially assigned to Class II shall serve for a term expiring at the Corporation's second annual meeting of stockholders held after the effectiveness of this Restated Certificate of Incorporation; and each director initially assigned to Class III shall serve for a term expiring at the Corporation's third annual meeting of stockholders held after the effectiveness of this Restated Certificate of Incorporation; provided further, that the term of each director shall continue until the election and qualification of his or her successor and be subject to his or her earlier death, resignation or removal.

5. Quorum. The greater of (a) a majority of the directors at any time in office and (b) one-third of the number of directors fixed pursuant to Section 2 of this Article NINTH shall constitute a quorum of the Board of Directors. If at any meeting of the Board of Directors there shall be less than such a quorum, a majority of the directors present may adjourn the meeting from time to time without further notice other than announcement at the meeting, until a quorum shall be present.

6. Action at Meeting. Every act or decision done or made by a majority of the directors present at a meeting duly held at which a quorum is present shall be regarded as the act of the Board of Directors unless a greater number is required by law or by this Certificate of Incorporation.

7. Removal. Subject to the rights of holders of any series of Preferred Stock, directors of the Corporation may be removed only for cause and only by the affirmative vote of the holders of at least seventy-five percent (75%) of the votes which all the stockholders would be entitled to cast in any annual election of directors or class of directors.

8. Vacancies. Subject to the rights of holders of any series of Preferred Stock, any vacancy or newly created directorship in the Board of Directors, however occurring, shall be filled only by vote of a majority of the directors then in office, although less than a quorum, or by a sole remaining director and shall not be filled by the stockholders. A director elected to fill a vacancy shall hold office until the next election of the class for which such director shall have been chosen, subject to the election and qualification of a successor and to such director's earlier death, resignation or removal.

9. Stockholder Nominations and Introduction of Business, Etc. Advance notice of stockholder nominations for election of directors and other business to be brought by stockholders before a meeting of stockholders shall be given in the manner provided by the By-laws of the Corporation.

10. Amendments to Article. Notwithstanding any other provisions of law, this Certificate of Incorporation or the By-laws of the Corporation, and notwithstanding the fact that a lesser percentage may be specified by law, the affirmative vote of the holders of at least seventy-five percent (75%) of the votes which all the stockholders would be entitled to cast in any annual election of directors or class of directors shall be required to amend or repeal, or to adopt any provision inconsistent with, this Article NINTH.

TENTH: Stockholders of the Corporation may not take any action by written consent in lieu of a meeting. Notwithstanding any other provisions of law, this Certificate of Incorporation or the By-laws of the Corporation, and notwithstanding the fact that a lesser percentage may be specified by law, the affirmative vote of the holders of at least seventy-five percent (75%) of the votes which all the stockholders would be entitled to cast in any annual election of directors or class of directors shall be required to amend or repeal, or to adopt any provision inconsistent with, this Article TENTH.

ELEVENTH: Special meetings of stockholders for any purpose or purposes may be called at any time by only the Board of Directors, the Chairman of the Board or the Chief Executive Officer, and may not be called by any other person or persons. Business transacted at any special meeting of stockholders shall be limited to matters relating to the purpose or purposes stated in the notice of meeting. Notwithstanding any other provisions of law, this Certificate of Incorporation or the By-laws of the Corporation, and notwithstanding the fact that a lesser percentage may be specified by law, the affirmative vote of the holders of at least seventy-five percent (75%) of the votes which all the stockholders would be entitled to cast in any annual election of directors or class of directors shall be required to amend or repeal, or to adopt any provision inconsistent with, this Article ELEVENTH.

* * *

IN WITNESS WHEREOF, this Restated Certificate of Incorporation has been executed by a duly authorized officer of this corporation this [ ] day of [ ], 2013.

OPHTHOTECH CORPORATION

By: _____
Name: David R. Guyer
Title: Chief Executive Officer

Exhibit 3.4

AMENDED AND RESTATED BY-LAWS

OF

OPHTHOTECH CORPORATION

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ARTICLE I

STOCKHOLDERS

1.1 Place of Meetings. All meetings of stockholders shall be held at such place as may be designated from time to time by the Board of Directors, the Chairman of the Board, the Chief Executive Officer or the President or, if not so designated, at the principal office of the corporation.

1.2 Annual Meeting. The annual meeting of stockholders for the election of directors to succeed those whose terms expire and for the transaction of such other business as may properly be brought before the meeting shall be held on a date and at a time designated by the Board of Directors, the Chairman of the Board, the Chief Executive Officer or the President (which date shall not be a legal holiday in the place where the meeting is to be held).

1.3 Special Meetings. Special meetings of stockholders for any purpose or purposes may be called at any time by only the Board of Directors, the Chairman of the Board or the Chief Executive Officer, and may not be called by any other person or persons. The Board of Directors may postpone or reschedule any previously scheduled special meeting of stockholders. Business transacted at any special meeting of stockholders shall be limited to matters relating to the purpose or purposes stated in the notice of meeting.

1.4 Notice of Meetings. Except as otherwise provided by law, notice of each meeting of stockholders, whether annual or special, shall be given not less than 10 nor more than 60 days before the date of the meeting to each stockholder entitled to vote at such meeting. Without limiting the manner by which notice otherwise may be given to stockholders, any notice shall be effective if given by a form of electronic transmission consented to (in a manner consistent with the General Corporation Law of the State of Delaware) by the stockholder to whom the notice is given. The notices of all meetings shall state the place, date and time of the meeting and the means of remote communications, if any, by which stockholders and proxyholders may be deemed to be present in person and vote at such meeting. The notice of a special meeting shall state, in addition, the purpose or purposes for which the meeting is called. If notice is given by mail, such notice shall be deemed given when deposited in the United States mail, postage

prepaid, directed to the stockholder at such stockholder's address as it appears on the records of the corporation. If notice is given by electronic transmission, such notice shall be deemed given at the time specified in Section 232 of the General Corporation Law of the State of Delaware.

1.5 Voting List. The Secretary shall prepare, at least 10 days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, for a period of at least 10 days prior to the meeting: (a) on a reasonably accessible electronic network, provided that the information required to gain access to such list is provided with the notice of the meeting, or (b) during ordinary business hours, at the principal place of business of the corporation. The list shall also be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present. The list shall presumptively determine the identity of the stockholders entitled to vote at the meeting and the number of shares held by each of them.

1.6 Quorum. Except as otherwise provided by law, the Certificate of Incorporation or these By-laws, the holders of a majority in voting power of the shares of the capital stock of the corporation issued and outstanding and entitled to vote at the meeting, present in person, present by means of remote communication in a manner, if any, authorized by the Board of Directors in its sole discretion, or represented by proxy, shall constitute a quorum for the transaction of business; provided, however, that where a separate vote by a class or classes or series of capital stock is required by law or the Certificate of Incorporation, the holders of a majority in voting power of the shares of such class or classes or series of the capital stock of the corporation issued and outstanding and entitled to vote on such matter, present in person, present by means of remote communication in a manner, if any, authorized by the Board of Directors in its sole discretion, or represented by proxy, shall constitute a quorum entitled to take action with respect to the vote on such matter. A quorum, once established at a meeting, shall not be broken by the withdrawal of enough votes to leave less than a quorum.

1.7 Adjournments. Any meeting of stockholders may be adjourned from time to time to any other time and to any other place at which a meeting of stockholders may be held under these By-laws by the chairman of the meeting or by the stockholders present or represented at the meeting and entitled to vote, although less than a quorum. It shall not be necessary to notify any stockholder of any adjournment of less than 30 days if the time and place of the adjourned meeting, and the means of remote communication, if any, by which stockholders and proxyholders may be deemed to be present in person and vote at such adjourned meeting, are announced at the meeting at which adjournment is taken, unless after the adjournment a new record date is fixed for the adjourned meeting. At the adjourned meeting, the corporation may transact any business which might have been transacted at the original meeting.

1.8 Voting and Proxies. Each stockholder shall have one vote for each share of stock entitled to vote held of record by such stockholder and a proportionate vote for each fractional share so held, unless otherwise provided by law or the Certificate of Incorporation. Each stockholder of record entitled to vote at a meeting of stockholders may vote in person (including by means of remote communications, if any, by which stockholders may be deemed to be present in person and vote at such meeting) or may authorize another person or persons to vote for such stockholder by a proxy executed or transmitted in a manner permitted by the General Corporation Law of the State of Delaware by the stockholder or such stockholder's authorized agent and delivered (including by electronic transmission) to the Secretary of the corporation. No such proxy shall be voted upon after three years from the date of its execution, unless the proxy expressly provides for a longer period.

1.9 Action at Meeting. When a quorum is present at any meeting, any matter other than the election of directors to be voted upon by the stockholders at such meeting shall be decided by the vote of the holders of shares of stock having a majority in voting power of the votes cast by the holders of all of the shares of stock present or represented at the meeting and voting affirmatively or negatively on such matter (or if there are two or more classes or series of stock entitled to vote as separate classes, then in the case of each such class or series, the holders of a majority in voting power of the shares of stock of that class or series present or represented at the meeting and voting affirmatively or negatively on such matter), except when a different vote is required by law, the Certificate of Incorporation or these By-laws. When a quorum is present at any meeting, any election by stockholders of directors shall be determined by a plurality of the votes cast by the stockholders entitled to vote on the election.

1.10 Nomination of Directors.

(a) Except for (1) any directors entitled to be elected by the holders of preferred stock, (2) any directors elected in accordance with Section 2.9 hereof by the Board of Directors to fill a vacancy or newly-created directorship or (3) as otherwise required by applicable law or stock exchange regulation, at any meeting of stockholders, only persons who are nominated in accordance with the procedures in this Section 1.10 shall be eligible for election as directors. Nomination for election to the Board of Directors at a meeting of stockholders may be made (i) by or at the direction of the Board of Directors or (ii) by any stockholder of the corporation who (x) timely complies with the notice procedures in Section 1.10(b), (y) is a stockholder of record on the date of the giving of such notice and on the record date for the determination of stockholders entitled to vote at such meeting and (z) is entitled to vote at such meeting.

(b) To be timely, a stockholder's notice must be received in writing by the Secretary at the principal executive offices of the corporation as follows: (i) in the case of an election of directors at an annual meeting of stockholders, not less than 90 days nor more than 120 days prior to the first anniversary of the preceding year's annual meeting; provided, however, that (x) in the case of the annual meeting of stockholders of the corporation to be held in 2014 or (y) in the event that the date of the annual meeting in any other year is advanced by more than 20 days, or delayed by more than 60 days, from the first anniversary of the preceding year's annual meeting, a stockholder's notice must be so received not earlier than the 120th day prior to such annual meeting and not later than the close of business on the later of (A) the 90th day prior to such annual meeting and (B) the tenth day following the day on which notice of the date of such annual meeting was mailed or public disclosure of the date of such annual meeting was made, whichever first occurs; or (ii) in the case of an election of directors at a special meeting of stockholders, provided that the Board of Directors, the Chairman of the Board or the Chief Executive Officer has determined, in accordance with Section 1.3, that directors shall be elected at such special meeting and provided further that the nomination made by the

stockholder is for one of the director positions that the Board of Directors, the Chairman of the Board or the Chief Executive Officer, as the case may be, has determined will be filled at such special meeting, not earlier than the 120th day prior to such special meeting and not later than the close of business on the later of (x) the 90th day prior to such special meeting and (y) the tenth day following the day on which notice of the date of such special meeting was mailed or public disclosure of the date of such special meeting was made, whichever first occurs. In no event shall the adjournment or postponement of a meeting (or the public disclosure thereof) commence a new time period (or extend any time period) for the giving of a stockholder's notice.

The stockholder's notice to the Secretary shall set forth: (A) as to each proposed nominee (1) such person's name, age, business address and, if known, residence address, (2) such person's principal occupation or employment, (3) the class and series and number of shares of stock of the corporation that are, directly or indirectly, owned, beneficially or of record, by such person, (4) a description of all direct and indirect compensation and other material monetary agreements, arrangements and understandings during the past three years, and any other material relationships, between or among (x) the stockholder, the beneficial owner, if any, on whose behalf the nomination is being made and the respective affiliates and associates of, or others acting in concert with, such stockholder and such beneficial owner, on the one hand, and (y) each proposed nominee, and his or her respective affiliates and associates, or others acting in concert with such nominee(s), on the other hand, including all information that would be required to be disclosed pursuant to Item 404 of Regulation S-K if the stockholder making the nomination and any beneficial owner on whose behalf the nomination is made or any affiliate or associate thereof or person acting in concert therewith were the "registrant" for purposes of such Item and the proposed nominee were a director or executive officer of such registrant, and (5) any other information concerning such person that must be disclosed as to nominees in proxy solicitations pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended (the "Exchange Act"); and (B) as to the stockholder giving the notice and the beneficial owner, if any, on whose behalf the nomination is being made (1) the name and address of such stockholder, as they appear on the corporation's books, and of such beneficial owner, (2) the class and series and number of shares of stock of the corporation that are, directly or indirectly, owned, beneficially or of record, by such stockholder and such beneficial owner, (3) a

description of any agreement, arrangement or understanding between or among such stockholder and/or such beneficial owner and each proposed nominee and any other person or persons (including their names) pursuant to which the nomination(s) are being made or who may participate in the solicitation of proxies in favor of electing such nominee(s), (4) a description of any agreement, arrangement or understanding (including any derivative or short positions, swaps, profit interests, options, warrants, convertible securities, stock appreciation or similar rights, hedging transactions, and borrowed or loaned shares) that has been entered into by, or on behalf of, such stockholder or such beneficial owner, the effect or intent of which is to mitigate loss to, manage risk or benefit of share price changes for, or increase or decrease the voting power of, such stockholder or such beneficial owner with respect to shares of stock of the corporation, (5) any other information relating to such stockholder and such beneficial owner that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for the election of directors in a contested election pursuant to Section 14 of the Exchange Act and the rules and regulations promulgated thereunder, (6) a representation that such stockholder intends to appear in person or by proxy at the meeting to nominate the person(s) named in its notice and (7) a representation whether such stockholder and/or such beneficial owner intends or is part of a group which intends (x) to deliver a proxy statement and/or form of proxy to holders of at least the percentage of the corporation's outstanding capital stock reasonably believed by such stockholder or such beneficial owner to be sufficient to elect the nominee (and such representation shall be included in any such proxy statement and form of proxy) and/or (y) otherwise to solicit proxies from stockholders in support of such nomination (and such representation shall be included in any such solicitation materials). Not later than 10 days after the record date for the meeting, the information required by Items (A)(1)-(5) and (B)(1)-(5) of the prior sentence shall be supplemented by the stockholder giving the notice to provide updated information as of the record date. In addition, to be effective, the stockholder's notice must be accompanied by the written consent of the proposed nominee to serve as a director if elected. The corporation may require any proposed nominee to furnish such other information as the corporation may reasonably require to determine the eligibility of such proposed nominee to serve as a director of the corporation or whether such nominee would be independent under applicable Securities and Exchange Commission and stock exchange rules and the corporation's publicly disclosed

corporate governance guidelines. A stockholder shall not have complied with this Section 1.10(b) if the stockholder (or beneficial owner, if any, on whose behalf the nomination is made) solicits or does not solicit, as the case may be, proxies in support of such stockholder's nominee in contravention of the representations with respect thereto required by this Section 1.10.

(c) The chairman of any meeting shall have the power and duty to determine whether a nomination was made in accordance with the provisions of this Section 1.10 (including whether the stockholder or beneficial owner, if any, on whose behalf the nomination is made solicited (or is part of a group which solicited) or did not so solicit, as the case may be, proxies in support of such stockholder's nominee in compliance with the representations with respect thereto required by this Section 1.10), and if the chairman should determine that a nomination was not made in accordance with the provisions of this Section 1.10, the chairman shall so declare to the meeting and such nomination shall not be brought before the meeting.

(d) Except as otherwise required by law, nothing in this Section 1.10 shall obligate the corporation or the Board of Directors to include in any proxy statement or other stockholder communication distributed on behalf of the corporation or the Board of Directors information with respect to any nominee for director submitted by a stockholder.

(e) Notwithstanding the foregoing provisions of this Section 1.10, unless otherwise required by law, if the stockholder (or a qualified representative of the stockholder) does not appear at the meeting to present a nomination, such nomination shall not be brought before the meeting, notwithstanding that proxies in respect of such nominee may have been received by the corporation. For purposes of this Section 1.10, to be considered a "qualified representative of the stockholder", a person must be authorized by a written instrument executed by such stockholder or an electronic transmission delivered by such stockholder to act for such stockholder as proxy at the meeting of stockholders and such person must produce such written instrument or electronic transmission, or a reliable reproduction of the written instrument or electronic transmission, at the meeting of stockholders.

(f) For purposes of this Section 1.10, "public disclosure" shall include disclosure in a press release reported by the Dow Jones News Service, Associated Press or comparable national news service or in a document publicly filed by the corporation with the Securities and Exchange Commission pursuant to Section 13, 14 or 15(d) of the Exchange Act.

1.11 Notice of Business at Annual Meetings.

(a) At any annual meeting of the stockholders, only such business shall be conducted as shall have been properly brought before the meeting. To be properly brought before an annual meeting, business must be (1) specified in the notice of meeting (or any supplement thereto) given by or at the direction of the Board of Directors, (2) otherwise properly brought before the meeting by or at the direction of the Board of Directors, or (3) properly brought before the meeting by a stockholder. For business to be properly brought before an annual meeting by a stockholder, (i) if such business relates to the nomination of a person for election as a director of the corporation, the procedures in Section 1.10 must be complied with and (ii) if such business relates to any other matter, the business must constitute a proper matter under Delaware law for stockholder action and the stockholder must (x) have given timely notice thereof in writing to the Secretary in accordance with the procedures in Section 1.11(b), (y) be a stockholder of record on the date of the giving of such notice and on the record date for the determination of stockholders entitled to vote at such annual meeting and (z) be entitled to vote at such annual meeting.

(b) To be timely, a stockholder's notice must be received in writing by the Secretary at the principal executive offices of the corporation not less than 90 days nor more than 120 days prior to the first anniversary of the preceding year's annual meeting; provided, however, that (x) in the case of the annual meeting of stockholders of the corporation to be held in 2014 or (y) in the event that the date of the annual meeting in any other year is advanced by more than 20 days, or delayed by more than 60 days, from the first anniversary of the preceding year's annual meeting, a stockholder's notice must be so received not earlier than the 120th day prior to such annual meeting and not later than the close of business on the later of (A) the 90th day prior to such annual meeting and (B) the tenth day following the day on which notice of the date of such annual meeting was mailed or public disclosure of the date of such annual meeting was made, whichever first occurs. In no event shall the adjournment or postponement of an annual meeting (or the public disclosure thereof) commence a new time period (or extend any time period) for the giving of a stockholder's notice.

The stockholder's notice to the Secretary shall set forth: (A) as to each matter the stockholder proposes to bring before the annual meeting (1) a brief description of the business desired to be brought before the annual meeting, (2) the text of the proposal (including the exact text of any resolutions proposed for consideration and, in the event that such business includes a proposal to amend the By-laws, the exact text of the proposed amendment), and (3) the reasons for conducting such business at the annual meeting, and (B) as to the stockholder giving the notice and the beneficial owner, if any, on whose behalf the proposal is being made (1) the name and address of such stockholder, as they appear on the corporation's books, and of such beneficial owner, (2) the class and series and number of shares of stock of the corporation that are, directly or indirectly, owned, beneficially or of record, by such stockholder and such beneficial owner, (3) a description of any material interest of such stockholder or such beneficial owner and the respective affiliates and associates of, or others acting in concert with, such stockholder or such beneficial owner in such business, (4) a description of any agreement, arrangement or understanding between or among such stockholder and/or such beneficial owner and any other person or persons (including their names) in connection with the proposal of such business or who may participate in the solicitation of proxies in favor of such proposal, (5) a description of any agreement, arrangement or understanding (including any derivative or short positions, swaps, profit interests, options, warrants, convertible securities, stock appreciation or similar rights, hedging transactions, and borrowed or loaned shares) that has been entered into by, or on behalf of, such stockholder or such beneficial owner, the effect or intent of which is to mitigate loss to, manage risk or benefit of share price changes for, or increase or decrease the voting power of, such stockholder or such beneficial owner with respect to shares of stock of the corporation, (6) any other information relating to such stockholder and such beneficial owner that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for the business proposed pursuant to Section 14 of the Exchange Act and the rules and regulations promulgated thereunder, (7) a representation that such stockholder intends to appear in person or by proxy at the annual meeting to bring such business before the meeting and (8) a representation whether such stockholder and/or such beneficial owner intends or is part of a group which intends (x) to deliver a proxy statement

and/or form of proxy to holders of at least the percentage of the corporation's outstanding capital stock required to approve or adopt the proposal (and such representation shall be included in any such proxy statement and form of proxy) and/or (y) otherwise to solicit proxies from stockholders in support of such proposal (and such representation shall be included in any such solicitation materials). Not later than 10 days after the record date for the meeting, the information required by Items (A)(3) and (B)(1)-(6) of the prior sentence shall be supplemented by the stockholder giving the notice to provide updated information as of the record date. Notwithstanding anything in these By-laws to the contrary, no business shall be conducted at any annual meeting of stockholders except in accordance with the procedures in this Section 1.11; provided that any stockholder proposal which complies with Rule 14a-8 of the proxy rules (or any successor provision) promulgated under the Exchange Act and is to be included in the corporation's proxy statement for an annual meeting of stockholders shall be deemed to comply with the notice requirements of this Section 1.11. A stockholder shall not have complied with this Section 1.11(b) if the stockholder (or beneficial owner, if any, on whose behalf the proposal is made) solicits or does not solicit, as the case may be, proxies in support of such stockholder's proposal in contravention of the representations with respect thereto required by this Section 1.11.

(c) The chairman of any annual meeting shall have the power and duty to determine whether business was properly brought before the annual meeting in accordance with the provisions of this Section 1.11 (including whether the stockholder or beneficial owner, if any, on whose behalf the proposal is made solicited (or is part of a group which solicited) or did not so solicit, as the case may be, proxies in support of such stockholder's proposal in compliance with the representation with respect thereto required by this Section 1.11), and if the chairman should determine that business was not properly brought before the annual meeting in accordance with the provisions of this Section 1.11, the chairman shall so declare to the meeting and such business shall not be brought before the annual meeting.

(d) Except as otherwise required by law, nothing in this Section 1.11 shall obligate the corporation or the Board of Directors to include in any proxy statement or other stockholder communication distributed on behalf of the corporation or the Board of Directors information with respect to any proposal submitted by a stockholder.

(e) Notwithstanding the foregoing provisions of this Section 1.11, unless otherwise required by law, if the stockholder (or a qualified representative of the stockholder) does not appear at the annual meeting to present business, such business shall not be considered, notwithstanding that proxies in respect of such business may have been received by the corporation.

(f) For purposes of this Section 1.11, the terms "qualified representative of the stockholder" and "public disclosure" shall have the same meaning as in Section 1.10.

1.12 Conduct of Meetings.

(a) Meetings of stockholders shall be presided over by the Chairman of the Board, if any, or in the Chairman's absence by the Vice Chairman of the Board, if any, or in the Vice Chairman's absence by the Chief Executive Officer, or in the Chief Executive Officer's absence, by the President, or in the President's absence by a Vice President, or in the absence of all of the foregoing persons by a chairman designated by the Board of Directors. The Secretary shall act as secretary of the meeting, but in the Secretary's absence the chairman of the meeting may appoint any person to act as secretary of the meeting.

(b) The Board of Directors may adopt by resolution such rules, regulations and procedures for the conduct of any meeting of stockholders of the corporation as it shall deem appropriate including, without limitation, such guidelines and procedures as it may deem appropriate regarding the participation by means of remote communication of stockholders and proxyholders not physically present at a meeting. Except to the extent inconsistent with such rules, regulations and procedures as adopted by the Board of Directors, the chairman of any meeting of stockholders shall have the right and authority to prescribe such rules, regulations and procedures and to do all such acts as, in the judgment of such chairman, are appropriate for the proper conduct of the meeting. Such rules, regulations or procedures, whether adopted by the Board of Directors or prescribed by the chairman of the meeting, may include, without limitation, the following: (i) the establishment of an agenda or order of business for the meeting; (ii) rules and procedures for maintaining order at the meeting and the safety of those present; (iii) limitations on attendance at or participation in the meeting to stockholders of record of the corporation, their duly authorized and constituted proxies or such other persons as

shall be determined; (iv) restrictions on entry to the meeting after the time fixed for the commencement thereof; and (v) limitations on the time allotted to questions or comments by participants. Unless and to the extent determined by the Board of Directors or the chairman of the meeting, meetings of stockholders shall not be required to be held in accordance with the rules of parliamentary procedure.

(c) The chairman of the meeting shall announce at the meeting when the polls for each matter to be voted upon at the meeting will be opened and closed. After the polls close, no ballots, proxies or votes or any revocations or changes thereto may be accepted.

(d) In advance of any meeting of stockholders, the Board of Directors, the Chairman of the Board, the Chief Executive Officer or the President shall appoint one or more inspectors of election to act at the meeting and make a written report thereof. One or more other persons may be designated as alternate inspectors to replace any inspector who fails to act. If no inspector or alternate is present, ready and willing to act at a meeting of stockholders, the chairman of the meeting shall appoint one or more inspectors to act at the meeting. Unless otherwise required by law, inspectors may be officers, employees or agents of the corporation. Each inspector, before entering upon the discharge of such inspector's duties, shall take and sign an oath faithfully to execute the duties of inspector with strict impartiality and according to the best of such inspector's ability. The inspector shall have the duties prescribed by law and shall take charge of the polls and, when the vote is completed, shall make a certificate of the result of the vote taken and of such other facts as may be required by law. Every vote taken by ballots shall be counted by a duly appointed inspector or duly appointed inspectors.

1.13 No Action by Consent in Lieu of a Meeting. Stockholders of the corporation may not take any action by written consent in lieu of a meeting.

ARTICLE II

DIRECTORS

2.1 General Powers. The business and affairs of the corporation shall be managed by or under the direction of a Board of Directors, who may exercise all of the powers of the corporation except as otherwise provided by law or the Certificate of Incorporation.

2.2 Number, Election and Qualification. Subject to the rights of holders of any series of Preferred Stock to elect directors, the number of directors of the corporation shall be established by the Board of Directors. Election of directors need not be by written ballot. Directors need not be stockholders of the corporation.

2.3 Chairman of the Board; Vice Chairman of the Board. The Board of Directors may appoint from its members a Chairman of the Board and a Vice Chairman of the Board, neither of whom need be an employee or officer of the corporation. If the Board of Directors appoints a Chairman of the Board, such Chairman shall perform such duties and possess such powers as are assigned by the Board of Directors and, if the Chairman of the Board is also designated as the corporation's Chief Executive Officer, shall have the powers and duties of the Chief Executive Officer prescribed in Section 3.7 of these By-laws. If the Board of Directors appoints a Vice Chairman of the Board, such Vice Chairman shall perform such duties and possess such powers as are assigned by the Board of Directors. Unless otherwise provided by the Board of Directors, the Chairman of the Board or, in the Chairman's absence, the Vice Chairman of the Board, if any, shall preside at all meetings of the Board of Directors.

2.4 Classes of Directors. Subject to the rights of holders of any series of Preferred Stock to elect directors, the Board of Directors shall be and is divided into three classes: Class I, Class II and Class III. Each class shall consist, as nearly as may be possible, of one-third of the total number of directors constituting the entire Board of Directors. The allocation of directors among classes shall be determined by resolution of the Board of Directors.

2.5 Terms of Office. Subject to the rights of holders of any series of Preferred Stock to elect directors, each director shall serve for a term ending on the date of the third annual

meeting of stockholders following the annual meeting of stockholders at which such director was elected; provided that each director initially assigned to Class I shall serve for a term expiring at the corporation's first annual meeting of stockholders held after the effectiveness of these Amended and Restated By-laws; each director initially assigned to Class II shall serve for a term expiring at the corporation's second annual meeting of stockholders held after the effectiveness of these Amended and Restated By-laws; and each director initially assigned to Class III shall serve for a term expiring at the corporation's third annual meeting of stockholders held after the effectiveness of these Amended and Restated By-laws; provided further, that the term of each director shall continue until the election and qualification of his or her successor and be subject to his or her earlier death, resignation or removal.

2.6 Quorum. The greater of (a) a majority of the directors at any time in office and (b) one-third of the number of directors established by the Board of Directors pursuant to Section 2.2 of these By-laws shall constitute a quorum of the Board of Directors. If at any meeting of the Board of Directors there shall be less than such a quorum, a majority of the directors present may adjourn the meeting from time to time without further notice other than announcement at the meeting, until a quorum shall be present.

2.7 Action at Meeting. Every act or decision done or made by a majority of the directors present at a meeting duly held at which a quorum is present shall be regarded as the act of the Board of Directors, unless a greater number is required by law or by the Certificate of Incorporation.

2.8 Removal. Subject to the rights of holders of any series of Preferred Stock, directors of the corporation may be removed only for cause and only by the affirmative vote of the holders of at least 75% of the votes which all the stockholders would be entitled to cast in any annual election of directors or class of directors.

2.9 Vacancies. Subject to the rights of holders of any series of Preferred Stock, any vacancy or newly-created directorship on the Board of Directors, however occurring, shall be filled only by vote of a majority of the directors then in office, although less than a quorum, or by a sole remaining director and shall not be filled by the stockholders. A director elected to fill a vacancy shall hold office until the next election of the class for which such director shall have been chosen, subject to the election and qualification of a successor or until such director's earlier death, resignation or removal.

2.10 Resignation. Any director may resign by delivering a resignation in writing or by electronic transmission to the corporation at its principal office or to the Chairman of the Board, the Chief Executive Officer, the President or the Secretary. Such resignation shall be effective upon delivery unless it is specified to be effective at some later time or upon the happening of some later event.

2.11 Regular Meetings. Regular meetings of the Board of Directors may be held without notice at such time and place as shall be determined from time to time by the Board of Directors; provided that any director who is absent when such a determination is made shall be given notice of the determination. A regular meeting of the Board of Directors may be held without notice immediately after and at the same place as the annual meeting of stockholders.

2.12 Special Meetings. Special meetings of the Board of Directors may be held at any time and place designated in a call by the Chairman of the Board, the Chief Executive Officer, the President, two or more directors, or by one director in the event that there is only a single director in office.

2.13 Notice of Special Meetings. Notice of the date, place and time of any special meeting of directors shall be given to each director by the Secretary or by the officer or one of the directors calling the meeting. Notice shall be duly given to each director (a) in person or by telephone at least 24 hours in advance of the meeting, (b) by sending written notice by reputable overnight courier, telecopy, facsimile or electronic transmission, or delivering written notice by hand, to such director's last known business, home or electronic transmission address at least 48 hours in advance of the meeting, or (c) by sending written notice by first-class mail to such director's last known business or home address at least 72 hours in advance of the meeting. A notice or waiver of notice of a meeting of the Board of Directors need not specify the purposes of the meeting.

2.14 Meetings by Conference Communications Equipment. Directors may participate in meetings of the Board of Directors or any committee thereof by means of conference

telephone or other communications equipment by means of which all persons participating in the meeting can hear each other, and participation by such means shall constitute presence in person at such meeting.

2.15 Action by Consent. Any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting, if all members of the Board of Directors or committee, as the case may be, consent to the action in writing or by electronic transmission, and the written consents or electronic transmissions are filed with the minutes of proceedings of the Board of Directors or committee. Such filing shall be in paper form if the minutes are maintained in paper form and shall be in electronic form if the minutes are maintained in electronic form.

2.16 Committees. The Board of Directors may designate one or more committees, each committee to consist of one or more of the directors of the corporation with such lawfully delegable powers and duties as the Board of Directors thereby confers, to serve at the pleasure of the Board of Directors. The Board of Directors may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of a member of a committee, the member or members of the committee present at any meeting and not disqualified from voting, whether or not such member or members constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of any such absent or disqualified member. Any such committee, to the extent provided in the resolution of the Board of Directors and subject to the provisions of law, shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the corporation and may authorize the seal of the corporation to be affixed to all papers which may require it. Each such committee shall keep minutes and make such reports as the Board of Directors may from time to time request. Except as the Board of Directors may otherwise determine, any committee may make rules for the conduct of its business, but unless otherwise provided by the directors or in such rules, its business shall be conducted as nearly as possible in the same manner as is provided in these By-laws for the Board of Directors. Except as otherwise provided in the Certificate of Incorporation, these By-laws, or the resolution of the Board of Directors designating the committee, a committee may create one or more subcommittees, each subcommittee to consist of one or more members of the committee, and delegate to a subcommittee any or all of the powers and authority of the committee.

2.17 Compensation of Directors. Directors may be paid such compensation for their services and such reimbursement for expenses of attendance at meetings as the Board of Directors may from time to time determine. No such payment shall preclude any director from serving the corporation or any of its parent or subsidiary entities in any other capacity and receiving compensation for such service.

ARTICLE III

OFFICERS

3.1 Titles. The officers of the corporation shall consist of a Chief Executive Officer, a President, a Secretary, a Treasurer and such other officers with such other titles as the Board of Directors shall determine, including one or more Vice Presidents, Assistant Treasurers and Assistant Secretaries. The Board of Directors may appoint such other officers as it may deem appropriate.

3.2 Election. The Chief Executive Officer, President, Treasurer and Secretary shall be elected annually by the Board of Directors at its first meeting following the annual meeting of stockholders. Other officers may be appointed by the Board of Directors at such meeting or at any other meeting.

3.3 Qualification. No officer need be a stockholder. Any two or more offices may be held by the same person.

3.4 Tenure. Except as otherwise provided by law, by the Certificate of Incorporation or by these By-laws, each officer shall hold office until such officer's successor is elected and qualified, unless a different term is specified in the resolution electing or appointing such officer, or until such officer's earlier death, resignation or removal.

3.5 Resignation and Removal. Any officer may resign by delivering a written resignation to the corporation at its principal office or to the Chief Executive Officer, the

President or the Secretary. Such resignation shall be effective upon receipt unless it is specified to be effective at some later time or upon the happening of some later event. Any officer may be removed at any time, with or without cause, by vote of a majority of the directors then in office. Except as the Board of Directors may otherwise determine, no officer who resigns or is removed shall have any right to any compensation as an officer for any period following such officer's resignation or removal, or any right to damages on account of such removal, whether such officer's compensation be by the month or by the year or otherwise, unless such compensation is expressly provided for in a duly authorized written agreement with the corporation.

3.6 Vacancies. The Board of Directors may fill any vacancy occurring in any office for any reason and may, in its discretion, leave unfilled for such period as it may determine any offices other than those of Chief Executive Officer, President, Treasurer and Secretary. Each such successor shall hold office for the unexpired term of such officer's predecessor and until a successor is elected and qualified, or until such officer's earlier death, resignation or removal.

3.7 President; Chief Executive Officer. Unless the Board of Directors has designated another person as the corporation's Chief Executive Officer, the President shall be the Chief Executive Officer of the corporation. The Chief Executive Officer shall have general charge and supervision of the business of the corporation subject to the direction of the Board of Directors, and shall perform all duties and have all powers that are commonly incident to the office of chief executive or that are delegated to such officer by the Board of Directors. The President shall perform such other duties and shall have such other powers as the Board of Directors or the Chief Executive Officer (if the President is not the Chief Executive Officer) may from time to time prescribe. In the event of the absence, inability or refusal to act of the Chief Executive Officer or the President (if the President is not the Chief Executive Officer), the Vice President (or if there shall be more than one, the Vice Presidents in the order determined by the Board of Directors) shall perform the duties of the Chief Executive Officer and when so performing such duties shall have all the powers of and be subject to all the restrictions upon the Chief Executive Officer.

3.8 Vice Presidents. Each Vice President shall perform such duties and possess such powers as the Board of Directors or the Chief Executive Officer may from time to time prescribe. The Board of Directors may assign to any Vice President the title of Executive Vice President, Senior Vice President or any other title selected by the Board of Directors.

3.9 Secretary and Assistant Secretaries. The Secretary shall perform such duties and shall have such powers as the Board of Directors or the Chief Executive Officer may from time to time prescribe. In addition, the Secretary shall perform such duties and have such powers as are incident to the office of the secretary, including without limitation the duty and power to give notices of all meetings of stockholders and special meetings of the Board of Directors, to attend all meetings of stockholders and the Board of Directors and keep a record of the proceedings, to maintain a stock ledger and prepare lists of stockholders and their addresses as required, to be custodian of corporate records and the corporate seal and to affix and attest to the same on documents.

Any Assistant Secretary shall perform such duties and possess such powers as the Board of Directors, the Chief Executive Officer or the Secretary may from time to time prescribe. In the event of the absence, inability or refusal to act of the Secretary, the Assistant Secretary (or if there shall be more than one, the Assistant Secretaries in the order determined by the Board of Directors) shall perform the duties and exercise the powers of the Secretary.

In the absence of the Secretary or any Assistant Secretary at any meeting of stockholders or directors, the chairman of the meeting shall designate a temporary secretary to keep a record of the meeting.

3.10 Treasurer and Assistant Treasurers. The Treasurer shall perform such duties and shall have such powers as may from time to time be assigned by the Board of Directors or the Chief Executive Officer. In addition, the Treasurer shall perform such duties and have such powers as are incident to the office of treasurer, including without limitation the duty and power to keep and be responsible for all funds and securities of the corporation, to deposit funds of the corporation in depositories selected in accordance with these By-laws, to disburse such funds as ordered by the Board of Directors, to make proper accounts of such funds, and to render as required by the Board of Directors statements of all such transactions and of the financial condition of the corporation.

The Assistant Treasurers shall perform such duties and possess such powers as the Board of Directors, the Chief Executive Officer or the Treasurer may from time to time prescribe. In the event of the absence, inability or refusal to act of the Treasurer, the Assistant Treasurer (or if there shall be more than one, the Assistant Treasurers in the order determined by the Board of Directors) shall perform the duties and exercise the powers of the Treasurer.

3.11 Salaries. Officers of the corporation shall be entitled to such salaries, compensation or reimbursement as shall be fixed or allowed from time to time by the Board of Directors.

3.12 Delegation of Authority. The Board of Directors may from time to time delegate the powers or duties of any officer to any other officer or agent, notwithstanding any provision hereof.

ARTICLE IV

CAPITAL STOCK

4.1 Issuance of Stock. Subject to the provisions of the Certificate of Incorporation, the whole or any part of any unissued balance of the authorized capital stock of the corporation or the whole or any part of any shares of the authorized capital stock of the corporation held in the corporation's treasury may be issued, sold, transferred or otherwise disposed of by vote of the Board of Directors in such manner, for such lawful consideration and on such terms as the Board of Directors may determine.

4.2 Stock Certificates; Uncertificated Shares. The shares of the corporation shall be represented by certificates, provided that the Board of Directors may provide by resolution or resolutions that some or all of any or all classes or series of the corporation's stock shall be uncertificated shares. Every holder of stock of the corporation represented by certificates shall be entitled to have a certificate, in such form as may be prescribed by law and by the Board of Directors, representing the number of shares held by such holder registered in certificate form. Each such certificate shall be signed in a manner that complies with Section 158 of the General Corporation Law of the State of Delaware.

Each certificate for shares of stock which are subject to any restriction on transfer pursuant to the Certificate of Incorporation, these By-laws, applicable securities laws or any agreement among any number of stockholders or among such holders and the corporation shall have conspicuously noted on the face or back of the certificate either the full text of the restriction or a statement of the existence of such restriction.

If the corporation shall be authorized to issue more than one class of stock or more than one series of any class, the powers, designations, preferences and relative participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights shall be set forth in full or summarized on the face or back of each certificate representing shares of such class or series of stock, provided that in lieu of the foregoing requirements there may be set forth on the face or back of each certificate representing shares of such class or series of stock a statement that the corporation will furnish without charge to each stockholder who so requests a copy of the full text of the powers, designations, preferences and relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights.

Within a reasonable time after the issuance or transfer of uncertificated shares, the corporation shall send to the registered owner thereof a written notice containing the information required to be set forth or stated on certificates pursuant to Sections 151, 202(a) or 218(a) of the General Corporation Law of the State of Delaware or, with respect to Section 151 of General Corporation Law of the State of Delaware, a statement that the corporation will furnish without charge to each stockholder who so requests the powers, designations, preferences and relative participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights.

4.3 Transfers. Shares of stock of the corporation shall be transferable in the manner prescribed by law and in these By-laws. Transfers of shares of stock of the corporation shall be made only on the books of the corporation or by transfer agents designated to transfer shares of stock of the corporation. Subject to applicable law, shares of stock represented by certificates shall be transferred only on the books of the corporation by the surrender to the corporation or its

transfer agent of the certificate representing such shares properly endorsed or accompanied by a written assignment or power of attorney properly executed, and with such proof of authority or the authenticity of signature as the corporation or its transfer agent may reasonably require. Except as may be otherwise required by law, by the Certificate of Incorporation or by these By-laws, the corporation shall be entitled to treat the record holder of stock as shown on its books as the owner of such stock for all purposes, including the payment of dividends and the right to vote with respect to such stock, regardless of any transfer, pledge or other disposition of such stock until the shares have been transferred on the books of the corporation in accordance with the requirements of these By-laws.

4.4 Lost, Stolen or Destroyed Certificates. The corporation may issue a new certificate of stock in place of any previously issued certificate alleged to have been lost, stolen or destroyed, upon such terms and conditions as the Board of Directors may prescribe, including the presentation of reasonable evidence of such loss, theft or destruction and the giving of such indemnity and posting of such bond as the Board of Directors may require for the protection of the corporation or any transfer agent or registrar.

4.5 Record Date. The Board of Directors may fix in advance a date as a record date for the determination of the stockholders entitled to notice of or to vote at any meeting of stockholders, or entitled to receive payment of any dividend or other distribution or allotment of any rights in respect of any change, conversion or exchange of stock, or for the purpose of any other lawful action. Such record date shall not precede the date on which the resolution fixing the record date is adopted, and such record date shall not be more than 60 nor less than 10 days before the date of such meeting, nor more than 60 days prior to any other action to which such record date relates.

If no record date is fixed, the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day before the day on which notice is given, or, if notice is waived, at the close of business on the day before the day on which the meeting is held. If no record date is fixed, the record date for determining stockholders for any other purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating to such purpose.

A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

4.6 Regulations. The issue, transfer, conversion and registration of shares of stock of the corporation shall be governed by such other regulations as the Board of Directors may establish.

ARTICLE V

GENERAL PROVISIONS

5.1 Fiscal Year. Except as from time to time otherwise designated by the Board of Directors, the fiscal year of the corporation shall begin on the first day of January of each year and end on the last day of December in each year.

5.2 Corporate Seal. The corporate seal shall be in such form as shall be approved by the Board of Directors.

5.3 Waiver of Notice. Whenever notice is required to be given by law, by the Certificate of Incorporation or by these By-laws, a written waiver signed by the person entitled to notice, or a waiver by electronic transmission by the person entitled to notice, whether before, at or after the time of the event for which notice is to be given, shall be deemed equivalent to notice required to be given to such person. Neither the business nor the purpose of any meeting need be specified in any such waiver. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting, except when the person attends a meeting for the express purpose of objecting at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened.

5.4 Voting of Securities. Except as the Board of Directors may otherwise designate, the Chief Executive Officer, the President or the Treasurer may waive notice of, vote, or appoint any person or persons to vote, on behalf of the corporation at, and act as, or appoint any person or persons to act as, proxy or attorney-in-fact for this corporation (with or without power of substitution) at, any meeting of stockholders or securityholders of any other entity, the securities of which may be held by this corporation.

5.5 Evidence of Authority. A certificate by the Secretary, or an Assistant Secretary, or a temporary Secretary, as to any action taken by the stockholders, directors, a committee or any officer or representative of the corporation shall as to all persons who rely on the certificate in good faith be conclusive evidence of such action.

5.6 Certificate of Incorporation. All references in these By-laws to the Certificate of Incorporation shall be deemed to refer to the Certificate of Incorporation of the corporation, as amended and in effect from time to time.

5.7 Severability. Any determination that any provision of these By-laws is for any reason inapplicable, illegal or ineffective shall not affect or invalidate any other provision of these By-laws.

5.8 Pronouns. All pronouns used in these By-laws shall be deemed to refer to the masculine, feminine or neuter, singular or plural, as the identity of the person or persons may require.

ARTICLE VI

AMENDMENTS

These By-laws may be altered, amended or repealed, in whole or in part, or new By-laws may be adopted by the Board of Directors or by the stockholders as provided in the Certificate of Incorporation.

ZQ|CERT#|COY|CLS|RGSTRY|ACCT#|TRANSTYPE|RUN#|TRANS#

Ophthotech Corporation

PO BOX 43004, Providence, RI 02940-3004

MR A SAMPLE
DESIGNATION (IF ANY)
ADD 1
ADD 2
ADD 3
ADD 4

CUSIP XXXXXX XX X
Holder ID XXXXXXXXXX
Insurance Value 1,000,000.00
Number of Shares 123456
DTC 12345678 1234567890 12345

Certificate Numbers	Num	No.	Denom.	Total
1234567890 1234567890	1		1	1
1234567890 1234567890	2		2	2
1234567890 1234567890	3		3	3
1234567890 1234567890	4		4	4
1234567890 1234567890	5		5	5
1234567890 1234567890	6		6	6
Total Transaction				7

COMMON STOCK

PAR VALUE $0.001

COMMON STOCK

THIS CERTIFICATE IS TRANSFERABLE IN CANTON, MA, JERSEY CITY, NJ AND COLLEGE STATION, TX

Certificate Number
ZQ00000000

Shares

OPHTHOTECH CORPORATION

INCORPORATED UNDER THE LAWS OF THE STATE OF DELAWARE

THIS CERTIFIES THAT

MR. SAMPLE & MRS. SAMPLE &
MR. SAMPLE & MRS. SAMPLE

CUSIP 683745 10 3

SEE REVERSE FOR CERTAIN DEFINITIONS

is the owner of

***ZERO HUNDRED THOUSAND
ZERO HUNDRED AND ZERO***

FULLY-PAID AND NON-ASSESSABLE SHARES OF COMMON STOCK OF

Ophthotech Corporation (hereinafter called the "Corporation"), transferable on the books of the Corporation in person or by duly authorized attorney, upon surrender of this Certificate properly endorsed. This Certificate and the shares represented hereby, are issued and shall be held subject to all of the provisions of the Certificate of Incorporation, as amended, and the By-Laws, as amended, of the Corporation (copies of which are on file with the Corporation and with the Transfer Agent), to all of which each holder, by acceptance hereof, assents. This Certificate is not valid unless countersigned and registered by the Transfer Agent and Registrar.

Witness the facsimile seal of the Corporation and the facsimile signatures of its duly authorized officers.

Chairman of the Board

Secretary

OPHTHOTECH CORPORATION SEAL DATE DELAWARE

DATED DD-MMM-YYYY

COUNTERSIGNED AND REGISTERED:
COMPUTERSHARE TRUST COMPANY, N.A.
TRANSFER AGENT AND REGISTRAR,

By _____
AUTHORIZED SIGNATURE

SECURITY INSTRUCTIONS ON REVERSE

1234567

OPHTHOTECH CORPORATION

The Corporation is authorized to issue two classes of stock, Common Shares and Preference Shares. The Board of Directors of the Corporation has authority to fix the number of shares and the designation of any series of Preferred Stock and to determine or alter the rights, preferences, privileges and restrictions granted to or imposed upon any unissued series of Preferred Stock.

The Corporation shall furnish without charge to each stockholder who so requests a statement of the powers, designations, preferences and relative, participating, optional or other special rights of each class of stock of the Corporation or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights. Such requests shall be made to the Corporation's Secretary at the principal office of the Corporation.

The following abbreviations, when used in the inscription on the face of this certificate, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM - as tenants in common	UNIF GIFT MIN ACT -	.....Custodian..... (Cust) (Minor)
TEN ENT - as tenants by the entireties		under Uniform Gifts to Minors Act..... (State)
JT TEN - as joint tenants with right of survivorship and not as tenants in common	UNIF TRF MIN ACT -	.....Custodian (until age.....) (Cust)
		..... /under Uniform Transfers to Minors Act..... (Minor) (State)

Additional abbreviations may also be used though not in the above list.

For value received, _____ hereby sell, assign and transfer unto

PLEASE INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF ASSIGNEE

_____

(PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS, INCLUDING POSTAL ZIP CODE, OF ASSIGNEE)

_____

_____

_____ Shares

of the common stock represented by the within Certificate, and do hereby irrevocably constitute and appoint

_____ Attorney

to transfer the said stock on the books of the within-named Corporation with full power of substitution in the premises.

Dated: _____ 20 _____

Signature: _____

Signature: _____

Notice: The signature to this assignment must correspond with the name as written upon the face of the certificate, in every particular, without alteration or enlargement, or any change whatever.

Signature(s) Guaranteed: Medallion Guarantee Stamp

THE SIGNATURE(S) SHOULD BE GUARANTEED BY AN ELIGIBLE GUARANTOR INSTITUTION (Banks, Stockbrokers, Savings and Loan Associations and Credit Unions) WITH MEMBERSHIP IN AN APPROVED SIGNATURE GUARANTEE MEDALLION PROGRAM, PURSUANT TO S.E.C. RULE 17Ad-15.

SECURITY INSTRUCTIONS

THIS IS WATERMARKED PAPER. DO NOT ACCEPT WITHOUT NOTING WATERMARK. HOLD TO LIGHT TO VERIFY WATERMARK.

The IRS requires that we report the cost basis of certain shares acquired after January 1, 2011. If your shares were covered by the legislation and you have sold or transferred the shares and requested a specific cost basis calculation method, we have processed as requested. If you did not specify a cost basis calculation method, we have defaulted to the first in, first out (FIFO) method. Please visit our website or consult your tax advisor if you need additional information about cost basis.

If you do not keep in contact with us or do not have any activity in your account for the time periods specified by state law, your property could become subject to state unclaimed property laws and transferred to the appropriate state.

1534207

Exhibit 5.1

WILMERHALE

+1 212 230 8800 (t)
+1 212 230 8888 (f)
wilmerhale.com

September 9, 2013

Ophthotech Corporation
One Penn Plaza, 35th Floor
New York, NY 10119

Re: Ophthotech Corporation – Registration Statement on Form S-1

Ladies and Gentlemen:

This opinion is furnished to you in connection with a Registration Statement on Form S-1 (File No. 333-190643) (the "**Registration Statement**") filed with the Securities and Exchange Commission (the "**Commission**") under the Securities Act of 1933, as amended (the "**Securities Act**"), for the registration of 6,578,000 shares of Common Stock, $0.001 par value per share (the "**Shares**"), of Ophthotech Corporation, a Delaware corporation (the "**Company**"), including 858,000 Shares issuable upon exercise of an over-allotment option granted by the Company.

The Shares are to be sold by the Company pursuant to an underwriting agreement (the "**Underwriting Agreement**") to be entered into among the Company and the several underwriters named in *Schedule I* thereto, for whom Morgan Stanley & Co. LLC and J.P. Morgan Securities LLC are acting as representatives, the form of which has been filed as Exhibit 1.1 to the Registration Statement.

We are acting as counsel for the Company in connection with the issue and sale by the Company of the Shares. We have examined signed copies of the Registration Statement as filed with the Commission. We have also examined and relied upon the Underwriting Agreement, minutes of meetings and actions of the stockholders and the Board of Directors of the Company as provided to us by the Company, stock record books of the Company as provided to us by the Company, the Certificate of Incorporation and Bylaws of the Company, each as restated and/or amended to date, and such other documents as we have deemed necessary for purposes of rendering the opinions hereinafter set forth. In our examination of the foregoing documents, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals, the conformity to original documents of all documents submitted to us as copies, the authenticity of the originals of such latter documents and the legal competence of all signatories to such documents.

We express no opinion herein as to the laws of any state or jurisdiction other than the state laws of the State of New York, the General Corporation Law of the State of Delaware and the federal laws of the United States of America.

Based upon and subject to the foregoing, we are of the opinion that the Shares have been duly authorized for issuance and, when the Shares are issued and paid for in accordance with the terms and conditions of the Underwriting Agreement, the Shares will be validly issued, fully paid and nonassessable.

Please note that we are opining only as to the matters expressly set forth herein, and no opinion should be inferred as to any other matters. This opinion is based upon currently existing statutes, rules, regulations and judicial decisions, and we disclaim any obligation to advise you of any change in any of these sources of law or subsequent legal or factual developments which might affect any matters or opinions set forth herein.

We hereby consent to the filing of this opinion with the Commission as an exhibit to the Registration Statement in accordance with the requirements of Item 601(b)(5) of Regulation S-K under the Securities Act and to the use of our name therein and in the related Prospectus under the caption "Legal Matters". In giving such consent, we do not hereby admit that we are in the category of persons whose consent is required under Section 7 of the Securities Act or the rules and regulations of the Commission.

Very truly yours,

WILMER CUTLER PICKERING
HALE AND DORR LLP

By: /s/ Brian A Johnson
Brian A. Johnson, a Partner

Exhibit 10.4

OPHTHOTECH CORPORATION

2013 STOCK INCENTIVE PLAN

1. Purpose

The purpose of this 2013 Stock Incentive Plan (the "***Plan***") of Ophthotech Corporation, a Delaware corporation (the "***Company***"), is to advance the interests of the Company's stockholders by enhancing the Company's ability to attract, retain and motivate persons who are expected to make important contributions to the Company and by providing such persons with equity ownership opportunities and performance-based incentives that are intended to better align the interests of such persons with those of the Company's stockholders. Except where the context otherwise requires, the term "***Company***" shall include any of the Company's present or future parent or subsidiary corporations as defined in Sections 424(e) or (f) of the Internal Revenue Code of 1986, as amended, and any regulations thereunder (the "***Code***") and any other business venture (including, without limitation, joint venture or limited liability company) in which the Company has a controlling interest, as determined by the Board of Directors of the Company (the "***Board***").

2. Eligibility

All of the Company's employees, officers and directors, as well as consultants and advisors to the Company (as such terms are defined and interpreted for purposes of Form S-8 under the Securities Act of 1933, as amended (the "***Securities Act***"), or any successor form) are eligible to be granted Awards under the Plan. Each person who is granted an Award under the Plan is deemed a "***Participant***." "***Award***" means Options (as defined in Section 5), SARs (as defined in Section 6), Restricted Stock (as defined in Section 7), Restricted Stock Units (as defined in Section 7) and Other Stock-Based Awards (as defined in Section 8).

3. Administration and Delegation

(a) Administration by Board of Directors. The Plan will be administered by the Board. The Board shall have authority to grant Awards and to adopt, amend and repeal such administrative rules, guidelines and practices relating to the Plan as it shall deem advisable. The Board may construe and interpret the terms of the Plan and any Award agreements entered into under the Plan. The Board may correct any defect, supply any omission or reconcile any inconsistency in the Plan or any Award in the manner and to the extent it shall deem expedient and it shall be the sole and final judge of such expediency. All decisions by the Board shall be made in the Board's sole discretion and shall be final and binding on all persons having or claiming any interest in the Plan or in any Award.

(b) Appointment of Committees. To the extent permitted by applicable law, the Board may delegate any or all of its powers under the Plan to one or more committees or subcommittees of the Board (a "***Committee***"). All references in the Plan to the "***Board***" shall mean the Board or a Committee of the Board or the officers referred to in Section 3(c) to the extent that the Board's powers or authority under the Plan have been delegated to such Committee or officers.

(c) Delegation to Officers. To the extent permitted by applicable law, the Board may delegate to one or more officers of the Company the power to grant Options and other Awards that constitute rights under Delaware law (subject to any limitations under the Plan) to employees or officers of the Company and to exercise such other powers under the Plan as the Board may determine, *provided* that the Board shall fix the terms of such Awards to be granted by such officers (including the exercise price of such Awards, which may include a formula by which the exercise price will be determined) and the maximum number of shares subject to such Awards that the officers may grant; *provided further*, however, that no officer shall be authorized to grant such Awards to any "executive officer" of the Company (as defined by Rule 3b-7 under the Securities Exchange Act of 1934, as amended (the "***Exchange Act***")) or to any "officer" of the Company (as defined by Rule 16a-1 under the Exchange Act). The Board may not delegate authority under this Section 3(c) to grant Restricted Stock, unless Delaware law then permits such delegation.

4. Stock Available for Awards

(a) Number of Shares; Share Counting.

(1) Authorized Number of Shares. Subject to adjustment under Section 9, Awards may be made under the Plan (any or all of which Awards may be in the form of Incentive Stock Options, as defined in Section 5(b)) for up to such number of shares of common stock, $0.001 par value per share, of the Company (the "***Common Stock***") as is equal to the sum of:

(A) such number of shares of Common Stock (up to 3,362,256 shares) as is equal to the sum of (x) the number of shares of Common Stock reserved for issuance under the Company's Amended and Restated 2007 Stock Incentive Plan (the "***Existing Plan***") that remain available for grant under the Existing Plan immediately prior to the closing of the Company's initial public offering and (y) the number of shares of Common Stock subject to awards granted under the Existing Plan which awards expire, terminate or are otherwise surrendered, canceled, forfeited or repurchased by the Company at their original issuance price pursuant to a contractual repurchase right (subject, however, in the case of Incentive Stock Options to any limitations of the Code); plus

(B) an annual increase to be added on the first day of each of the fiscal year, beginning with the fiscal year ending December 31, 2014 and continuing for each fiscal year until, and including, the fiscal year ending December 31, 2014, equal to the least of (i) 2,542,372 shares of Common Stock, (ii) 4% of the outstanding shares on such date or (iii) an amount determined by the Board.

Shares issued under the Plan may consist in whole or in part of authorized but unissued shares or treasury shares.

(2) Share Counting. For purposes of counting the number of shares available for the grant of Awards under the Plan:

(A) all shares of Common Stock covered by SARs shall be counted against the number of shares available for the grant of Awards under the Plan; *provided*, *however*, that (i) SARs that may be settled only in cash shall not be so counted and (ii) if the Company grants an SAR in tandem with an Option for the same number of shares of Common Stock and provides that only one such Award may be exercised (a "***Tandem SAR***"), only the shares covered by the Option, and not the shares covered by the Tandem SAR, shall be so counted, and the expiration of one in connection with the other's exercise will not restore shares to the Plan;

(B) if any Award (i) expires or is terminated, surrendered or canceled without having been fully exercised or is forfeited in whole or in part (including as the result of shares of Common Stock subject to such Award being repurchased by the Company at the original issuance price pursuant to a contractual repurchase right) or (ii) results in any Common Stock not being issued (including as a result of an SAR that was settleable either in cash or in stock actually being settled in cash), the unused Common Stock covered by such Award shall again be available for the grant of Awards; *provided*, *however*, that (1) in the case of Incentive Stock Options, the foregoing shall be subject to any limitations under the Code, (2) in the case of the exercise of an SAR, the number of shares counted against the shares available under the Plan shall be the full number of shares subject to the SAR multiplied by the percentage of the SAR actually exercised, regardless of the number of shares actually used to settle such SAR upon exercise and (3) the shares covered by a Tandem SAR shall not again become available for grant upon the expiration or termination of such Tandem SAR; and

(C) shares of Common Stock delivered (either by actual delivery, attestation, or net exercise) to the Company by a Participant to (i) purchase shares of Common Stock upon the exercise of an Award or (ii) satisfy tax withholding obligations (including shares retained from the Award creating the tax obligation) shall not be added back to the number of shares available for the future grant of Awards.

(b) Substitute Awards. In connection with a merger or consolidation of an entity with the Company or the acquisition by the Company of property or stock of an entity, the Board may grant Awards in substitution for any options or other stock or stock-based awards granted by such entity or an affiliate thereof. Substitute Awards may be granted on such terms as the Board deems appropriate in the circumstances, notwithstanding any limitations on Awards contained in the Plan. Substitute Awards shall not count against the overall share limit set forth in Section 4(a)(1) or any sublimit contained in the Plan, except as may be required by reason of Section 422 and related provisions of the Code.

5. Stock Options

(a) General. The Board may grant options to purchase Common Stock (each, an "***Option***") and determine the number of shares of Common Stock to be covered by each Option, the exercise price of each Option and the conditions and limitations applicable to the exercise of each Option, including conditions relating to applicable federal or state securities laws, as it considers necessary or advisable.

(b) Incentive Stock Options. An Option that the Board intends to be an "incentive stock option" as defined in Section 422 of the Code (an "***Incentive Stock Option***") shall only be granted to employees of Ophthotech Corporation, any of Ophthotech Corporation's present or future parent or subsidiary corporations as defined in Sections 424(e) or (f) of the Code, and any other entities the employees of which are eligible to receive Incentive Stock Options under the Code, and shall be subject to and shall be construed consistently with the requirements of Section 422 of the Code. An Option that is not intended to be an Incentive Stock Option shall be designated a "***Nonstatutory Stock Option***." The Company shall have no liability to a Participant, or any other party, if an Option (or any part thereof) that is intended to be an Incentive Stock Option is not an Incentive Stock Option or if the Company converts an Incentive Stock Option to a Nonstatutory Stock Option.

(c) Exercise Price. The Board shall establish the exercise price of each Option and specify the exercise price in the applicable Option agreement. The exercise price shall be not less than 100% of the fair market value per share of Common Stock as determined by (or in a manner approved by) the Board ("***Fair Market Value***") on the date the Option is granted; *provided* that if the Board approves the grant of an Option with an exercise price to be determined on a future date, the exercise price shall be not less than 100% of the Fair Market Value on such future date.

(d) Duration of Options. Each Option shall be exercisable at such times and subject to such terms and conditions as the Board may specify in the applicable option agreement; *provided, however*, that no Option will be granted with a term in excess of 10 years.

(e) Exercise of Options. Options may be exercised by delivery to the Company of a notice of exercise in a form (which may be electronic) approved by the Company, together with payment in full (in the manner specified in Section 5(f)) of the exercise price for the number of shares for which the Option is exercised. Shares of Common Stock subject to the Option will be delivered by the Company as soon as practicable following exercise.

(f) Payment Upon Exercise. Common Stock purchased upon the exercise of an Option granted under the Plan shall be paid for as follows:

(1) in cash or by check, payable to the order of the Company;

(2) except as may otherwise be provided in the applicable Option agreement or approved by the Board, in its sole discretion, by (i) delivery of an irrevocable and unconditional undertaking by a creditworthy broker to deliver promptly to the Company sufficient funds to pay the exercise price and any required tax withholding or (ii) delivery by the Participant to the Company of a copy of irrevocable and unconditional instructions to a creditworthy broker to deliver promptly to the Company cash or a check sufficient to pay the exercise price and any required tax withholding;

(3) to the extent provided for in the applicable Option agreement or approved by the Board, in its sole discretion, by delivery (either by actual delivery or attestation) of shares

of Common Stock owned by the Participant valued at their Fair Market Value, provided (i) such method of payment is then permitted under applicable law, (ii) such Common Stock, if acquired directly from the Company, was owned by the Participant for such minimum period of time, if any, as may be established by the Board in its discretion and (iii) such Common Stock is not subject to any repurchase, forfeiture, unfulfilled vesting or other similar requirements;

(4) to the extent provided for in the applicable Nonstatutory Stock Option agreement or approved by the Board in its sole discretion, by delivery of a notice of "net exercise" to the Company, as a result of which the Participant would receive (i) the number of shares underlying the portion of the Option being exercised, less (ii) such number of shares as is equal to (A) the aggregate exercise price for the portion of the Option being exercised divided by (B) the Fair Market Value on the date of exercise;

(5) to the extent permitted by applicable law and provided for in the applicable Option agreement or approved by the Board, in its sole discretion, by payment of such other lawful consideration as the Board may determine; or

(6) by any combination of the above permitted forms of payment.

(g) Limitation on Repricing. Unless such action is approved by the Company's stockholders, the Company may not (except as provided for under Section 9): (1) amend any outstanding Option granted under the Plan to provide an exercise price per share that is lower than the then-current exercise price per share of such outstanding Option, (2) cancel any outstanding option (whether or not granted under the Plan) and grant in substitution therefor new Awards under the Plan (other than Awards granted pursuant to Section 4(b)) covering the same or a different number of shares of Common Stock and having an exercise price per share lower than the then-current exercise price per share of the cancelled option, (3) cancel in exchange for a cash payment any outstanding Option with an exercise price per share above the then-current Fair Market Value, or (4) take any other action under the Plan that constitutes a "repricing" within the meaning of the rules of the NASDAQ Stock Market ("***NASDAQ***").

6. Stock Appreciation Rights

(a) General. The Board may grant Awards consisting of stock appreciation rights ("***SARs***") entitling the holder, upon exercise, to receive an amount of Common Stock or cash or a combination thereof (such form to be determined by the Board) determined by reference to appreciation, from and after the date of grant, in the Fair Market Value of a share of Common Stock over the measurement price established pursuant to Section 6(b). The date as of which such appreciation is determined shall be the exercise date.

(b) Measurement Price. The Board shall establish the measurement price of each SAR and specify it in the applicable SAR agreement. The measurement price shall not be less than 100% of the Fair Market Value on the date the SAR is granted; *provided* that if the Board approves the grant of an SAR effective as of a future date, the measurement price shall be not less than 100% of the Fair Market Value on such future date.

(c) Duration of SARs. Each SAR shall be exercisable at such times and subject to such terms and conditions as the Board may specify in the applicable SAR agreement; *provided*, *however*, that no SAR will be granted with a term in excess of 10 years.

(d) Exercise of SARs. SARs may be exercised by delivery to the Company of a notice of exercise in a form (which may be electronic) approved by the Company, together with any other documents required by the Board.

(e) Limitation on Repricing. Unless such action is approved by the Company's stockholders, the Company may not (except as provided for under Section 9): (1) amend any outstanding SAR granted under the Plan to provide a measurement price per share that is lower than the then-current measurement price per share of such outstanding SAR, (2) cancel any outstanding SAR (whether or not granted under the Plan) and grant in substitution therefor new Awards under the Plan (other than Awards granted pursuant to Section 4(b)) covering the same or a different number of shares of Common Stock and having an exercise or measurement price per share lower than the then-current measurement price per share of the cancelled SAR, (3) cancel in exchange for a cash payment any outstanding SAR with a measurement price per share above the then-current Fair Market Value, or (4) take any other action under the Plan that constitutes a "repricing" within the meaning of the rules of NASDAQ.

7. Restricted Stock; Restricted Stock Units

(a) General. The Board may grant Awards entitling recipients to acquire shares of Common Stock ("***Restricted Stock***"), subject to the right of the Company to repurchase all or part of such shares at their issue price or other stated or formula price (or to require forfeiture of such shares if issued at no cost) from the recipient in the event that conditions specified by the Board in the applicable Award are not satisfied prior to the end of the applicable restriction period or periods established by the Board for such Award. The Board may also grant Awards entitling the recipient to receive shares of Common Stock or cash to be delivered at the time such Award vests ("***Restricted Stock Units***") (Restricted Stock and Restricted Stock Units are each referred to herein as a "***Restricted Stock Award***").

(b) Terms and Conditions for All Restricted Stock Awards. The Board shall determine the terms and conditions of a Restricted Stock Award, including the conditions for vesting and repurchase (or forfeiture) and the issue price, if any.

(c) Additional Provisions Relating to Restricted Stock.

(1) Dividends. Unless otherwise provided in the applicable Award agreement, any dividends (whether paid in cash, stock or property) declared and paid by the Company with respect to shares of Restricted Stock ("***Accrued Dividends***") shall be paid to the Participant only if and when such shares become free from the restrictions on transferability and forfeitability that apply to such shares. Each payment of Accrued Dividends will be made no later than the end of the calendar year in which the dividends are paid to stockholders of that class of stock or, if later, the 15th day of the third month following the lapsing of the restrictions on transferability and the forfeitability provisions applicable to the underlying shares of Restricted Stock.

(2) Stock Certificates. The Company may require that any stock certificates issued in respect of shares of Restricted Stock, as well as dividends or distributions paid on such Restricted Stock, shall be deposited in escrow by the Participant, together with a stock power endorsed in blank, with the Company (or its designee). At the expiration of the applicable restriction periods, the Company (or such designee) shall deliver the certificates no longer subject to such restrictions to the Participant or if the Participant has died, to his or her Designated Beneficiary. "***Designated Beneficiary***" means (i) the beneficiary designated, in a manner determined by the Board, by a Participant to receive amounts due or exercise rights of the Participant in the event of the Participant's death or (ii) in the absence of an effective designation by a Participant, the Participant's estate.

(d) Additional Provisions Relating to Restricted Stock Units.

(1) Settlement. Upon the vesting of and/or lapsing of any other restrictions (i.e., settlement) with respect to each Restricted Stock Unit, the Participant shall be entitled to receive from the Company such number of shares of Common Stock or (if so provided in the applicable Award agreement) an amount of cash equal to the Fair Market Value of such number of shares of Common Stock as are set forth in the applicable Restricted Stock Unit agreement. The Board may, in its discretion, provide that settlement of Restricted Stock Units shall be deferred, on a mandatory basis or at the election of the Participant in a manner that complies with Section 409A of the Code.

(2) Voting Rights. A Participant shall have no voting rights with respect to any Restricted Stock Units.

(3) Dividend Equivalents. The Award agreement for Restricted Stock Units may provide Participants with the right to receive an amount equal to any dividends or other distributions declared and paid on an equal number of outstanding shares of Common Stock ("***Dividend Equivalents***"). Dividend Equivalents may be settled in cash and/or shares of Common Stock and shall be subject to the same restrictions on transfer and forfeitability as the Restricted Stock Units with respect to which paid, in each case to the extent provided in the Award agreement.

8. Other Stock-Based Awards

(a) General. Other Awards of shares of Common Stock, and other Awards that are valued in whole or in part by reference to, or are otherwise based on, shares of Common Stock or other property, may be granted hereunder to Participants ("***Other Stock-Based Awards***"). Such Other Stock-Based Awards shall also be available as a form of payment in the settlement of other Awards granted under the Plan or as payment in lieu of compensation to which a Participant is otherwise entitled. Other Stock-Based Awards may be paid in shares of Common Stock or cash, as the Board shall determine.

(b) Terms and Conditions. Subject to the provisions of the Plan, the Board shall determine the terms and conditions of each Other Stock-Based Award, including any purchase price applicable thereto.

9. Adjustments for Changes in Common Stock and Certain Other Events

(a) Changes in Capitalization. In the event of any stock split, reverse stock split, stock dividend, recapitalization, combination of shares, reclassification of shares, spin-off or other similar change in capitalization or event, or any dividend or distribution to holders of Common Stock other than an ordinary cash dividend, (i) the number and class of securities available under the Plan, (ii) the share counting rules set forth in Section 4(a), (iii) the number and class of securities and exercise price per share of each outstanding Option, (iv) the share and per-share provisions and the measurement price of each outstanding SAR, (v) the number of shares subject to and the repurchase price per share subject to each outstanding Restricted Stock Award and (vi) the share and per-share-related provisions and the purchase price, if any, of each outstanding Other Stock-Based Award, shall be equitably adjusted by the Company (or substituted Awards may be made, if applicable) in the manner determined by the Board. Without limiting the generality of the foregoing, in the event the Company effects a split of the Common Stock by means of a stock dividend and the exercise price of and the number of shares subject to an outstanding Option are adjusted as of the date of the distribution of the dividend (rather than as of the record date for such dividend), then an optionee who exercises an Option between the record date and the distribution date for such stock dividend shall be entitled to receive, on the distribution date, the stock dividend with respect to the shares of Common Stock acquired upon such Option exercise, notwithstanding the fact that such shares were not outstanding as of the close of business on the record date for such stock dividend.

(b) Reorganization Events.

(1) Definition. A "***Reorganization Event***" shall mean: (a) any merger or consolidation of the Company with or into another entity as a result of which all of the Common Stock of the Company is converted into or exchanged for the right to receive cash, securities or other property or is cancelled, (b) any transfer or disposition of all of the Common Stock of the Company for cash, securities or other property pursuant to a share exchange or other transaction or (c) any liquidation or dissolution of the Company.

(2) Consequences of a Reorganization Event on Awards Other than Restricted Stock.

(A) In connection with a Reorganization Event, the Board may take any one or more of the following actions as to all or any (or any portion of) outstanding Awards other than Restricted Stock on such terms as the Board determines (except to the extent specifically provided otherwise in an applicable Award agreement or another agreement between the Company and the Participant): (i) provide that such Awards shall be assumed, or substantially equivalent Awards shall be substituted, by the acquiring or succeeding corporation (or an affiliate thereof), (ii) upon written notice to a Participant, provide that all of the Participant's unvested and/or unexercised Awards will terminate immediately prior to the consummation of such Reorganization Event unless exercised by the Participant (to the extent then exercisable) within a specified period following the date of such notice, (iii) provide that outstanding Awards shall become exercisable, realizable, or deliverable, or restrictions applicable to an Award shall lapse, in whole or in part prior to or upon such Reorganization Event, (iv) in the event of a Reorganization Event under the terms of which holders of Common

Stock will receive upon consummation thereof a cash payment for each share surrendered in the Reorganization Event (the "***Acquisition Price***"), make or provide for a cash payment to Participants with respect to each Award held by a Participant equal to (A) the number of shares of Common Stock subject to the vested portion of the Award (after giving effect to any acceleration of vesting that occurs upon or immediately prior to such Reorganization Event) multiplied by (B) the excess, if any, of (I) the Acquisition Price over (II) the exercise, measurement or purchase price of such Award and any applicable tax withholdings, in exchange for the termination of such Award, (v) provide that, in connection with a liquidation or dissolution of the Company, Awards shall convert into the right to receive liquidation proceeds (if applicable, net of the exercise, measurement or purchase price thereof and any applicable tax withholdings) and (vi) any combination of the foregoing. In taking any of the actions permitted under this Section 9(b)(2), the Board shall not be obligated by the Plan to treat all Awards, all Awards held by a Participant, or all Awards of the same type, identically.

(B) Notwithstanding the terms of Section 9(b)(2)(A), in the case of outstanding Restricted Stock Units that are subject to Section 409A of the Code: (i) if the applicable Restricted Stock Unit agreement provides that the Restricted Stock Units shall be settled upon a "change in control event" within the meaning of Treasury Regulation Section 1.409A-3(i)(5)(i), and the Reorganization Event constitutes such a "change in control event", then no assumption or substitution shall be permitted pursuant to Section 9(b)(2)(A)(i) and the Restricted Stock Units shall instead be settled in accordance with the terms of the applicable Restricted Stock Unit agreement; and (ii) the Board may only undertake the actions set forth in clauses (iii), (iv) or (v) of Section 9(b)(2)(A) if the Reorganization Event constitutes a "change in control event" as defined under Treasury Regulation Section 1.409A-3(i)(5)(i) and such action is permitted or required by Section 409A of the Code; if the Reorganization Event is not a "change in control event" as so defined or such action is not permitted or required by Section 409A of the Code, and the acquiring or succeeding corporation does not assume or substitute the Restricted Stock Units pursuant to clause (i) of Section 9(b)(2)(A), then the unvested Restricted Stock Units shall terminate immediately prior to the consummation of the Reorganization Event without any payment in exchange therefor.

(C) For purposes of Section 9(b)(2)(A)(i), an Award (other than Restricted Stock) shall be considered assumed if, following consummation of the Reorganization Event, such Award confers the right to purchase or receive pursuant to the terms of such Award, for each share of Common Stock subject to the Award immediately prior to the consummation of the Reorganization Event, the consideration (whether cash, securities or other property) received as a result of the Reorganization Event by holders of Common Stock for each share of Common Stock held immediately prior to the consummation of the Reorganization Event (and if holders were offered a choice of consideration, the type of consideration chosen by the holders of a majority of the outstanding shares of Common Stock); *provided*, *however*, that if the consideration received as a result of the Reorganization Event is not solely common stock of the acquiring or succeeding corporation (or an affiliate thereof), the Company may, with the consent of the acquiring or succeeding corporation, provide for the consideration to be received upon the exercise or settlement of the Award to consist solely of such number of shares of common stock of the acquiring or succeeding corporation (or an affiliate thereof) that the Board determined to be equivalent in value (as of the date of such determination or another date specified by the Board) to the per share consideration received by holders of outstanding shares of Common Stock as a result of the Reorganization Event.

(3) Consequences of a Reorganization Event on Restricted Stock. Upon the occurrence of a Reorganization Event other than a liquidation or dissolution of the Company, the repurchase and other rights of the Company with respect to outstanding Restricted Stock shall inure to the benefit of the Company's successor and shall, unless the Board determines otherwise, apply to the cash, securities or other property which the Common Stock was converted into or exchanged for pursuant to such Reorganization Event in the same manner and to the same extent as they applied to such Restricted Stock; *provided*, *however*, that the Board may provide for termination or deemed satisfaction of such repurchase or other rights under the instrument evidencing any Restricted Stock or any other agreement between a Participant and the Company, either initially or by amendment. Upon the occurrence of a Reorganization Event involving the liquidation or dissolution of the Company, except to the extent specifically provided to the contrary in the instrument evidencing any Restricted Stock or any other agreement between a Participant and the Company, all restrictions and conditions on all Restricted Stock then outstanding shall automatically be deemed terminated or satisfied.

(c) Change in Control Events.

(1) Definitions.

A "***Change in Control Event***" shall mean:

(A) the acquisition by an individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act)) (a "***Person***") of beneficial ownership of any capital stock of the Company if, after such acquisition, such Person beneficially owns (within the meaning of Rule 13d-3 promulgated under the Exchange Act) 50% or more of the combined voting power of the then-outstanding securities of the Company entitled to vote generally in the election of directors (the "***Outstanding Company Voting Securities***"); provided, however, that for purposes of this subsection (A), the following acquisitions shall not constitute a Change in Control Event: (1) any acquisition directly from the Company or (2) any acquisition by any corporation pursuant to a Business Combination (as defined below) which complies with clauses (x) and (y) of subsection (C) of this definition; or

(B) such time as the Continuing Directors (as defined below) do not constitute a majority of the Board (or, if applicable, the Board of Directors of a successor corporation to the Company), where the term "***Continuing Director***" means at any date a member of the Board (x) who was a member of the Board on the date of the initial adoption of this Plan

by the Board or (y) who was nominated or elected subsequent to such date by at least a majority of the directors who were Continuing Directors at the time of such nomination or election or whose election to the Board was recommended or endorsed by at least a majority of the directors who were Continuing Directors at the time of such nomination or election; or

(C) the consummation of a merger, consolidation, reorganization, recapitalization or share exchange involving the Company or a sale or other disposition of all or substantially all of the assets of the Company (a "***Business Combination***"), unless, immediately following such Business Combination, each of the following two conditions is satisfied: (x) all or substantially all of the individuals and entities who were the beneficial owners of the Outstanding Company Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than 50% of the combined voting power of the then-outstanding securities entitled to vote generally in the election of directors of the resulting or acquiring corporation in such Business Combination (which shall include, without limitation, a corporation which as a result of such transaction owns the Company or substantially all of the Company's assets either directly or through one or more subsidiaries) (such resulting or acquiring corporation is referred to herein as the "***Acquiring Corporation***") in substantially the same proportions as their ownership of the Outstanding Company Voting Securities immediately prior to such Business Combination and (y) no Person beneficially owns, directly or indirectly, 50% or more of the combined voting power of the then-outstanding securities of such corporation entitled to vote generally in the election of directors (except to the extent that such ownership existed prior to the Business Combination); or

(D) the liquidation or dissolution of the Company.

"***Good Reason***" shall mean the occurrence of any of the following without the Participant's prior written consent: (A) any change in the Participant's position, title or reporting relationship with the Company from and after such Reorganization Event or Change in Control Event that diminishes in any material respect the authority, duties or responsibilities of the Participant as in effect immediately preceding the Reorganization Event or Change in Control Event, as the case may be; provided, however, that a change in the Participant's title or reporting relationship solely due to the

Company becoming a division, subsidiary or other similar part of a larger organization following a Reorganization Event or Change in Control Event shall not by itself constitute Good Reason; or (B) any material reduction in the Participant's annual base compensation from and after such Reorganization Event or Change in Control Event, as the case may be. Notwithstanding the foregoing, "Good Reason" shall not be deemed to have occurred unless (x) the Participant provides the Company with written notice that the Participant intends to terminate employment for one of the grounds set forth in subsections (A) or (B) within sixty (60) days of such ground(s) arising, (y) if such ground is capable of being cured, the Company has failed to cure such ground within a period of thirty (30) days from the date of such written notice, and (z) the Participant terminates employment within six (6) months from the date that Good Reason first occurs.

"***Cause***" shall mean the occurrence of any of the following: (A) the Participant's willful failure to perform in any material respect Participant's material duties or responsibilities for the Company, which is not cured within 30 days of written notice thereof to the Participant from the Company; (B) repeated unexplained or unjustified absence from the Company inconsistent with the Participant's duties and responsibilities for the Company, which continues without explanation or justification after written notice thereof to the Participant from the Company; (C) Participant's willful misconduct that causes material and demonstrable monetary or reputational injury to the Company, including, but not limited to, misappropriation or conversion of assets of the Company (other than non-material assets); or (D) the conviction of the Participant of, or the entry of a plea of guilty or *nolo contendere* by the Participant to, any crime involving moral turpitude or any felony.

(2) Effect on Options. Notwithstanding the provisions of Section 9(b), except to the extent specifically provided to the contrary in the instrument evidencing any Option or any other agreement between a Participant and the Company, each Option shall be immediately exercisable in full if, on or prior to the first anniversary of the date of the consummation of the Change in Control Event, the Participant's employment with the Company or the acquiring or succeeding corporation is terminated for Good Reason by the Participant or is terminated without Cause by the Company or the acquiring or succeeding corporation.

(3) Effect on Awards of Restricted Stock. Notwithstanding the provisions of Section 9(b), except to the extent specifically provided to the contrary in the instrument evidencing any Award of Restricted Stock or any other agreement between a Participant and the Company, each Award of Restricted Stock shall immediately become free from all conditions or restrictions if, on or prior to the first anniversary of the date of the consummation of the Change in Control Event, the Participant's employment with the Company or the acquiring or succeeding corporation is terminated for Good Reason by the Participant or is terminated without Cause by the Company or the acquiring or succeeding corporation.

(4) Effect on SARs, Restricted Stock Units and Other Stock-Based Awards. The Board may specify in an Award at the time of the grant the effect of a Change in Control Event on any SAR, Restricted Stock Unit and Other Stock-Based Award.

10. General Provisions Applicable to Awards

(a) Transferability of Awards. Awards shall not be sold, assigned, transferred, pledged or otherwise encumbered by the person to whom they are granted, either voluntarily or by operation of law, except by will or the laws of descent and distribution or, other than in the case of an Incentive Stock Option, pursuant to a qualified domestic relations order, and, during the life of the Participant, shall be exercisable only by the Participant; *provided, however*, that the Board may permit or provide in an Award for the gratuitous transfer of the Award by the Participant to or for the benefit of any immediate family member, family trust or other entity established for the benefit of the Participant and/or an immediate family member thereof if the Company would be eligible to use a Form S-8 under the Securities Act for the registration of the sale of the Common Stock subject to such Award to such proposed transferee; *provided further*, that the Company shall not be required to recognize any such permitted transfer until such time as such permitted transferee shall, as a condition to such transfer, deliver to the Company a written instrument in form and substance satisfactory to the Company confirming that such transferee shall be bound by all of the terms and conditions of the Award. References to a Participant, to the extent relevant in the context, shall include references to authorized transferees. For the avoidance of doubt, nothing contained in this Section 10(a) shall be deemed to restrict a transfer to the Company.

(b) Documentation. Each Award shall be evidenced in such form (written, electronic or otherwise) as the Board shall determine. Each Award may contain terms and conditions in addition to those set forth in the Plan.

(c) Board Discretion. Except as otherwise provided by the Plan, each Award may be made alone or in addition or in relation to any other Award. The terms of each Award need not be identical, and the Board need not treat Participants uniformly.

(d) Termination of Status. The Board shall determine the effect on an Award of the disability, death, termination or other cessation of employment, authorized leave of absence or other change in the employment or other status of a Participant and the extent to which, and the period during which, the Participant, or the Participant's legal representative, conservator, guardian or Designated Beneficiary, may exercise rights under the Award.

(e) Withholding. The Participant must satisfy all applicable federal, state, and local or other income and employment tax withholding obligations before the Company will deliver stock certificates or otherwise recognize ownership of Common Stock under an Award. The Company may decide to satisfy the withholding obligations through additional withholding on salary or wages. If the Company elects not to or cannot withhold from other compensation, the Participant must pay the Company the full amount, if any, required for withholding or have a broker tender to the Company cash equal to the withholding obligations. Payment of withholding obligations is due before the Company will issue any shares on exercise, vesting or release from forfeiture of an Award or at the same time as payment of the exercise or purchase

price, unless the Company determines otherwise. If provided for in an Award or approved by the Board in its sole discretion, a Participant may satisfy such tax obligations in whole or in part by delivery (either by actual delivery or attestation) of shares of Common Stock, including shares retained from the Award creating the tax obligation, valued at their Fair Market Value; *provided*, *however*, except as otherwise provided by the Board, that the total tax withholding where stock is being used to satisfy such tax obligations cannot exceed the Company's minimum statutory withholding obligations (based on minimum statutory withholding rates for federal and state tax purposes, including payroll taxes, that are applicable to such supplemental taxable income). Shares used to satisfy tax withholding requirements cannot be subject to any repurchase, forfeiture, unfulfilled vesting or other similar requirements.

(f) Amendment of Award. Except as otherwise provided in Sections 5(g) and 6(e) with respect to repricings, Section 11(d) with respect to actions requiring stockholder approval, the Board may amend, modify or terminate any outstanding Award, including but not limited to, substituting therefor another Award of the same or a different type, changing the date of exercise or realization, and converting an Incentive Stock Option to a Nonstatutory Stock Option. The Participant's consent to such action shall be required unless (i) the Board determines that the action, taking into account any related action, does not materially and adversely affect the Participant's rights under the Plan or (ii) the change is permitted under Section 9.

(g) Conditions on Delivery of Stock. The Company will not be obligated to deliver any shares of Common Stock pursuant to the Plan or to remove restrictions from shares previously issued or delivered under the Plan until (i) all conditions of the Award have been met or removed to the satisfaction of the Company, (ii) in the opinion of the Company's counsel, all other legal matters in connection with the issuance and delivery of such shares have been satisfied, including any applicable securities laws and regulations and any applicable stock exchange or stock market rules and regulations, and (iii) the Participant has executed and delivered to the Company such representations or agreements as the Company may consider appropriate to satisfy the requirements of any applicable laws, rules or regulations.

(h) Acceleration. The Board may at any time provide that any Award shall become immediately exercisable in whole or in part, free of some or all restrictions or conditions, or otherwise realizable in whole or in part, as the case may be.

11. Miscellaneous

(a) No Right To Employment or Other Status. No person shall have any claim or right to be granted an Award by virtue of the adoption of the Plan, and the grant of an Award shall not be construed as giving a Participant the right to continued employment or any other relationship with the Company. The Company expressly reserves the right at any time to dismiss or otherwise terminate its relationship with a Participant free from any liability or claim under the Plan, except as expressly provided in the applicable Award.

(b) No Rights As Stockholder. Subject to the provisions of the applicable Award, no Participant or Designated Beneficiary shall have any rights as a stockholder with respect to any shares of Common Stock to be distributed with respect to an Award until becoming the record holder of such shares.

(c) Effective Date and Term of Plan. The Plan shall become effective on the date the Plan is approved by the Company's stockholders (the "***Effective Date***"). No Awards shall be granted under the Plan after the expiration of 10 years from the Effective Date, but Awards previously granted may extend beyond that date.

(d) Amendment of Plan. The Board may amend, suspend or terminate the Plan or any portion thereof at any time provided that (i) to the extent required by Section 162(m), no Award granted to a Participant that is intended to comply with Section 162(m) after the date of such amendment shall become exercisable, realizable or vested, as applicable to such Award, unless and until the Company's stockholders approve such amendment in the manner required by Section 162(m); and (ii) no amendment that would require stockholder approval under the rules of the NASDAQ Stock Market may be made effective unless and until the Company's stockholders approve such amendment. In addition, if at any time the approval of the Company's stockholders is required as to any other modification or amendment under Section 422 of the Code or any successor provision with respect to Incentive Stock Options, the Board may not effect such modification or amendment without such approval. Unless otherwise specified in the amendment, any amendment to the Plan adopted in accordance with this Section 11(d) shall apply to, and be binding on the holders of, all Awards outstanding under the Plan at the time the amendment is adopted, provided the Board determines that such amendment, taking into account any related action, does not materially and adversely affect the rights of Participants under the Plan. No Award shall be made that is conditioned upon stockholder approval of any amendment to the Plan unless the Award provides that (i) it will terminate or be forfeited if stockholder approval of such amendment is not obtained within no more than 12 months from the date of grant and (2) it may not be exercised or settled (or otherwise result in the issuance of Common Stock) prior to such stockholder approval.

(e) Authorization of Sub-Plans (including for Grants to non-U.S. Employees). The Board may from time to time establish one or more sub-plans under the Plan for purposes of satisfying applicable securities, tax or other laws of various jurisdictions. The Board shall establish such sub-plans by adopting supplements to the Plan containing (i) such limitations on the Board's discretion under the Plan as the Board deems necessary or desirable or (ii) such additional terms and conditions not otherwise inconsistent with the Plan as the Board shall deem necessary or desirable. All supplements adopted by the Board shall be deemed to be part of the Plan, but each supplement shall apply only to Participants within the affected jurisdiction and the Company shall not be required to provide copies of any supplement to Participants in any jurisdiction which is not the subject of such supplement.

(f) Compliance with Section 409A of the Code. Except as provided in individual Award agreements initially or by amendment, if and to the extent (i) any portion of any payment, compensation or other benefit provided to a Participant pursuant to the Plan in connection with his or her employment termination constitutes "nonqualified deferred compensation" within the meaning of Section 409A of the Code and (ii) the Participant is a specified employee as defined in Section 409A(a)(2)(B)(i) of the Code, in each case as determined by the Company in accordance with its procedures, by which determinations the Participant (through accepting the Award) agrees that he or she is bound, such portion of the payment, compensation or other benefit shall not be paid before the day that is six months plus one day after the date of "separation from service" (as determined under Section 409A of the Code) (the "***New Payment***

Date"), except as Section 409A of the Code may then permit. The aggregate of any payments that otherwise would have been paid to the Participant during the period between the date of separation from service and the New Payment Date shall be paid to the Participant in a lump sum on such New Payment Date, and any remaining payments will be paid on their original schedule.

The Company makes no representations or warranty and shall have no liability to the Participant or any other person if any provisions of or payments, compensation or other benefits under the Plan are determined to constitute nonqualified deferred compensation subject to Section 409A of the Code but do not to satisfy the conditions of that section.

(g) Limitations on Liability. Notwithstanding any other provisions of the Plan, no individual acting as a director, officer, employee or agent of the Company will be liable to any Participant, former Participant, spouse, beneficiary, or any other person for any claim, loss, liability, or expense incurred in connection with the Plan, nor will such individual be personally liable with respect to the Plan because of any contract or other instrument he or she executes in his or her capacity as a director, officer, employee or agent of the Company. The Company will indemnify and hold harmless each director, officer, employee or agent of the Company to whom any duty or power relating to the administration or interpretation of the Plan has been or will be delegated, against any cost or expense (including attorneys' fees) or liability (including any sum paid in settlement of a claim with the Board's approval) arising out of any act or omission to act concerning the Plan unless arising out of such person's own fraud or bad faith.

(h) Governing Law. The provisions of the Plan and all Awards made hereunder shall be governed by and interpreted in accordance with the laws of the State of Delaware, excluding choice-of-law principles of the law of such state that would require the application of the laws of a jurisdiction other than the State of Delaware.

Exhibit 10.5

OPHTHOTECH CORPORATION

Incentive Stock Option Agreement
Granted Under 2013 Stock Incentive Plan

1. Grant of Option.

This agreement evidences the grant by Ophthotech Corporation, a Delaware corporation (the "Company"), on , 201[ ] (the "Grant Date") to [ ] (the "Participant"), of an option to purchase, in whole or in part, on the terms provided herein and in the Company's 2013 Stock Incentive Plan (the "Plan"), a total of [ ] shares (the "Shares") of common stock, $0.001 par value per share, of the Company ("Common Stock") at $[ ] per Share. Unless earlier terminated, this option shall expire at 5:00 p.m., Eastern time, on [ ] (the "Final Exercise Date").

It is intended that the option evidenced by this agreement shall be an incentive stock option as defined in Section 422 of the Internal Revenue Code of 1986, as amended, and any regulations promulgated thereunder (the "Code"). Except as otherwise indicated by the context, the term "Participant", as used in this option, shall be deemed to include any person who acquires the right to exercise this option validly under its terms.

2. Vesting Schedule.

This option will become exercisable ("vest") as to [ ]% of the original number of Shares on [ ] and as to an additional [ ]% of the original number of Shares at the end of each successive [ ] period following [ ] until [ ].

The right of exercise shall be cumulative so that to the extent the option is not exercised in any period to the maximum extent permissible it shall continue to be exercisable, in whole or in part, with respect to all Shares for which it is vested until the earlier of the Final Exercise Date or the termination of this option under Section 3 hereof or the Plan.

3. Exercise of Option.

(a) Form of Exercise. Each election to exercise this option shall be in writing in the form attached hereto as Exhibit A, signed by the Participant, and received by the Company at its principal office, accompanied by this agreement, and payment in full in the manner provided in

the Plan. The Participant may purchase less than the number of shares covered hereby, provided that no partial exercise of this option may be for any fractional share or for fewer than ten whole shares.

(b) Continuous Relationship with the Company Required. Except as otherwise provided in this Section 3, this option may not be exercised unless the Participant, at the time he or she exercises this option, is, and has been at all times since the Grant Date, an employee or officer of, or consultant or advisor to, the Company or any parent or subsidiary of the Company as defined in Section 424(e) or (f) of the Code (an "Eligible Participant").

(c) Termination of Relationship with the Company. If the Participant ceases to be an Eligible Participant for any reason, then, except as provided in paragraphs (d) and (e) below, the right to exercise this option shall terminate three months after such cessation (but in no event after the Final Exercise Date), provided that this option shall be exercisable only to the extent that the Participant was entitled to exercise this option on the date of such cessation. Notwithstanding the foregoing, if the Participant, prior to the Final Exercise Date, violates the non-competition or confidentiality provisions of any employment contract, confidentiality and nondisclosure agreement or other agreement between the Participant and the Company, the right to exercise this option shall terminate immediately upon written notice to the Participant from the Company describing such violation.

(d) Exercise Period Upon Death or Disability. If the Participant dies or becomes disabled (within the meaning of Section 22(e)(3) of the Code) prior to the Final Exercise Date while he or she is an Eligible Participant and the Company has not terminated such relationship for "cause" as specified in paragraph (e) below, this option shall be exercisable, within the period of one year following the date of death or disability of the Participant, by the Participant (or in the case of death by an authorized transferee), provided that this option shall be exercisable only to the extent that this option was exercisable by the Participant on the date of his or her death or disability, and further provided that this option shall not be exercisable after the Final Exercise Date.

(e) Termination for Cause. If, prior to the Final Exercise Date, the Participant's employment, consulting, director or advisor relationship with the Company is terminated, by the Company (or its shareholders) for Cause (as defined below), the right to exercise this option shall terminate immediately upon the effective date of such termination. If, prior to the Final Exercise Date, the Participant is given notice by the Company of the termination of his employment, consulting, director or advisor relationship, for Cause, and the effective date of such termination is subsequent to the date of the delivery of such notice, the right to exercise this option shall be suspended from the time of the delivery of such notice until the earlier of (i) such time as it is determined or otherwise agreed that the Participant's employment, consulting, director or advisor relationship shall not be terminated for Cause as provided in such notice or (ii) the effective date of such termination (in which case the right to exercise this option shall, pursuant to the

preceding sentence, terminate immediately upon the effective date of such termination). If the Participant is party to an employment, consulting or severance agreement with the Company that contains a definition of "cause" for termination of the applicable employment, consulting, director or advisor relationship with the Company, "Cause" shall have the meaning ascribed to such term in such agreement. Otherwise, "Cause" shall mean willful misconduct by the Participant or willful failure by the Participant to perform his or her responsibilities to the Company (including, without limitation, breach by the Participant of any fiduciary duty or of any provision of any employment, consulting, advisory, nondisclosure, non-competition or other similar agreement between the Participant and the Company), as determined by the Company (or its shareholders), which determination shall be conclusive. The Participant shall be considered to have been removed or discharged for "Cause" if the Company (or its shareholders) determine, within 30 days after the Participant's resignation, that removal or discharge for cause was warranted.

4. Tax Matters.

(a) Withholding. No Shares will be issued pursuant to the exercise of this option unless and until the Participant pays to the Company, or makes provision satisfactory to the Company for payment of, any federal, state or local withholding taxes required by law to be withheld in respect of this option.

(b) Disqualifying Disposition. If the Participant disposes of Shares acquired upon exercise of this option within two years from the Grant Date or one year after such Shares were acquired pursuant to exercise of this option, the Participant shall notify the Company in writing of such disposition.

5. Nontransferability of Option.

This option may not be sold, assigned, transferred, pledged or otherwise encumbered by the Participant, either voluntarily or by operation of law, except by will or the laws of descent and distribution, and, during the lifetime of the Participant, this option shall be exercisable only by the Participant.

6. Provisions of the Plan.

This option is subject to the provisions of the Plan (including the provisions relating to amendments to the Plan), a copy of which is furnished to the Participant with this option.

IN WITNESS WHEREOF, the Company has caused this option to be executed under its corporate seal by its duly authorized officer. This option shall take effect as a sealed instrument.

OPHTHOTECH CORPORATION

By: _____

Name: _____

Title: _____

PARTICIPANT'S ACCEPTANCE

The undersigned hereby accepts the foregoing option and agrees to the terms and conditions thereof. The undersigned hereby acknowledges receipt of a copy of the Company's 2013 Stock Incentive Plan.

PARTICIPANT:

_____

Address: _____

_____

PARTICIPANT'S SPOUSE (if applicable)*:

_____

Address: _____

_____

* *Required for Participants residing in Arizona, California, Idaho, Louisiana, Nevada, New Mexico, Texas or Wisconsin.*

EXHIBIT A

NOTICE OF STOCK OPTION EXERCISE

NOTICE OF STOCK OPTION EXERCISE

Date:

Ophthotech Corporation
One Penn Plaza
35th Floor
New York, NY 10119

Attention: Treasurer

Dear Sir or Madam:

I am the holder of an Incentive Stock Option granted to me under the Ophthotech Corporation (the "Company") 2013 Stock Incentive Plan on for the purchase of shares of Common Stock of the Company at a purchase price of $ per share.

I hereby exercise my option to purchase shares of Common Stock (the "Shares"), for which I have enclosed [cash] [a personal check] in the amount of . Please register my stock certificate as follows:

Name(s): _____

_____

Address: _____

Tax I.D. #: _____

Very truly yours,

_____
(Signature)

Exhibit 10.6

OPHTHOTECH CORPORATION

Nonstatutory Stock Option Agreement
Granted Under 2013 Stock Incentive Plan

1. Grant of Option.

This agreement evidences the grant by Ophthotech Corporation, a Delaware corporation (the "Company"), on , 201[ ] (the "Grant Date") to [ ] (the "Participant"), of an option to purchase, in whole or in part, on the terms provided herein and in the Company's 2013 Stock Incentive Plan (the "Plan"), a total of [ ] shares (the "Shares") of common stock, $0.001 par value per share, of the Company ("Common Stock") at $[ ] per Share. Unless earlier terminated, this option shall expire at 5:00 p.m., Eastern time, on [ ] (the "Final Exercise Date").

It is intended that the option evidenced by this agreement shall not be an incentive stock option as defined in Section 422 of the Internal Revenue Code of 1986, as amended, and any regulations promulgated thereunder (the "Code"). Except as otherwise indicated by the context, the term "Participant", as used in this option, shall be deemed to include any person who acquires the right to exercise this option validly under its terms.

2. Vesting Schedule.

This option will become exercisable ("vest") as to [ ]% of the original number of Shares on [ ] and as to an additional [ ]% of the original number of Shares at the end of each successive [ ] period following [ ] until [ ].

The right of exercise shall be cumulative so that to the extent the option is not exercised in any period to the maximum extent permissible it shall continue to be exercisable, in whole or in part, with respect to all Shares for which it is vested until the earlier of the Final Exercise Date or the termination of this option under Section 3 hereof or the Plan.

3. Exercise of Option.

(a) Form of Exercise. Each election to exercise this option shall be in writing in the form attached hereto as Exhibit A, signed by the Participant, and received by the Company at its principal office, accompanied by this agreement, and payment in full in the manner provided in the Plan. The Participant may purchase less than the number of shares covered hereby, provided that no partial exercise of this option may be for any fractional share or for fewer than ten whole shares.

(b) Continuous Relationship with the Company Required. Except as otherwise provided in this Section 3, this option may not be exercised unless the Participant, at the time he or she exercises this option, is, and has been at all times since the Grant Date, an employee or officer of, or consultant or advisor to, the Company or any other entity the employees, officers, directors, consultants, or advisors of which are eligible to receive option grants under the Plan (an "Eligible Participant").

(c) Termination of Relationship with the Company. If the Participant ceases to be an Eligible Participant for any reason, then, except as provided in paragraphs (d) and (e) below, the right to exercise this option shall terminate three months after such cessation (but in no event after the Final Exercise Date), provided that this option shall be exercisable only to the extent that the Participant was entitled to exercise this option on the date of such cessation. Notwithstanding the foregoing, if the Participant, prior to the Final Exercise Date, violates the non-competition or confidentiality provisions of any employment contract, confidentiality and nondisclosure agreement or other agreement between the Participant and the Company, the right to exercise this option shall terminate immediately upon written notice to the Participant from the Company describing such violation.

(d) Exercise Period Upon Death or Disability. If the Participant dies or becomes disabled (within the meaning of Section 22(e)(3) of the Code) prior to the Final Exercise Date while he or she is an Eligible Participant and the Company has not terminated such relationship for "cause" as specified in paragraph (e) below, this option shall be exercisable, within the period of one year following the date of death or disability of the Participant, by the Participant (or in the case of death by an authorized transferee), provided that this option shall be exercisable only to the extent that this option was exercisable by the Participant on the date of his or her death or disability, and further provided that this option shall not be exercisable after the Final Exercise Date.

(e) Termination for Cause. If, prior to the Final Exercise Date, the Participant's employment, consulting, director or advisor relationship with the Company is terminated, by the Company (or its shareholders) for Cause (as defined below), the right to exercise this option shall terminate immediately upon the effective date of such termination. If, prior to the Final Exercise Date, the Participant is given notice by the Company of the termination of his employment, consulting, director or advisor relationship, for Cause, and the effective date of such termination is subsequent to the date of the delivery of such notice, the right to exercise this option shall be suspended from the time of the delivery of such notice until the earlier of (i) such time as it is determined or otherwise agreed that the Participant's employment, consulting, director or advisor relationship shall not be terminated for Cause as provided in such notice or (ii) the effective date of such termination (in which case the right to exercise this option shall, pursuant to the preceding sentence, terminate immediately upon the effective date of such termination). If the Participant is party to an employment, consulting or severance agreement with the Company that contains a definition of "cause" for termination of the applicable employment, consulting, director or advisor relationship with the Company, "Cause" shall have the meaning ascribed to such term in such agreement. Otherwise, "Cause" shall mean willful misconduct by the Participant or willful failure by the Participant to perform his or her responsibilities to the Company (including, without limitation, breach by the Participant of any fiduciary duty or of any provision of any employment, consulting, advisory, nondisclosure, non-competition or other similar agreement between the Participant and the Company), as determined by the Company (or its shareholders), which determination shall be conclusive. The Participant shall be considered to have been removed or discharged for "Cause" if the Company (or its shareholders) determine, within 30 days after the Participant's resignation, that removal or discharge for cause was warranted.

4. Withholding.

No Shares will be issued pursuant to the exercise of this option unless and until the Participant pays to the Company, or makes provision satisfactory to the Company for payment of, any federal, state or local withholding taxes required by law to be withheld in respect of this option.

5. Nontransferability of Option.

This option may not be sold, assigned, transferred, pledged or otherwise encumbered by the Participant, either voluntarily or by operation of law, except by will or the laws of descent and distribution, and, during the lifetime of the Participant, this option shall be exercisable only by the Participant.

6. Provisions of the Plan.

This option is subject to the provisions of the Plan (including the provisions relating to amendments to the Plan), a copy of which is furnished to the Participant with this option.

IN WITNESS WHEREOF, the Company has caused this option to be executed under its corporate seal by its duly authorized officer. This option shall take effect as a sealed instrument.

OPHTHOTECH CORPORATION

By: _____

Name: _____

Title: _____

PARTICIPANT'S ACCEPTANCE

The undersigned hereby accepts the foregoing option and agrees to the terms and conditions thereof. The undersigned hereby acknowledges receipt of a copy of the Company's 2013 Stock Incentive Plan.

PARTICIPANT:

_____

Address: _____

_____

PARTICIPANT'S SPOUSE (if applicable)*:

_____

Address: _____

_____

* *Required for Participants residing in Arizona, California, Idaho, Louisiana, Nevada, New Mexico, Texas or Wisconsin.*

EXHIBIT A

NOTICE OF STOCK OPTION EXERCISE

NOTICE OF STOCK OPTION EXERCISE

Date:

Ophthotech Corporation
One Penn Plaza
35th Floor
New York, NY 10119

Attention: Treasurer

Dear Sir or Madam:

I am the holder of a Nonstatutory Stock Option granted to me under the Ophthotech Corporation (the "Company") 2013 Stock Incentive Plan on for the purchase of shares of Common Stock of the Company at a purchase price of $ per share.

I hereby exercise my option to purchase shares of Common Stock (the "Shares"), for which I have enclosed [cash] [a personal check] in the amount of . Please register my stock certificate as follows:

Name(s): _____

_____

Address: _____

Tax I.D. #: _____

Very truly yours,

_____
(Signature)

Exhibit 10.7

LEASE

between

ONE PENN PLAZA LLC,

Landlord,

and

OPHTHOTECH CORPORATION,

Tenant.

One Penn Plaza
New York, New York 10119

as of September 30, 2007

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EXHIBITS

THIS LEASE, dated as of the 30th day of September, 2007, by and between ONE PENN PLAZA LLC, a New York limited liability company, having an address c/o Vornado Office Management LLC, 888 Seventh Avenue, New York, New York 10019, as landlord, and OPHTHOTECH CORPORATION, a Delaware corporation, having an address at One Penn Plaza (Suite 3508), New York, New York 10119, as tenant (the Person that holds the interest of the landlord hereunder at any particular time being referred to herein as "Landlord"; subject to Section 17.1(D) hereof, the Person that holds the interest of the tenant hereunder at any particular time being referred to herein as "Tenant").

W I T N E S S E T H:

WHEREAS, Landlord wishes to demise and let unto Tenant, and Tenant wishes to hire and take from Landlord, on the terms and subject to the conditions set forth herein, the premises as shown on Exhibit "A" attached hereto and made a part hereof on the thirty-fifth (35th) floor (Suite 3508) of the building that is known by the street address of One Penn Plaza, New York, New York 10119 (such premises being referred to herein as the "Premises"; such building being referred to herein as the "Building"; the Building, together with the plot of land on which the Building is constructed, being collectively referred to herein as the "Real Property").

NOW, THEREFORE, in consideration of the premises, and other good and valuable consideration, the mutual receipt and legal sufficiency of which the parties hereto hereby acknowledge, Landlord and Tenant hereby agree as follows:

Article 1
DEMISE, TERM, FIXED RENT

1.1. Demise.

Subject to the terms hereof, Landlord hereby demises and lets to Tenant and Tenant hereby hires and takes from Landlord the Premises for the term to commence on the Commencement Date and to end on the last day of the calendar month during which occurs the day immediately preceding the date that is five (5) years after the Commencement Date (the "Fixed Expiration Date"; the Fixed Expiration Date, or such earlier date that the term of this Lease terminates pursuant to the terms hereof or pursuant to law, being referred to herein as the "Expiration Date"; the term commencing on the Commencement Date and ending on the Expiration Date being referred to herein as the "Term").

1.2. Commencement Date.

(A) The term of this Lease shall commence on the date Landlord delivers a fully executed counterpart of this Lease to Tenant or Tenant's attorney (the "Commencement Date"). Subject to the terms of Section 1.2(B) hereof, Landlord shall deliver to Tenant vacant and exclusive possession of the Premises on the Commencement Date.

(B) If a Person remains in occupancy of the Premises (or any portion thereof) on the Commencement Date, then Landlord, at Landlord's expense, shall use reasonable diligence to remove such Person from the Premises as promptly as reasonably practicable thereafter. If Landlord is unable to give possession of the Premises on the Commencement Date, then the Rent Commencement Date shall be adjourned for the number of days in the period beginning on the Commencement Date and ending on the day immediately preceding the date that Landlord delivers possession of the Premises to Tenant. Landlord shall have no liability to Tenant (except as otherwise set forth in this Section 1.2(B) and in Section 1.3), and Tenant shall have no right to terminate or rescind this Lease or reduce the Fixed Rent, the Tax Payment, or additional rent payable by Tenant to Landlord hereunder (collectively, the "Rental") from and after the Rent Commencement Date, in each case deriving from Landlord's failure to deliver vacant and exclusive possession of the Premises to Tenant on the Commencement Date. Landlord and Tenant intend that this Section 1.2(B) constitutes an "express provision to the contrary" for purposes of Section 223-a of the New York Real Property Law.

1.3. Rent Commencement Date.

The term "Rent Commencement Date" shall mean the sixtieth (60th) day after the Commencement Date.

1.4. Fixed Rent.

(A) Subject to Section 1.5(f) hereof, the annual fixed rent for the Premises (the annual fixed rent payable hereunder for the Premises at any particular time being referred to herein as the "Fixed Rent") shall be an amount equal to:

(1) the product obtained by multiplying (x) the Electricity Inclusion Rate, by (y) the number of square feet of Rentable Area comprising the Premises, for the period commencing on the Commencement Date and ending on the date immediately preceding the Rent Commencement Date (except that during the period prior to the date that Tenant occupies the Premises for the conduct of business, the amount described in clause (x) above shall be reduced to an amount equal to the product obtained by multiplying (I) the Electricity Inclusion Rate, by (II) fifty percent (50%));

(2) Two Hundred Seventy-Four Thousand Eight Hundred Forty-Two Dollars and Eighty-Four Cents ($274,842.84) ($22,903.57 per month) for the period commencing on the Rent Commencement Date and ending on the day immediately preceding the date that is twelve (12) months after the Commencement Date;

(3) Two Hundred Eighty-One Thousand Three Hundred Eighty-Six Dollars and Sixty-Eight Cents ($281,386.68) ($23,448.89 per month) for the period commencing on the date that is twelve (12) months after the Commencement Date and ending on the day immediately preceding the date that is twenty-four (24) months after the Commencement Date;

(4) Two Hundred Eighty-Eight Thousand Ninety-Four Dollars and Twenty Cents ($288,094.20) ($24,007.85 per month) for the period commencing on the date that is twenty-four (24) months after the Commencement Date and ending on the day immediately preceding the date that is thirty (30) months after the Commencement Date;

(5) Three Hundred Thousand One Hundred Seventy-Five Dollars and Twenty Cents ($300,175.20) ($25,014.60 per month) for the period commencing on the date that is thirty (30) months after the Commencement Date and ending on the day immediately preceding the date that is thirty-six (36) months after the Commencement Date;

(6) Three Hundred Seven Thousand Three Hundred Fifty-Two Dollars and Twenty-Eight Cents ($307,352.28) ($25,612.69 per month) for the period commencing on the date that is thirty-six (36) months after the Commencement Date and ending on the day immediately preceding the date that is forty-eight (48) months after the Commencement Date; and

(7) Three Hundred Fourteen Thousand Seven Hundred Nine Dollars and Twenty Cents ($314,709.20) ($26,225.77 per month) for the period commencing on the date that is forty-eight (48) months after the Commencement Date and ending on the Fixed Expiration Date.

1.5. Payments of Fixed Rent.

(A) Subject to Section 1.5(E) hereof, Tenant shall pay the Fixed Rent in lawful money of the United States of America that is legal tender in payment of all debts and dues, public and private, at the time of payment, in equal monthly installments, in advance, on the first (1st) day of each calendar month during the Term commencing on the Rent Commencement Date, at the office of Landlord or such other place as Landlord may designate from time to time on at least thirty (30) days of advance notice to Tenant, without any set-off, offset, abatement or deduction whatsoever (except to the extent otherwise expressly set forth herein).

(B) Landlord shall have the right to require Tenant to pay the Fixed Rent and any other items of Rental when due by wire transfer of immediately available funds to an account that Landlord designates from time to time on at least thirty (30) days of advance notice to Tenant.

(C) Subject to Section 1.5(B) hereof, Tenant shall have the right to pay the Fixed Rent and any other items of Rental by wire transfer of immediately available funds to an account that Landlord designates from time to time on at least thirty (30) days of advance notice to Tenant. Landlord shall so designate an account within thirty (30) days after Tenant’s request therefor from time to time.

(D) If the Rent Commencement Date is not the first (1st) day of a calendar month, then (x) the Fixed Rent due hereunder for the calendar month during which the Rent Commencement Date occurs shall be adjusted appropriately based on the number of days in such calendar month, and (y) subject to Section 1.5(E) hereof, Tenant shall pay to Landlord such amount (adjusted as aforesaid for such calendar month) on the Rent Commencement Date. If the Expiration Date is not the last day of a calendar month, then the Fixed Rent due hereunder for the calendar month during which the Expiration Date occurs shall be adjusted appropriately based on the number of days in such calendar month.

(E) Tenant shall pay to Landlord on the date hereof an amount equal to Twenty-Two Thousand Nine Hundred Three Dollars and Fifty-Seven Cents ($22,903.57), which Landlord shall apply to the Fixed Rent that first comes due hereunder from and after the Rent Commencement Date until such amount is exhausted.

(F) The Fixed Rent as set forth in this Article 1 includes the Initial Electric Inclusion Factor and shall be adjusted from time to time to correspond to adjustments in the Electricity Inclusion Factor that are made in accordance with Article 5 hereof.

1.6. Certain Definitions.

(A) The term "Affiliate" shall mean a Person that (1) Controls, (2) is under the Control of, or (3) is under common Control with, the Person in question.

(B) The term "Applicable Rate" shall mean, at any particular time, the lesser of (x) four hundred (400) basis points above the Base Rate at such time, and (y) the maximum rate permitted by applicable law at such time.

(C) The term "Base Rate" shall mean the rate of interest announced publicly from time to time by Citibank, N.A., or its successor, as its "prime lending rate" (or such other term as may be used by Citibank, N.A. (or its successor), from time to time, for the rate presently referred to as its "prime lending rate").

(D) The term "Business Days" shall mean all days, excluding Saturdays, Sundays and Holidays.

(E) The term "Consumer Price Index" shall mean the Consumer Price Index for All Urban Consumers published by the Bureau of Labor Statistics of the United States Department of Labor, All Items (1982-84 = 100), seasonally adjusted, for the most specific area that includes the location of the Building (which the parties acknowledge is currently New York – Northern New Jersey – Long Island, NY – NJ – CT – PA), or any successor index thereto. If the Consumer Price Index is converted to a different standard reference base or otherwise revised, then the determination of adjustments provided for herein shall be made with the use of such conversion factor, formula or table for converting the Consumer Price Index as may be published by the Bureau of Labor Statistics or, if said Bureau does not publish such conversion factor, formula or table, then with the use of such conversion factor, formula or table as may be published by Prentice-Hall, Inc. or any other nationally recognized publisher of similar statistical information. If the Consumer Price Index ceases to be published, and there is no successor thereto, then Landlord and Tenant shall use diligent efforts, in good faith, to agree upon a substitute index for the Consumer Price Index. Either party shall have the right to submit the issue of the designation of such substitute index to an Expedited Arbitration Proceeding.

(F) The term "Control" shall mean direct or indirect ownership of more than fifty percent (50%) of the outstanding voting stock of a corporation or other majority equity interest if not a corporation and the possession of power to direct or cause the direction of the management and policy of such corporation or other entity, whether through the ownership of voting securities, by statute or by contract.

(G) The term "Holidays" shall mean all days observed as legal holidays by either (x) the State of New York, (y) the United States of America, or (z) the labor unions that service the Building; provided, however, that if (x) all of the labor unions that service the Building do not observe a particular day as a holiday, and (y) the State of New York or the United States of America do not otherwise observe such day as a holiday, then such day shall constitute a Holiday for purposes hereof only to the extent that Landlord requires the services that are provided by members of the particular labor union to perform the corresponding service for Tenant hereunder (so that if, for example, (x) the labor union for office cleaning personnel observes a particular day as a holiday but the labor union for the engineers that operate the HVAC System does not observe such day as a holiday, and (y) the State of New York or the United States of America does not otherwise observe such day as a holiday, then such day shall constitute a Holiday for purposes of determining whether Landlord is required to provide office cleaning services on such day, but such day shall not constitute a Holiday for purposes of determining whether Landlord is required to provide HVAC services on such day).

(H) The term "Out-of-Pocket Costs" shall mean costs that a Person pays to a third party that is not an Affiliate of such Person (and, accordingly, Out-of-Pocket Costs shall not include (i) the costs that such Person incurs in compensating its own employees to perform a service or supervise work within the scope of their employment, or (ii) the administrative costs that such Person incurs in operating its own offices).

(I) The term "Person" shall mean any natural person or persons or any legal form of association, including, without limitation, a partnership, a limited partnership, a corporation, and a limited liability company.

(J) The term "Rentable Area" shall mean, with respect to a particular floor area, the area thereof (expressed as a particular number of square feet), as determined in accordance with the standards that the parties used to calculate that the area of the Premises is four thousand twenty-seven (4,027) square feet in the aggregate.

Article 2
ESCALATION RENT

2.1. Tax Definitions.

(A) The term "Assessed Valuation" shall mean the amount for which the Real Property is assessed pursuant to applicable provisions of the New York City Charter and of the Administrative Code of The City of New York, in either case for the purpose of calculating all or any portion of the Taxes.

(B) The term "Base Taxes" shall mean the Taxes for the Base Tax Year.

(C) The term "Base Tax Year" shall mean the fiscal year commencing on July 1, 2007 and ending on June 30, 2008.

(D) The term "Excluded Amounts" shall mean (w) any taxes imposed on Landlord's income, (x) franchise, estate, inheritance, capital gains, capital stock, excise, excess profits, gift, payroll or stamp taxes imposed on Landlord, (y) any transfer taxes or mortgage taxes that are imposed on Landlord in connection with the conveyance of the Real Property or granting or recording a mortgage lien thereon, and (z) any other similar taxes imposed on Landlord.

(E) Subject to the terms of this 2.1(E), the term "Taxes" shall mean the aggregate amount of real estate taxes and any general or special assessments that in each case are imposed upon the Real Property, including, without limitation, (i) any fee, tax or charge imposed by any Governmental Authority for any vaults or vault spaces that in either case are appurtenant to the Real Property (except that Taxes shall not include such fee, tax or charge to the extent that Landlord leases or licenses such vaults or vault spaces to a third party), and (ii) any taxes or assessments levied, in whole or in part, for public benefits to the Real Property (including, without limitation, any business improvement district taxes and assessments). Taxes shall be calculated without taking into account (a) any discount that Landlord receives by virtue of any early payment of Taxes, (b) any penalties, fines or interest that the applicable Governmental Authority imposes for the late payment of such real estate taxes or assessments, (c) any Excluded Amounts, (d) any real estate taxes that are separately assessed against a sign or billboard that is affixed to the Building or otherwise located on the Real Property, and (e) any exemption or deferral of Taxes to which the Real Property is entitled under any program that a Governmental Authority adopts to promote the improvement or redevelopment of real property. If, because of any change in the taxation of real estate, any other tax or assessment, however denominated (including, without limitation, any franchise, income, profits, sales, use, occupancy, gross receipts or rental tax), is imposed upon the Real Property, the owner thereof, or the occupancy, rents or income derived therefrom, in substitution for any of the Taxes (to the extent that such substitution is evidenced by either the terms of the legislation imposing such tax or assessment, the legislative history thereof, or other documents or evidence that reasonably demonstrate that the applicable Governmental Authority intended for such tax or assessment to constitute a substitution for any Taxes), then such other tax or assessment to the extent substituted shall be included in Taxes for purposes hereof (assuming that the Real Property is Landlord's sole asset and the income therefrom is Landlord's sole income). If any such real estate taxes or assessments are payable in installments without interest, premium or penalty, then Landlord shall include in Taxes for any particular Tax Year only the installment of such real estate taxes or assessments that the applicable Governmental Authority requires Landlord to pay (and that Landlord actually pays) during such Tax Year.

(F) The term "Tax Payment" shall mean, with respect to any Tax Year, the product obtained by multiplying (i) the excess of (A) Taxes for such Tax Year, over (B) the Base Taxes, by (ii) Tenant's Tax Share.

(G) The term "Tax Statement" shall mean a statement that shows the Tax Payment for a particular Tax Year.

(H) The term "Tax Year" shall mean the Base Tax Year and each subsequent period from July 1 through June 30 (or such other period as hereinafter may be duly adopted by the Governmental Authority then imposing Taxes as its fiscal year for real estate tax purposes).

(I) The term "Tenant's Tax Share" shall mean, subject to the terms hereof, one thousand seven hundred fifty-nine ten-thousandths percent (.1759%), as the same may be increased or decreased pursuant to the terms hereof, which was calculated using a denominator of two million two hundred eighty-eight thousand seven hundred seventy-two (2,288,772) square feet.

2.2. Tax Payment.

(A) Subject to the provisions of this Section 2.2, Tenant shall pay to Landlord, as additional rent, the Tax Payment.

(B) Landlord shall have the right to give a statement to Tenant from time to time pursuant to which Landlord sets forth Landlord's good faith estimate of the Tax Payment for a particular Tax Year (any such statement that Landlord gives to Tenant being referred to herein as a "Prospective Tax Statement"; one-twelfth (1/12th) of the Tax Payment shown on a Prospective Tax Statement being referred to herein as the "Monthly Tax Payment Amount"). If Landlord gives (or is deemed to have given) to Tenant a Prospective Tax Statement, then, subject to the terms of this Section 2.2(B), Tenant shall pay to Landlord, as additional rent, on account of the Tax Payment due hereunder for such Tax Year, the Monthly Tax Payment Amount, on the first (1st) day of each subsequent calendar month until Tenant has paid to Landlord, pursuant to this Section 2.2(B), the full amount of the Tax Payment as so estimated in the Prospective Tax Statement. Tenant shall pay the Monthly Tax Payment Amount to Landlord in the same manner as the monthly installments of the Fixed Rent hereunder. Landlord shall not have the right to require Tenant to commence Tenant's payment of the Monthly Tax Payment Amount for a particular Tax Year earlier than the one hundred fiftieth (150th) day of the immediately preceding Tax Year. If Landlord gives (or is deemed to have given) to Tenant a Prospective Tax Statement after the one hundred fiftieth (150th) day of the immediately preceding Tax Year, then Tenant shall also pay to Landlord, within thirty (30) days after the date that Landlord gives the Prospective Tax Statement to Tenant, an amount equal to the excess of (I) the product obtained by multiplying (x) the Monthly Tax Payment Amount, by (y) the number of calendar months that have theretofore elapsed since the one hundred fiftieth (150th) day of the immediately preceding Tax Year, over (II) the aggregate amount theretofore paid by Tenant to Landlord on account of the Tax Payment for the Tax Year to which the Prospective Tax Statement relates. Landlord shall not have the right to use this Section 2.2(B) to collect more than fifty percent (50%) of the Tax Payment shown on a particular Prospective Tax Statement earlier than the thirtieth (30th) day before the date that the first installment of Taxes is due to the applicable Governmental Authority for a particular Tax Year. If Landlord gives (or is deemed to have given) to Tenant a Prospective Tax Statement for a particular Tax Year, then Landlord shall also provide to Tenant, within one hundred eighty (180) days after the last day of such Tax Year, a Tax Statement for such Tax Year.

(C) Tenant shall pay to Landlord an amount equal to the excess (if any) of (i) the Tax Payment as reflected on a Tax Statement that Landlord gives to Tenant, over (ii) the aggregate amount that Tenant has theretofore paid to Landlord on account of the Tax Payment (if any) as contemplated by Section 2.2(B) hereof, within thirty (30) days after the date that Landlord gives such Tax Statement to Tenant. Tenant shall have the right to credit against the Rental thereafter coming due hereunder an amount equal to the excess (if any) of (i) the aggregate amount that Tenant has theretofore paid to Landlord on account of the Tax Payment as contemplated by Section 2.2(B) hereof, over (ii) the Tax Payment as reflected on such Tax Statement; provided, however, that if the Expiration Date occurs prior to the date that such credit is exhausted, then Landlord shall pay to Tenant the unused portion of such credit on or prior to the thirtieth (30th) day after the Expiration Date (it being understood that Landlord's obligation to make such payment to Tenant shall survive the Expiration Date). If Landlord gives Tenant a Tax Statement, then, unless Landlord otherwise specifies in such Tax Statement, Landlord shall be deemed to have given to Tenant a Prospective Tax Statement, for the Tax Year immediately succeeding the Tax Year that is covered by such Tax Statement, that reflects a Tax Payment for such immediately succeeding Tax Year in an amount equal to the Tax Payment for such Tax Year that is covered by such Tax Statement.

(D) If the Rent Commencement Date occurs later than the first (1st) day of the Tax Year that immediately succeeds the Base Tax Year, then the Tax Payment for the Tax Year during which the Rent Commencement Date occurs shall be an amount equal to the product obtained by multiplying (X) the Tax Payment that would have been due hereunder if the Rent Commencement Date was the first (1st) day of such Tax Year, by (Y) a fraction, the numerator of which is the number of days in the period beginning on the Rent Commencement Date and ending on the last day of such Tax Year, and the denominator of which is three hundred sixty- five (365) (or three hundred sixty-six (366), if such Tax Year includes the month of February in a leap year).

(E) If the Expiration Date is not the last day of a Tax Year, then the Tax Payment for the Tax Year during which the Expiration Date occurs shall be an amount equal to the product obtained by multiplying (X) the Tax Payment that would have been due hereunder if the Expiration Date was the last day of such Tax Year, by (Y) a fraction, the numerator of which is the number of days in the period beginning on the first (1st) day of such Tax Year and ending on the Expiration Date, and the denominator of which is three hundred sixty-five (365) (or three hundred sixty-six (366), if such Tax Year includes the month of February in a leap year).

(F) The Tax Payment shall be computed initially on the basis of the Assessed Valuation in effect on the date that Landlord gives the applicable Tax Statement to Tenant (as the Taxes may have been settled or finally adjudicated prior to such time) regardless of any then pending application, proceeding or appeal to reduce the Assessed Valuation, but shall be subject to subsequent adjustment as provided in Section 2.3 hereof.

(G) Tenant shall pay the Tax Payment regardless of whether Tenant is exempt, in whole or part, from the payment of any Taxes by reason of Tenant's diplomatic status or otherwise.

(H) If Taxes are required to be paid on any date or dates other than as presently required by the Governmental Authority imposing Taxes, then the due date of the installments of the Tax Payment shall be adjusted so that each such installment is due from Tenant to Landlord thirty (30) days prior to the date that the corresponding payment is due to the Governmental Authority (with the understanding, however, that Tenant shall not be required to pay a Tax Payment to Landlord earlier than the thirtieth (30th) day after the date that Landlord gives the applicable Tax Statement to Tenant).

(I) Landlord's failure to give to Tenant a Tax Statement for any Tax Year shall not impair Landlord's right to give to Tenant a Tax Statement for any other Tax Year.

(J) Landlord shall give to Tenant a copy of the relevant tax bill for each Tax Year (to the extent that the applicable Governmental Authority has issued such tax bill to Landlord) together with the Tax Statement.

2.3. Tax Reduction Proceedings.

(A) Landlord (and not Tenant) shall be eligible to institute proceedings to reduce the Assessed Valuation.

(B) If, after a Tax Statement has been sent to Tenant, an Assessed Valuation that Landlord used to compute the Tax Payment for a Tax Year is reduced, and, as a result thereof, a refund of Taxes is actually received by, or credited to, Landlord, then Landlord, promptly after Landlord's receipt of such refund (or such refund is credited to Landlord, as the case may be), shall send to Tenant a Tax Statement adjusting the Taxes for such Tax Year and setting forth, based on such adjustment, the portion of such refund for which Tenant is entitled a credit as set forth in this Section 2.3(B). Landlord shall have the right to deduct from such refund the actual Out-of-Pocket Costs that Landlord incurs in obtaining such refund (so that Landlord, in calculating the adjusted Tax Payment, takes into account only the net proceeds of such refund that Landlord receives (or that is credited to Landlord)). Landlord shall credit the portion of such refund to which Tenant is entitled against the Rental thereafter coming due hereunder. If (x) Tenant is entitled to a credit against Rental pursuant to this Section 2.3(B), and (y) the Expiration Date occurs prior to the date that such credit is exhausted, then Landlord shall pay to Tenant the unused portion of such credit on or prior to the thirtieth (30th) day after the Expiration Date (and Landlord's obligation to make such payment shall survive the Expiration Date). If (i) Landlord receives such refund (or a credit therefor) after the Expiration Date, and (ii) Tenant is entitled to a portion thereof as contemplated by this Section 2.3(B), then Landlord shall pay to Tenant an amount equal to Tenant's share of such refund (or such credit) within thirty (30) days after the date that such refund is paid to Landlord (or such refund is credited to Landlord, as the case may be) (and Landlord's obligation to make such payment shall survive the Expiration Date).

(C)

(1) If the Assessed Valuation for the Base Tax Year is reduced at any time after the date that Landlord gives a Tax Statement to Tenant for a Tax Year, then Landlord shall have the right to give to Tenant a revised Tax Statement that recalculates the Tax Payment for a Tax Year (using the Taxes that reflect such reduction in such Assessed Valuation). Tenant shall pay to Landlord an amount equal to the excess of (i) the Tax Payment as reflected on such revised Tax Statement, over (ii) the Tax Payment as reflected on the prior Tax Statement, within thirty (30) days after Landlord gives such revised Tax Statement to Tenant.

(2) If the Assessed Valuation for the Base Tax Year is increased at any time after the date that Landlord gives a Tax Statement to Tenant for a Tax Year, then Landlord shall give to Tenant a revised Tax Statement that recalculates the Tax Payment for a Tax Year (using the Taxes that reflect such increase in such Assessed Valuation). Landlord shall credit against the Rental thereafter coming due hereunder an amount equal to Tenant's overpayment of the Tax Payment (calculated as aforesaid using such increased Assessed Valuation). If (x) Tenant is entitled to a credit against Rental pursuant to this Section 2.3(C)(2), and (y) the Expiration Date occurs prior to the date that such credit is exhausted, then Landlord shall pay to Tenant the unused portion of such credit on or prior to the thirtieth (30th) day after the Expiration Date (and Landlord's obligation to make such payment shall survive the Expiration Date). If (i) such increase in such Assessed Valuation occurs after the Expiration Date, and (ii) Tenant is entitled to a credit against Rental as contemplated by this Section 2.3(C)(2), then Landlord shall pay to Tenant an amount equal to such credit within thirty (30) days after the date that such increase in such Assessed Valuation occurs (and Landlord's obligation to make such payment shall survive the Expiration Date).

(D) The terms and provisions of this Section 2.3 shall survive the Expiration Date.

2.4. Building Additions.

If Landlord makes improvements to the Building to expand the Rentable Area thereof, then, with respect to the period from and after the date that Taxes are assessed on the Building to reflect such improvements, (I) Tenant's Tax Share shall be recalculated as of the date that Taxes are so assessed as the quotient (expressed as a percentage) that is obtained by dividing (x) the number of square feet of Rentable Area in the Premises, by (y) the number of square feet of Rentable Area in the Building (after taking into account such expansion of the Rentable Area thereof) and (II) Base Taxes shall be an amount equal to the product obtained by multiplying (x) Base Taxes immediately prior to the date that Taxes are assessed on the Building to reflect such improvements, by (y) a fraction, the numerator of which is the Taxes that are assessed against the Building (after taking such improvements into account), and the denominator of which is the Taxes that are assessed against the Building (before taking such improvements into account).

Article 3
USE

3.1. Permitted Use.

(A) Subject to Section 3.2 hereof, Tenant shall use the Premises, and Tenant shall cause any other Person claiming by, through or under Tenant to use the Premises, in either case only as general, administrative and executive offices and for uses reasonably incidental thereto.

(B) Landlord acknowledges that the following items qualify as uses that are incidental to Tenant's use of the Premises as general, administrative and executive offices (provided that Tenant's use of the Premises for such purposes supports Tenant's primary use of the Premises as general, administrative and executive offices):

(1) pantries and vending machines;

(2) conference rooms and board rooms;

(3) data processing centers;

(4) duplicating and photographic reproduction facilities;

(5) mailroom and messenger facilities; and

(6) secured storage facilities for Tenant's Property, including, without limitation, equipment, records and files.

Nothing contained in this Section 3.1(B) impairs Tenant's obligation to perform Alterations in accordance with the provisions of Article 7 hereof. Landlord and Tenant acknowledge that the parties' description of particular incidental uses in this Section 3.1(B) does not impair Tenant's right to use the Premises for other uses that are otherwise reasonably incidental to Tenant's use of the Premises as general, administrative and executive offices as provided in this Section 3.1.

3.2. Limitations.

Tenant shall not use the Premises or any part thereof, or permit the Premises or any part thereof to be used:

(1) for the conduct of "off-the-street" retail trade;

(2) by any Governmental Authority or any other Person having sovereign or diplomatic immunity (it being understood, however, that this clause (2) shall not prohibit a Permitted Party from permitting representatives of a Governmental Authority to enter a portion of the Premises temporarily to perform audits or other similar regulatory review of such Permitted Party's business);

(3) for the sale, storage, preparation, service or consumption of food or beverages in any manner whatsoever (except that a Permitted Party has the right to store, prepare, and serve food and beverages, by any reasonable means (including, without limitation, by means of customary vending machines), for consumption by such Permitted Party's personnel and business guests in the Premises);

(4) as an employment agency, executive search firm or similar enterprise, labor union, school, or vocational training center (except for the training of employees of a Permitted Party who are employed at the Premises); or

(5) for gaming or gambling.

3.3. Rules.

Subject to the terms of this Section 3.3, Tenant shall comply with, and Tenant shall cause any other Person claiming by, through or under Tenant to comply with, the rules set forth in Exhibit "3.3" attached hereto and made a part hereof, and other reasonable rules that Landlord hereafter adopts from time to time on reasonable advance notice to Tenant, including, without limitation, rules that govern the performance of Alterations (such rules that are attached hereto, and such other rules, being collectively referred to herein as the "Rules"). Landlord shall not have any obligation to enforce the Rules or the terms of any other lease against any other tenant, and Landlord shall not be liable to Tenant for violation thereof by any other tenant. Landlord shall not enforce any Rule against Tenant (i) that Landlord is not then enforcing against all other office tenants in the Building, or (ii) in a manner that differs in any material respect from the manner in which Landlord is enforcing the applicable Rule against other office tenants in the Building. If a conflict or inconsistency exists between the Rules and the provisions of the remaining portion of this Lease, then the provisions of the remaining portion of this Lease shall control.

3.4. Promotional Displays.

Tenant shall not have the right to use any window in the Premises for any sign or other display that is designed principally for advertising or promotion.

3.5. Core Toilets.

Tenant shall have the right to use the toilets that are located in the core area of the Building on any floor of the Building where the Premises is located and where the Premises does not include the entire Rentable Area of such floor (in common with the other occupants of such floor of the Building).

3.6. Wireless Internet Service.

Subject to the terms of this Section 3.6, Tenant shall have the right to install wireless Internet service in the Premises. Tenant shall not solicit other occupants of the Building to use wireless Internet service that emanates from the Premises. Tenant shall not permit the signals of

Tenant's wireless Internet service (if any) to emanate beyond the Premises in a manner that interferes in any material respect with any Building Systems or with any other occupant's use of other portions of the Building. Nothing contained in this Section 3.5 diminishes Tenant's obligation to perform Alterations in accordance with the provisions of Article 7 hereof.

3.7. Telecommunications.

Landlord shall permit Tenant to gain access to the facilities of the telecommunications provider that services the Building from time to time through the telecommunication closet on the floor of the Building where the Premises is located (it being understood that Landlord's granting such access to Tenant shall not constitute Landlord's agreement to provide telecommunications services to Tenant or to otherwise have responsibility for the operation or security thereof).

Article 4
SERVICES

4.1. Certain Definitions.

(A) The term "Building Hours" shall mean the period from 8:00 A.M. to 6:00 P.M. on Business Days.

(B) The term "Building Systems" shall mean the service systems of the Building, including, without limitation, the mechanical, gas, steam, electrical, sanitary, HVAC, elevator, plumbing, and life-safety systems of the Building (it being understood that the Building Systems shall not include any systems that Tenant installs in the Premises as an Alteration).

(C) The term "HVAC" shall mean heat, ventilation and air-conditioning.

(D) The term "HVAC Systems" shall mean the Building Systems that provide HVAC.

(E) The term "Overtime Periods" shall mean any times that do not constitute Building Hours; provided, however, that the Overtime Periods for the freight elevator shall also include the lunch period of the personnel who operate the freight elevator or the related loading facility.

4.2. Elevator Service.

(A) Subject to the terms of Section 9.6(C) hereof, Article 10 hereof and this Section 4.2, Landlord shall provide Tenant, at no cost to Tenant, with passenger elevator service for the Premises using the Building Systems therefor. Tenant's use of the passenger elevators shall be in common with other occupants of the Building. Tenant shall have the use of the passenger elevators that service the Premises at all times (twenty-four (24) hours per day, seven (7) days per week), except that Landlord, during Overtime Periods, shall have the right to limit

reasonably the passenger elevators that Landlord makes available to service the Premises (provided that there is available to Tenant on a non-exclusive basis at all times at least one (1) passenger elevator that services the Premises). Tenant shall use the passenger elevators only for purposes of transporting persons to and from the Premises.

(B) Subject to the terms of Section 9.6(C) hereof, Article 10 hereof and this Section 4.2, Landlord shall provide Tenant with freight elevator service for the Premises using the Building Systems therefor. Tenant's use of the freight elevator shall be in common with other occupants of the Building. Landlord shall have the right to prescribe reasonable rules from time to time regarding the rights of the occupants in the Building (including, without limitation, Tenant) to use the freight elevator (governing, for example, the responsibility of occupants of the Building to reserve freight elevator use in advance, particularly for Overtime Periods). Tenant shall use the freight elevator in accordance with applicable Requirements. If Tenant uses the freight elevator during Overtime Periods, then Tenant shall pay to Landlord, as additional rent, an amount calculated at the reasonable hourly rates that Landlord charges from time to time therefor, within thirty (30) days after Landlord's giving to Tenant an invoice therefor. Landlord shall have the right to charge Tenant for a particular minimum number of hours of usage of the freight elevator during Overtime Periods to the extent that the applicable union contract or service contract requires Landlord to engage the necessary personnel (including, without limitation, a freight elevator operator and loading dock attendant) for such minimum number of overtime hours. If (x) Tenant requests Landlord to provide Tenant with freight elevator service during Overtime Periods as provided in this Section 4.2(B), and (y) another tenant in the Building also uses, or other tenants in the Building also use, the applicable freight elevator during such Overtime Period, then Landlord shall allocate equitably the charges described in this Section 4.2(B) among Tenant and such other tenant or tenants.

4.3. Heat, Ventilation and Air-Conditioning.

(A) Subject to the terms of Article 10 hereof and this Section 4.3, Landlord shall operate the HVAC System to provide HVAC at the perimeter of the Premises. Landlord shall not be required to make any installations in the Premises to distribute HVAC within the Premises. Landlord shall not be required to repair or maintain during the Term (i) any installations that exist in the Premises on the Commencement Date that distribute within the Premises HVAC that the HVAC System provides, or (ii) any system that is located in the Premises on the Commencement Date that provides supplemental HVAC for the Premises (in addition to the HVAC provided by the HVAC System). Tenant shall keep closed the curtains, blinds, shades or screens that Tenant installs on the windows of the Premises in accordance with the terms hereof to the extent reasonably necessary to reduce the interference of direct sunlight with the operation of the HVAC System.

(B) Landlord shall operate the HVAC System for Tenant's benefit during Overtime Periods if Tenant so advises Landlord not later than 2:00 P.M. on the Business Day immediately preceding the day on which Tenant requires HVAC during Overtime Periods. If Landlord so provides HVAC to the Premises during Overtime Periods (as so requested by Tenant), then Tenant shall pay to Landlord, as additional rent, an amount calculated at the

reasonable hourly rates that Landlord charges from time to time therefor, within thirty (30) days after Landlord gives to Tenant an invoice therefor. Landlord shall have the right to charge Tenant for a particular minimum number of hours of usage of the HVAC System during Overtime Periods to the extent that the applicable union contract or service contract requires Landlord to engage the necessary personnel (including, without limitation, a building engineer) for such minimum number of overtime hours.

4.4. Cleaning.

(A) Subject to the terms of Article 10 hereof and this Section 4.4, Landlord shall cause the Premises to be cleaned substantially in accordance with the standards set forth in Exhibit "4.4" attached hereto and made a part hereof. Landlord shall not be required to clean the portions of the Premises (if any) (x) that Tenant uses for the storage, preparation, service or consumption of food or beverages, (y) in which Tenant is performing Alterations, or (z) in which the interior installation has been demolished in all material respects. Tenant shall pay to Landlord, as additional rent, the reasonable costs incurred by Landlord in removing from the Building any of Tenant's refuse and rubbish to the extent exceeding the amount of refuse and rubbish usually generated by a tenant that uses the Premises for ordinary office purposes. Tenant shall make such payments to Landlord not later than the thirtieth (30th) day after the date that Landlord gives to Tenant an invoice therefor from time to time. Tenant shall pay to Landlord as additional rent, within thirty (30) days after Landlord's submission of an invoice to Tenant therefor, the reasonable charge that Landlord imposes for providing supplies to the core toilets and basins on the floor of the Building where the Premises is located.

(B) Tenant, at Tenant's expense, shall exterminate the portions of the Premises that Tenant uses for the storage, preparation, service or consumption of food against infestation by insects and vermin regularly and, in addition, whenever there is evidence of infestation. Tenant shall engage Persons to perform such exterminating that are approved by Landlord, which approval Landlord shall not unreasonably withhold, condition or delay. Tenant shall cause such Persons to perform such exterminating in a manner that is reasonably satisfactory to Landlord.

(C) Tenant, at Tenant's expense, shall clean daily all portions of the Premises used for the storage, preparation, service or consumption of food or beverages. Tenant shall not have the right to perform any cleaning services (or any other similar facilities management services such as, for example, matron services or handyman services) in the Premises using any Person other than the cleaning contractor that Landlord has engaged from time to time to perform cleaning services in the Building for Landlord; provided, however, that (x) Landlord shall not have the right to require Tenant to use such cleaning contractor unless the rates that such cleaning contractor agrees to charge Tenant for such additional cleaning services are commercially reasonable, and (y) subject to Section 4.8 hereof, Tenant shall have the right to use Tenant's own employees for such additional cleaning services. If such cleaning contractor does not agree to charge Tenant for such additional cleaning services (or such similar services) at commercially reasonable rates, then Tenant may employ to perform such additional cleaning services (or such similar services) another cleaning contractor that Landlord approves, which approval Landlord shall not unreasonably withhold, condition or delay.

(D) Tenant shall comply with any refuse disposal program (including, without limitation, any waste recycling program) that Landlord imposes reasonably after having given Tenant reasonable advance notice of the effectiveness thereof or that is required by Requirements.

(E) Tenant shall not clean any window in the Premises, nor require, permit, suffer or allow any window in the Premises to be cleaned, in either case from the outside in violation of Section 202 of the New York Labor Law, any other Requirement, or the rules of the Board of Standards and Appeals, or of any other board or body having or asserting jurisdiction.

4.5. Water.

Landlord shall provide to the lavatories located in the portion of the Premises that is within the core of the Building hot and cold water only for ordinary drinking, cleaning and lavatory purposes. Landlord shall also provide, through the Building Systems, hot and cold water at one (1) connection point at the perimeter of the Premises only for ordinary drinking, pantry, cleaning and lavatory purposes. Landlord shall not be required to make any installations in the Premises to distribute water within the Premises. Landlord shall not be required to repair or maintain during the Term any installations that exist in the Premises on the Commencement Date that distribute water in the Premises. Nothing contained in this Section 4.5 limits the provisions of Article 10 hereof.

4.6. Directory.

Subject to the terms of this Section 4.6, Landlord shall make available to Tenant, from and after the Commencement Date, the computerized directory in the lobby of the Building for purposes of listing the names of the personnel of Permitted Parties. Landlord shall reprogram such directory to add or delete names of the personnel or Permitted Parties promptly after Tenant's request from time to time, except that Tenant shall not have the right to make any such request more frequently than twice in any particular period of ninety (90) days. Tenant shall pay to Landlord, as additional rent, a reasonable charge for any such reprogramming requested by Tenant, within thirty (30) days after the date that Landlord gives to Tenant an invoice therefor (it being understood that Tenant shall not be required to pay such charge for the initial programming of such computerized directory or for the first two (2) reprogramming requests in any given year of the Term, provided that such reprogramming requests do not require more than ten (10) name changes). If Landlord replaces the computerized directory with a standard directory in the lobby of the Building, then Tenant shall be entitled to a portion of such listings on such directory based on the proportion that the number of square feet of Rentable Area of the Premises bears to the number of square feet of Rentable Area of the Building (other than any retail portion thereof) for purposes of listing the names of the personnel of Permitted Parties as provided in this Section 4.6. Landlord reserves the right to remove the directory in the lobby of the Building at any time (without making a replacement thereof).

4.7. No Other Services.

Landlord shall not be required to provide any services to support Tenant's use and occupancy of the Premises, except to the extent expressly set forth herein.

4.8. Labor Harmony.

If (i) Tenant employs, or permits the employment of, any contractor, mechanic or laborer in the Premises, whether in connection with any Alteration or otherwise, (ii) such employment interferes or causes any conflict with other contractors, mechanics or laborers engaged in the maintenance, repair, management or operation of the Building or any adjacent property owned or managed by Landlord, and (iii) Landlord gives Tenant notice thereof (which notice may be given verbally to the person employed by Tenant with whom Landlord's representative ordinarily discusses matters relating to the Premises), then Tenant shall cause all contractors, mechanics or laborers causing such interference or conflict to leave the Building promptly and shall take such other action as may be reasonably necessary to resolve such conflict.

4.9. Overtime Rates.

As of the date hereof, a list of the current charges for services during Overtime Periods for the Building is attached hereto as Exhibit "B" and made a part hereof. Landlord hereby reserves the right to increase, from time to time, such charges for the Building.

Article 5
ELECTRICITY

5.1. Capacity.

Tenant, during the Term, shall use electricity in the Premises only in such manner that complies with the requirements of the Utility Company. Tenant shall not permit the demand for electricity in the Premises to exceed the electrical capacity that serves the Premises on the Commencement Date (such electrical capacity being referred to herein as the "Base Electrical Capacity").

5.2. Electricity for the Building.

Landlord has arranged with a Utility Company to provide electricity for the Building. Landlord shall not be liable to Tenant for any failure or defect in the supply or character of electricity furnished to the Building, except to the extent that such failure or defect results from Landlord's negligence or willful misconduct. Landlord shall not be required to make any installations in the Premises to distribute electricity within the Premises. Landlord shall not be required to maintain or repair during the Term any installations that exist in the Premises on the Commencement Date that distribute electricity within the Premises.

5.3. Electric Rent Inclusion.

(A) Subject to the terms of this Section 5.3, Landlord shall furnish electricity to the Premises on a "rent inclusion" basis; that is, Landlord shall not charge Tenant (in addition to the Fixed Rent) for such electricity that Landlord furnishes to the Premises. The Fixed Rent includes an annual charge for electricity in an amount equal to Thirteen Thousand Eighty-Seven Dollars and Eighty Cents ($13,087.80) (such annual charge that is included in the Fixed Rent being referred to herein as the "Initial Electricity Inclusion Factor"; the Initial Electricity Inclusion Factor, as it may be changed from time to time pursuant to the provisions of this Section 5.3, being referred to as the "Electricity Inclusion Factor"; the quotient obtained by dividing (x) the Electricity Inclusion Factor at any particular time, by (y) the number of square feet of Rentable Area comprising the Premises at such time, being referred to herein as the "Electricity Inclusion Rate"). Nothing contained in this Section 5.3 shall permit Tenant to demand electric current for the Premises that exceeds the Base Electrical Capacity.

(B) The term "Average Cost per Peak Demand Kilowatt" shall mean, with respect to any particular period, the quotient obtained by dividing (x) the aggregate charge imposed by the Utility Company on Landlord for the Utility Company's making available electricity that satisfies the Building's peak demand for electricity during such period, by (y) the number of kilowatts that constituted such peak demand, as reflected on the electric meter or meters for the Building.

(C) The term "Average Cost per Kilowatt Hour" shall mean, with respect to any particular period, the quotient obtained by dividing (x) the aggregate charge imposed by the Utility Company on Landlord for the electricity supplied to the Building for such period (other than the aggregate charge imposed by the Utility Company on Landlord for the Utility Company's making available electricity that satisfies the Building's peak demand for electricity during such period), by (y) the number of kilowatt hours of electricity used in the Building during such period, as reflected on the electric meter or meters for the Building.

(D) The term "Utility Company" shall mean, collectively, the local electrical energy distribution company and the competitive energy provider with which Landlord has made arrangements to obtain electric service for the Building; provided, however, that if Landlord makes arrangements to produce electricity to satisfy all or a portion of the requirements of the Building, then (I) Utility Company shall also refer to the producer of such electricity, and (II) the charges imposed by such producer shall be included in the calculation of Average Cost per Kilowatt Hour and Average Cost per Peak Demand Kilowatt.

(E) Landlord, at any time and from time to time during the Term, shall have the right to cause a reputable and independent electrical engineer or electrical consulting firm that in either case Landlord selects reasonably (such engineer or consulting firm being referred to herein as "Landlord's Engineer") to (i) survey Tenant's electrical usage in the Premises, and (ii) estimate (x) the number of kilowatt hours of electricity used in the Premises during each calendar month (an estimate of the number of kilowatt hours of electricity used in the Premises during each calendar month being referred to herein as a "Usage Estimate"), and (y) the number of

kilowatts that constitutes the peak demand for electricity in the Premises (an estimate of the number of kilowatts of peak demand in the Premises being referred to herein as a "Peak Demand Estimate"). If Landlord causes Landlord's Engineer to perform such survey and prepare such estimate, then Landlord shall give to Tenant a copy of the report prepared by Landlord's Engineer that sets forth the Usage Estimate of Landlord's Engineer and the Peak Demand Estimate of Landlord's Engineer (such report being referred to herein as the "Landlord Survey Report").

(F) If Landlord gives a Landlord Survey Report to Tenant, then Tenant shall have the right to dispute such Landlord Survey Report only by (i) giving notice thereof to Landlord on or prior to the thirtieth (30th) day after the date that Landlord gives the Landlord Survey Report to Tenant, and (ii) delivering to Landlord, on or prior to the sixtieth (60th) day after the date that Landlord gives such Landlord Survey Report to Tenant, a report (the "Tenant Survey Report"), prepared by a reputable and independent electrical engineer or electrical consulting firm that Tenant selects reasonably (such engineer or consulting firm being referred to herein as "Tenant's Engineer") that sets forth the Usage Estimate of Tenant's Engineer and the Peak Demand Estimate of Tenant's Engineer.

(G) If Tenant gives Landlord a Tenant Survey Report in accordance with the terms of Section 5.3(F) hereof, then Landlord shall cause Landlord's Engineer, and Tenant shall cause Tenant's Engineer, to consult with each other to attempt to agree on a Usage Estimate and a Peak Demand Estimate. If Landlord's Engineer and Tenant's Engineer fail to agree on a Usage Estimate and a Peak Demand Estimate within thirty (30) days after the date that Tenant gives the Tenant Survey Report to Landlord, then either party shall have the right to submit the determination of such Usage Estimate and such Peak Demand Estimate to an Expedited Arbitration Proceeding.

(H) If the Usage Estimate and the Peak Demand Estimate are determined as provided in this Section 5.3, then the Electricity Inclusion Factor (and, accordingly, the Fixed Rent) shall be increased to the extent (if any) necessary so that the Electricity Inclusion Factor equals an amount equal to the product obtained by multiplying (x) twelve (12), by (y) the sum of (a) the product obtained by multiplying (I) the Usage Estimate, by (II) the Average Cost per Kilowatt Hour for the calendar month most recently invoiced to Landlord by the Utility Company, and (b) the product obtained by multiplying (I) the Peak Demand Estimate, by (II) the Average Cost per Peak Demand Kilowatt for the calendar month most recently invoiced to Landlord by the Utility Company. The aforesaid increase in the Electricity Inclusion Factor shall be made as of the date that Landlord gives the Landlord Survey Report to Tenant (it being understood that the parties shall make an appropriate retroactive adjustment to reflect the Electricity Inclusion Factor being adjusted as aforesaid as of the date that Landlord gives the Landlord Survey Report to Tenant). Nothing contained in this Section 5.3(H) limits the provisions of Section 5.3(I) hereof.

(I) The parties shall increase the Electricity Inclusion Factor from time to time during the Term to reflect the percentage increase in the Average Cost per Kilowatt Hour from the Average Cost per Kilowatt Hour that is in effect as of the date hereof, or as of the date

of the most recent adjustment in the Electricity Inclusion Factor pursuant to Section 5.3(H) hereof, as the case may be. If the Electricity Inclusion Factor increases pursuant to this Section 5.3(I), then the Fixed Rent shall also be increased correspondingly. Nothing contained in this Section 5.3(I) limits the provisions of Section 5.3(H) hereof.

(J) Landlord shall have the right to require Tenant, at any time during the Term, to obtain electricity from Landlord for the Premises on a submetering basis as contemplated by this Section 5.4 hereof (rather than a "rent inclusion" basis as contemplated by this Section 5.3) by giving not less than sixty (60) days of advance notice thereof to Tenant (Landlord's aforesaid right being referred to herein as the "Submeter Conversion Right"). If Landlord exercises the Submeter Conversion Right, then the Fixed Rent for the remainder of the Term (from and after the date that Landlord's exercise of the Submeter Conversion Right becomes effective) shall be decreased by the Electricity Inclusion Factor that is then in effect.

5.4. Submetering.

(A) Subject to the provisions of this Section 5.4, if Landlord exercises the Submeter Conversion Right, then Landlord shall measure Tenant's demand for and consumption of electricity in the Premises using a submeter that is, or submeters that are, installed and maintained by Landlord. Landlord shall pay the cost of installing such submeter or submeters. If, at any time during the Term, Tenant performs Alterations that require modifications to the aforesaid submeter or submeters that Landlord installs, or that require a supplemental submeter or supplemental submeters, then Tenant shall perform such modification, or the installation of such supplemental submeter or submeters, at Tenant's cost, as part of the applicable Alteration.

(B) If Landlord exercises the Submeter Conversion Right, then Tenant shall pay to Landlord, as additional rent, an amount (the "Electricity Additional Rent") equal to one hundred four percent (104%) of the sum of:

(1) the product obtained by multiplying (x) the Average Cost per Peak Demand Kilowatt, by (y) the number of kilowatts that constituted the peak demand for electricity in the Premises for the applicable billing period, as registered on the submeter or submeters for the Premises, and

(2) the product obtained by multiplying (x) the Average Cost per Kilowatt Hour, by (y) the number of kilowatt hours of electricity used in the Premises for the applicable billing period, as registered on the submeter or submeters for the Premises.

(C) Subject to Section 5.4(D) hereof, Landlord shall give Tenant an invoice for the Electricity Additional Rent from time to time (but no less frequently than quarter- annually). Tenant shall pay the Electricity Additional Rent to Landlord on or prior to the thirtieth (30th) day after the date that Landlord gives to Tenant each such invoice. Tenant shall not have the right to object to Landlord's calculation of the Electricity Additional Rent unless Tenant gives Landlord notice of any such objection on or prior to the ninetieth (90th) day after the date that Landlord gives Tenant the applicable invoice for the Electricity Additional Rent. If

Tenant gives Landlord a notice objecting to Landlord's calculation of the Electricity Additional Rent, as aforesaid, then Tenant shall have the right to review Landlord's submeter readings and Landlord's calculation of the Electricity Additional Rent, at Landlord's offices or, at Landlord's option, at the offices of Landlord's managing agent, in either case at reasonable times and on reasonable advance notice to Landlord. Either party shall have the right to submit a dispute regarding the Electricity Additional Rent to an Expedited Arbitration Proceeding.

(D) Landlord shall have the right to give a statement to Tenant from time to time pursuant to which Landlord sets forth Landlord's good faith estimate of the Electricity Additional Rent for a particular calendar year (any such statement that Landlord gives to Tenant being referred to herein as a "Prospective Electricity Statement"; one-twelfth (1/12th) of the Electricity Additional Rent shown on a Prospective Electricity Statement being referred to herein as the "Monthly Electricity Payment Amount"). If Landlord gives to Tenant a Prospective Electricity Statement (or Landlord is deemed to have given to Tenant a Prospective Electricity Statement pursuant to Section 5.4(E) hereof), then Tenant shall pay to Landlord, as additional rent, on account of the Electricity Additional Rent due hereunder for such calendar year, the Monthly Electricity Payment Amount, on the first (1st) day of each subsequent calendar month for the remainder of such calendar year, in the same manner as the monthly installments of the Fixed Rent hereunder (it being understood that Tenant shall not be required to commence such payments of the Monthly Electricity Payment Amount (x) before the first (1st) day of the calendar year to which relates the applicable Monthly Electricity Payment Amount, or (y) earlier than the thirtieth (30th) day after the date that Landlord gives the Prospective Electricity Statement to Tenant). If Landlord gives (or is deemed to have given) to Tenant a Prospective Electricity Statement after the first (1st) day of the applicable calendar year, then Tenant shall also pay to Landlord, within thirty (30) days after the date that Landlord gives the Prospective Electricity Statement to Tenant, an amount equal to the excess of (I) the product obtained by multiplying (x) the Monthly Electricity Payment Amount, by (y) the number of calendar months that have theretofore elapsed during such calendar year, over (II) the aggregate amount theretofore paid by Tenant to Landlord on account of the Electricity Additional Rent for such calendar year. If Landlord gives (or is deemed to have given) to Tenant a Prospective Electricity Statement for a particular calendar year, then Landlord shall also provide to Tenant, within one hundred eighty (180) days after the last day of such calendar year, an invoice for the Electricity Additional Rent for such calendar year based on an actual reading of the submeter or submeters (such invoice that is based on an actual reading of the submeter or submeters being referred to herein as an "Actual Reading Statement").

(E) Tenant shall pay to Landlord an amount equal to the excess (if any) of (i) the Electricity Additional Rent as reflected on the Actual Reading Statement that Landlord gives to Tenant, over (ii) the aggregate amount that Tenant has theretofore paid to Landlord on account of the Electricity Additional Rent (if any), within thirty (30) days after the date that Landlord gives such Actual Reading Statement to Tenant. Tenant shall have the right to credit against the Rental thereafter coming due hereunder an amount equal to the excess (if any) of (i) the aggregate amount that Tenant has theretofore paid to Landlord on account of the Electricity Additional Rent, over (ii) the Electricity Additional Rent as reflected on such Actual Reading Statement; provided, however, that if the Expiration Date occurs prior to the date that such credit

is exhausted, then Landlord shall pay to Tenant the unused portion of such credit on or prior to the thirtieth (30th) day after the Expiration Date (it being understood that Landlord's obligation to make such payment to Tenant shall survive the Expiration Date). If Landlord gives Tenant an Actual Reading Statement, then, unless Landlord otherwise specifies in such Actual Reading Statement, Landlord shall be deemed to have given to Tenant a Prospective Electricity Statement, for the calendar year immediately succeeding the calendar year that is covered by such Actual Reading Statement, that reflects Electricity Additional Rent for such immediately succeeding calendar year in an amount equal to the Electricity Additional Rent for such calendar year that is covered by such Actual Reading Statement.

(F) If a submeter measuring Tenant's electrical demand and consumption in the Premises has not been installed in the Premises, or the submeters measuring Tenant's electrical demand and consumption in the Premises have not been installed in the Premises, in either case on or prior to the date that Landlord exercises the Submeter Conversion Right, then (x) Landlord shall order such submeter or such submeters promptly after the date that Landlord exercises the Submeter Conversion Right, and (y) Landlord shall install such submeter or such submeters promptly after the date that Landlord receives such submeter or submeters. Landlord, in installing such submeter or such submeters, shall have the right to interrupt electrical service to the Premises temporarily and in accordance with good construction practice.

(G) Subject to the terms of this Section 5.4(G), if (i) Landlord exercises the Submeter Conversion Right, and (ii) prior to Landlord's installing a submeter or the submeters in the Premises, Tenant commences the performance of the Initial Alterations, then Tenant shall pay to Landlord, as additional rent, a fee for electricity service in an amount equal to the product obtained by multiplying (I) $0.0045, by (II) the number of square feet of Rentable Area in the Premises (or the portion thereof in which Tenant is performing the Initial Alterations), by (III) the number of days in the period commencing on the date that Tenant so commences the Initial Alterations and ending on the earlier of (a) the date immediately preceding the date that Tenant first occupies the Premises (or the applicable portion thereof) for the conduct of business, and (b) the date immediately preceding the date that the submeter for the Premises (or the applicable portion thereof) is operational or the submeters for the Premises (or the applicable portion thereof) are operational. Landlord shall give Tenant an invoice for the aforesaid fee from time to time (but not less frequently than monthly). Tenant shall pay the aforesaid fee to Landlord on or prior to the thirtieth (30th) day after the date that Landlord gives each such invoice to Tenant.

(H) Subject to the terms of this Section 5.4(H), if (i) Landlord exercises the Submeter Conversion Right, and (ii) prior to Landlord's installing a submeter or submeters in the Premises, Tenant occupies all or any portion of the Premises for the conduct of business, then Tenant shall pay to Landlord, as additional rent, a fee for electricity service in an amount equal to the product obtained by multiplying (I) $0.0089 (which amount shall be increased on each anniversary of the Commencement Date to reflect the percentage increase, if any, in the Consumer Price Index from the Consumer Price Index that is in effect on Commencement Date), by (II) the number of square feet of Rentable Area in the Premises (or the portion thereof that Tenant is occupying for the conduct of business), by (III) the number of days in the period commencing on the date that Tenant occupies the Premises (or the applicable portion thereof) for

the conduct of business and ending on the date immediately preceding the date that the submeter for the Premises or the applicable portion thereof is operational or that the submeters for the Premises or the applicable portion thereof are operational (such fee being referred to herein as the "Electricity Inclusion Charge"). Landlord shall give Tenant an invoice for the Electricity Inclusion Charge from time to time (but not less frequently than monthly). Tenant shall pay the Electricity Inclusion Charge to Landlord on or prior to the thirtieth (30th) day after the date that Landlord gives each such invoice to Tenant. If (I) the monthly amount that Tenant would have paid to Landlord as the Electricity Additional Rent for the period that Tenant occupies the Premises or the applicable portion thereof for the conduct of business prior to the date that the submeter is, or the submeters are, operational (as determined using the average monthly submeter readings for the period of three (3) months after the date that the submeter is, or the submeters are, operational), exceeds (II) the Electricity Inclusion Charge for any particular period of one (1) month, then Tenant shall pay to Landlord an amount equal to such excess for each such month within thirty (30) days after Landlord gives to Tenant an invoice therefor. If (I) the Electricity Inclusion Charge for any particular period of one (1) month, exceeds (II) the monthly amount that Tenant would have paid to Landlord as the Electricity Additional Rent for the period that Tenant occupies the Premises or the applicable portion thereof for the conduct of business prior to the date that the submeter is, or the submeters are, operational (as determined using the average monthly submeter readings for the period of three (3) months after the date that the submeter is, or the submeters are, operational), then Landlord, at Landlord's option, shall either (x) refund promptly to Tenant an amount equal to such excess for each such month, or (y) credit such excess for each such month against the monthly installments of Rental next becoming due and payable hereunder (together with interest on such excess calculated at the Base Rate from the date that Tenant is entitled to such credit). If Landlord gives Tenant such credit for such excess, and the Expiration Date occurs before the date that such credit is exhausted, then Landlord shall pay to Tenant the unused portion of such credit on or prior to the thirtieth (30th) day after the Expiration Date (and Landlord's obligation to make such payment shall survive the Expiration Date).

5.5. Termination of Electric Service.

(A) If Landlord is required by any Requirement to discontinue furnishing electricity to the Premises as contemplated by this Lease, then this Lease shall continue in full force and effect and shall be unaffected thereby, except that from and after the effective date of any such Requirement, (x) Landlord shall not be obligated to furnish electricity to the Premises, and (y) Tenant shall not be obligated to pay to Landlord the charges for electricity as described in this Article 5 (and, accordingly, if Landlord is then providing electricity to the Premises on a "rent inclusion" basis, the Fixed Rent shall be reduced by the Electricity Inclusion Factor that is then in effect).

(B) If Landlord discontinues Landlord's furnishing electricity to the Premises pursuant to a Requirement, then Tenant shall use Tenant's diligent efforts to obtain electricity for the Premises directly from the Utility Company. Tenant shall pay directly to the Utility Company the cost of such electricity. Tenant shall have the right to use the electrical facilities that then exist in the Building to obtain such direct electric service (without Landlord having any

liability or obligation to Tenant in connection therewith). Nothing contained in this Section 5.5 shall permit Tenant to use electrical capacity in the Building that exceeds the Base Electrical Capacity. Tenant, at Tenant's expense, shall make any additional installations that are required for Tenant to obtain electricity from the Utility Company.

(C) Landlord shall not discontinue furnishing electricity to the Premises as contemplated by this Section 5.5 (to the extent permitted by applicable Requirements) until Tenant obtains electric service directly from the Utility Company.

Article 6
INITIAL CONDITION OF THE PREMISES

6.1. Condition of Premises.

Subject to Section 8.1 hereof, (a) Tenant shall accept possession of the Premises in the condition that exists on the Commencement Date "as is," and (b) Landlord shall have no obligation to perform any work or make any installations in order to prepare the Building or the Premises for Tenant's occupancy. Except as expressly set forth herein, Landlord has made no representations or promises with respect to the Building, the Real Property or the Premises. On the Commencement Date, the Building Systems providing service to the Premises shall be in good working order.

Article 7
ALTERATIONS

7.1. General.

(A) Except as otherwise provided in this Article 7, Tenant shall not make any Alterations without Landlord's prior consent

(B) Tenant may make Decorative Alterations without Landlord's prior consent.

(C) The term "Alterations" shall mean alterations, installations, improvements, additions or other physical changes in each case in or to the Premises that are made by or on behalf of Tenant or any other Person claiming by, through or under Tenant.

(D) The term "Decorative Alterations" shall mean Alterations that constitute merely decorative changes to the Premises (such as, for example, the installation of carpeting or other customary floor coverings or painting or the installation of customary wall coverings) that in each case do not involve electrical, plumbing or mechanical connections.

(E) The term "Initial Alterations" shall mean the Alterations to prepare the Premises for Tenant's initial occupancy.

(F) The term "Specialty Alterations" shall mean Alterations that (i) perforate a floor slab in the Premises or a wall the encloses the core of the Building, (ii) require the reinforcement of a floor slab in the Premises, (iii) consist of the installation of a raised flooring system, (iv) consist of the installation of a vault or other similar device or system that is intended to secure the Premises or a portion thereof in a manner that exceeds the level of security that a reasonable Person uses for ordinary office space, or (v) involve material plumbing connections (such as kitchens and executive bathrooms outside of the Building core).

(G) The term "Substantial Completion" or words of similar import shall mean that the applicable work has been substantially completed in accordance with the applicable plans and specifications, if any, it being agreed that (i) such work shall be deemed substantially complete notwithstanding the fact that minor or insubstantial details of construction or demolition, mechanical adjustment or decorative items remain to be performed, and (ii) with respect to work that is being performed in the Premises, such work shall be deemed substantially complete only if the incomplete elements thereof do not interfere materially with Tenant's use and occupancy of the Premises for the conduct of business.

(H) The term "Tenant's Property" shall mean Tenant's personal property (other than fixtures), including, without limitation, Tenant's movable fixtures, movable partitions, telephone equipment, computer equipment, furniture, furnishings and decorations.

7.2. Basic Alterations.

(A) Subject to the terms of Section 7.1(B) hereof and Section 7.13 hereof, Landlord shall not unreasonably withhold, condition or delay its consent to any proposed Alteration, provided that such Alteration (i) does not materially affect the external aesthetic appearance of the Building at street level, (ii) does not affect adversely any part of the Building other than the Premises, (iii) does not require any alterations, installations, improvements, additions or other physical changes to be performed in or made to any portion of the Building other than the Premises, (iv) does not affect adversely the proper functioning of any Building System, (v) does not reduce the value or utility of the Building, (vi) does not affect adversely the structure of the Building, (vii) does not impede Landlord's access to Reserved Areas in any material respect, and (viii) does not violate or render invalid the certificate of occupancy for the Building or any part thereof (any Alteration that satisfies the requirements described in clauses (i) through (viii) above being referred to herein as a "Basic Alteration").

(B) Nothing contained in this Section 7.2 limits the provisions of Section 7.11 hereof.

7.3. Approval Process.

(A) Tenant shall not perform any Alteration (other than Decorative Alterations) unless Tenant first gives to Landlord a notice thereof (an "Alterations Notice") that (i) refers specifically to this Section 7.3, (ii) includes six (6) copies of the plans and specifications for the proposed Alteration (including, without limitation, layout, architectural,

mechanical and structural drawings, to the extent applicable) in CADD format that contain sufficient detail for Landlord and Landlord's consultants to reasonably assess the proposed Alteration, and (iii) indicates whether Tenant considers the proposed Alterations to constitute a Basic Alteration.

(B) Landlord shall have the right to object to a proposed Alteration only by giving notice thereof to Tenant, and setting forth in such notice a statement in reasonable detail of the grounds for Landlord's objections.

(C) Landlord shall have the right to (a) disapprove any plans and specifications for a particular Alteration in part, (b) reserve Landlord's approval of items shown on such plans and specifications pending Landlord's review of other plans and specifications that Tenant is otherwise required to provide to Landlord hereunder, and (c) condition Landlord's approval of such plans and specifications upon Tenant's making revisions to the plans and specifications or supplying additional information (which Landlord shall have the right to request only reasonably if the applicable Alteration constitutes a Basic Alteration). Nothing contained in this Section 7.3(C) limits the provisions of Section 7.2 hereof or Section 7.3(B) hereof.

(D) Tenant acknowledges that (i) the review of plans or specifications for an Alteration by or on behalf of Landlord, or (ii) the preparation of plans or specifications for an Alteration by Landlord's architect or engineer (or any architect or engineer designated by Landlord), is solely for Landlord's benefit, and, accordingly, Landlord makes no representation or warranty that such plans or specifications comply with any Requirements or are otherwise adequate or correct.

7.4. Performance of Alterations.

(A) Tenant, at Tenant's expense, prior to the performance of any Alteration, shall obtain all permits, approvals and certificates required by any Governmental Authorities in connection therewith. Landlord shall have the right to require Tenant to make all filings with Governmental Authorities to obtain such permits, approvals and certificates using an expeditor designated reasonably by Landlord (provided that the charges imposed by such expeditor are commercially reasonable). Landlord shall execute any applications for any permits, approvals or certificates required to be obtained by Tenant in connection with any permitted Alteration (provided that the applicable Requirement requires Landlord to execute such application) within ten (10) Business Days after Tenant's request from time to time and shall otherwise cooperate reasonably with Tenant in connection therewith. Tenant shall not have the right to require Landlord to so execute such applications prior to the date that Landlord approves the applicable Alteration. Tenant shall reimburse Landlord for any reasonable Out-of-Pocket Costs, including, without limitation, reasonable attorneys' fees and disbursements, that Landlord incurs in so executing such applications and cooperating with Tenant, within thirty (30) days after the date that Landlord gives to Tenant an invoice therefor from time to time.

(B) Prior to performing any Alteration, Tenant shall also furnish to Landlord duplicate original policies of, or, at Tenant's option, certificates of, (1) worker's compensation

insurance in amounts not less than the statutory limits (covering all persons to be employed by Tenant, and Tenant's contractors and subcontractors, in connection with such Alteration), and (2) commercial general liability insurance (including property damage and bodily injury coverage), in each case in customary form, and in amounts that are not less than Five Million Dollars ($5,000,000) with respect to general contractors and One Million Dollars ($1,000,000) with respect to subcontractors, naming the Landlord Indemnitees as additional insureds; provided, however, that on each anniversary of the Commencement Date, the aforesaid amounts shall be adjusted to reflect the percentage increase in the Consumer Price Index from the Consumer Price Index that is in effect on the Commencement Date. Landlord acknowledges that Tenant's contractors and subcontractors may satisfy the liability insurance requirements as set forth in this Section 7.4(B) with an umbrella insurance policy if such umbrella insurance policy contains an aggregate per location endorsement that provides the required level of protection for the Premises.

(C) Within thirty (30) days after the Substantial Completion of each Alteration (other than Decorative Alterations), Tenant, at Tenant's expense, shall (1) obtain certificates of final approval for each Alteration to the extent required by any Governmental Authority, (2) furnish Landlord with copies of such certificates, and (3) give to Landlord copies of the "as-built" plans and specifications for such Alterations in CADD format.

(D) All Alterations (other than Decorative Alterations) shall be made and performed substantially in accordance with the plans and specifications therefor as approved by Landlord. All Alterations shall be made and performed in accordance with all Requirements and the Rules. All materials and equipment incorporated in the Premises as a result of any Alterations shall be first-quality.

7.5. Financial Integrity.

(A)

(1) Tenant shall not permit any materials or equipment that are incorporated as fixtures into the Premises in connection with any Alterations to be subject to any lien, encumbrance, chattel mortgage or title retention or security agreement.

(2) Subject to the terms of Section 7.5(A)(3) hereof, Tenant shall not make any Alteration at a cost for labor and materials (as reasonably estimated by Landlord's architect, engineer or contractor) in excess of Fifty Thousand Dollars ($50,000), either individually or in the aggregate with any other Alterations constructed in any particular period of twelve (12) consecutive months, prior to Tenant's delivering to Landlord a performance bond and a payment bond that covers Tenant's obligation to pay the applicable contractor and the applicable contractor's obligation to pay its subcontractors (in either case issued by a surety company and in form reasonably satisfactory to Landlord), each in an amount equal to one hundred twenty percent (120%) of such estimated cost; provided, however, that on each anniversary of the Commencement Date, the aforesaid amount of Fifty Thousand Dollars ($50,000) shall be adjusted to reflect the percentage increase in the Consumer Price Index from the Consumer Price Index that is in effect on the Commencement Date.

(3) If Tenant is obligated to deliver a performance bond and a payment bond to Landlord as provided in Section 7.5(A)(2) hereof, then Tenant shall have the right to deposit with Landlord an amount in cash equal to the amount of such bonds that is otherwise required by Section 7.5(A)(2) hereof (such amount in cash being referred to herein as the "Work Deposit"). If Tenant deposits the Work Deposit with Landlord, then (i) Tenant shall not have the obligation to deliver to Landlord the performance bond and the payment bond as provided in Section 7.5(A)(2) hereof for the applicable Alteration, and (ii) Landlord shall disburse the Work Deposit (or the applicable portion thereof) to Tenant or Tenant's designee from time to time, within ten (10) days after Tenant's request therefor (but in no event more frequently than once during any particular calendar month), provided that Tenant delivers to Landlord, simultaneously with each such disbursement, waivers of lien from all contractors, subcontractors, materialmen, architects, engineers and other Persons who may file a lien against the Real Property for material theretofore supplied, or labor or services theretofore performed, in connection with the applicable Alterations. If any mechanic's lien is filed against the Real Property for work claimed to have been done for, or for materials claimed to have been furnished to, Tenant (or any Person claiming by, through or under Tenant), then Landlord shall have the right (but not the obligation) to use the Work Deposit to discharge such mechanic's lien. Nothing contained in this Section 7.5(A)(3) diminishes Tenant's obligations under Section 7.5(A)(4) hereof. Landlord shall pay to Tenant any remaining balance of the Work Deposit for a particular Alteration within ten (10) days after the date that (x) Tenant has Substantially Completed the applicable Alteration, and (y) Tenant has delivered to Landlord waivers of lien from all contractors, subcontractors, materialmen, architects, engineers and other Persons who may file a lien against the Real Property in connection with such Alterations.

(4) Tenant shall discharge of record any mechanic's lien that is filed against the Real Property for work claimed to have been done for, or for materials claimed to have been furnished to, Tenant (or any Person claiming by, through or under Tenant) within fifteen (15) days after Tenant has received notice of filing thereof, at Tenant's expense, by payment or filing the bond required by law. Nothing contained in this Section 7.5(A)(4) (x) limits Tenant's right to challenge the claim that is made by the Person that files a mechanic's lien, provided that Tenant discharges such lien of record as aforesaid, or (y) obligates Tenant to discharge of record any mechanic's lien that derives from Landlord's acts or omissions.

(B) Subject to the terms of this Section 7.5(B), within thirty (30) days after the Substantial Completion of any Alterations (other than Decorative Alterations), Tenant shall deliver to Landlord: (i) waivers of lien from all contractors, subcontractors, materialmen, architects, engineers and other Persons who may file a lien against the Real Property in connection with such Alterations, and (ii) a certificate from a licensed architect that Tenant engages in accordance with the terms of this Article 7 certifying that, in his or her opinion, the Alterations have been Substantially Completed in substantial accordance with the final detailed plans and specifications for such Alterations as approved by Landlord. Tenant shall not be required to deliver to Landlord any waiver of lien if Tenant is disputing in good faith the

payment which would otherwise entitle Tenant to such waiver, provided that (x) Tenant keeps Landlord advised in a timely fashion of the status of such dispute and the basis therefor, and (y) Tenant delivers to Landlord the waiver of lien promptly after the date that the dispute is settled. Nothing contained in this Section 7.5(B), however, shall relieve Tenant from complying with the provisions of Section 7.5(A)(4) hereof.

7.6. Effect on Building.

If (i) as a result of any Alterations, any alterations, installations, improvements, additions or other physical changes are required to be performed in or made to any portion of the Building other than the Premises in order to comply with any Requirements (any such alterations, installations, improvements, additions or changes being referred to herein as a "Building Change"), and (ii) such Building Change would not otherwise have had to be performed or made pursuant to applicable Requirements at such time, then (x) Landlord may perform such Building Change, and (y) Tenant shall pay to Landlord the reasonable Out-of-Pocket Costs thereof, as additional rent, within thirty (30) days after Landlord gives to Tenant an invoice therefor together with reasonable supporting documentation for the charges set forth therein. Landlord shall seek to accomplish any such Building Change that minimizes the cost thereof to the extent reasonably practicable. Landlord shall give Tenant reasonable advance notice of Landlord's performance of the Building Change, and shall consult reasonably from time to time with Tenant in connection therewith (with the understanding that such consultations shall include, without limitation, Landlord's providing Tenant with the information that Landlord has in its possession regarding the expected cost of such Building Change).

7.7. Time for Performance of Alterations.

If the performance of any Alteration by or on behalf of Tenant, or any other Person claiming by, through or under Tenant, during Building Hours interferes with or interrupts the maintenance, repair, management or operation of the Building in any material respect or interferes with or interrupts the use and occupancy of the Building by other tenants in the Building in any material respect, then Landlord shall have the right to require Tenant to perform such Alteration at other times that Landlord reasonably designates from time to time.

7.8. Removal of Alterations and Tenant's Property.

(A) On or prior to the Expiration Date, Tenant, at Tenant's expense, shall remove Tenant's Property from the Premises, and, at Tenant's option, Tenant also may remove, at Tenant's expense, all Alterations made by or on behalf of Tenant or any other Person claiming by, through or under Tenant; provided, however, in any case, that Tenant shall repair and restore in a good and workmanlike manner to good condition any damage to the Premises or the Building caused by such removal except that Landlord shall not have the right to require Tenant to remove any Qualified Alterations. Landlord, upon notice to Tenant given at least sixty (60) days prior to the Expiration Date, may require Tenant to remove any Specialty Alterations from the Premises, and to repair and restore in a good and workmanlike manner to good condition any damage to the Premises or the Building caused by such removal. If (x) the Expiration Date is not

the Fixed Expiration Date, and (y) Landlord gives a notice to Tenant on or prior to the thirtieth (30th) day after the Expiration Date to the effect that Landlord does not wish to retain a particular Specialty Alteration, then Tenant shall pay to Landlord the reasonable Out-of-Pocket Costs that are incurred by Landlord in so removing such Specialty Alterations, and in so repairing and restoring any such damage to the Building or the Premises, within thirty (30) days after Landlord submits to Tenant an invoice therefor together with reasonable supporting documentation for the charges set forth therein; provided, however, that Landlord shall not have the right to give any such notice to Tenant in respect of Qualified Alterations. Any Alterations that remain in the Premises after the Expiration Date shall be deemed to be the property of Landlord (with the understanding, however, that Tenant shall remain liable to Landlord for any default of Tenant in respect of Tenant's obligations under this Section 7.8).

(B) Prior to Tenant's performance of a Specialty Alteration, Tenant shall have the right to request (simultaneously with Tenant's submission to Landlord of plans and specifications for such Specialty Alteration) that Landlord advise that Tenant shall not be required to remove (or pay the cost to remove) such Specialty Alteration upon the Expiration Date or earlier termination of the Term, provided, however, that such request shall state in bold capital letters as follows: **"LANDLORD TO ADVISE TENANT IF LANDLORD WILL NOT REQUIRE TENANT TO REMOVE THE SPECIALTY ALTERATION DESCRIBED HEREIN AT THE EXPIRATION OR EARLIER TERMINATION OF THE TERM."** Landlord shall have the right to approve or deny any such request in Landlord's sole discretion. If (i) Tenant makes any such request, and (ii) Landlord advises Tenant that removal shall not be required, then Landlord shall not have the right to require Tenant to remove (or pay the cost to remove) such Specialty Alteration upon the Expiration Date or earlier termination of the Term (any such Specialty Alteration which Tenant shall not be required to remove (or to pay the cost of removal) as aforesaid being referred to herein as a "Qualified Alteration").

7.9. Contractors and Supervision.

(A) All Alterations (other than Decorative Alterations) shall be performed only under the supervision of a licensed architect that Landlord approves, which approval Landlord shall not unreasonably withhold, condition or delay.

(B) Subject to the provisions of this Section 7.9(B), Tenant shall perform all Alterations (other than Decorative Alterations) using contractors, subcontractors, engineers and mechanics that in each case Landlord designates from time to time and charge commercially reasonable prices. Landlord shall give Tenant a notice containing a list of such contractors, such subcontractors and such engineers that Landlord designates promptly after Tenant's request therefor from time to time (it being understood that Landlord shall include in such list the names of at least three (3) subcontractors for each trade and at least three (3) general contractors).

7.10. Landlord's Expenses.

Tenant shall pay to Landlord, from time to time, as additional rent, the reasonable Out-of-Pocket Costs incurred by Landlord in connection with an Alteration (other than Decorative Alterations) (including, without limitation, the reasonable Out-of-Pocket Costs that Landlord incurs in reviewing the plans and specifications for such Alterations, and inspecting the progress of such Alterations), within thirty (30) days after Landlord gives Tenant an invoice therefor together with reasonable supporting documentation for the charges set forth therein.

7.11. Window Coverings.

Tenant shall install on the windows of the Premises only the curtains, blinds, shades or screens that Landlord approves, which approval Landlord shall not unreasonably withhold, condition or delay (it being understood that Landlord, in considering whether to grant such approval, shall have the right to take into account the impact of Tenant's proposed installation on the exterior appearance of the Building).

7.12. Air-Cooled HVAC Installations.

Tenant shall not have the right to install a supplementary HVAC system for the Premises that requires vents or louvers to be installed on the exterior of the Building.

7.13. Sprinkler Installation

Subject to the terms of this Section 7.13, if Tenant, at any time during the Term, makes an Alteration that involves the removal of all or substantially all of the finished ceiling in the Premises (or a material portion thereof) (any such Alteration being referred to herein as a "Ceiling Alteration"), then Tenant, at Tenant's cost, shall install in the plenum above the finished ceiling in the Premises (or such portion thereof), as part of the Ceiling Alteration, the piping and sprinkler heads for a fire suppression system in the Premises (or such portion thereof) in accordance with standards that are employed customarily in designing and installing such fire suppression systems in first-class office buildings (such piping and sprinkler heads being referred to herein as a "Sprinkler Distribution System"). Tenant's installation of a Sprinkler Distribution System shall itself constitute an Alteration for purposes of this Article 7. Landlord shall have the right to condition Landlord's approval of the Ceiling Alteration upon Tenant's performance of the Alteration for the installation of a Sprinkler Distribution System. If Tenant makes a Ceiling Alteration, then Tenant shall install a Sprinkler Distribution System as provided in this Section 7.13 regardless of whether (x) a Requirement then requires a Sprinkler Distribution System to be installed, or (y) a standpipe system exists in the core of the Building to which Tenant has access to attach the Sprinkler Distribution System. If (x) Tenant installs a Sprinkler Distribution System as provided in this Section 7.13, and (y) such standpipe system exists in the Building (either at the time that Tenant installs the Sprinkler Distribution System or at a subsequent time during the Term), then Tenant, at Tenant's cost, shall connect the Sprinkler Distribution System to such standpipe system as an Alteration. Nothing contained in this Section 7.13 obligates Tenant to (x) perform a Ceiling Alteration in the Premises, or (y) install a Sprinkler Distribution

System to the extent that a Sprinkler Distribution System is already installed in the Premises (or the applicable portion thereof). Nothing contained in this Section 7.13 diminishes Tenant's obligation to make Alterations in the Premises to the extent required by Section 11.1 hereof.

Article 8
REPAIRS

8.1. Landlord's Repairs.

Subject to the terms of this Article 8 and to Article 15 hereof and Article 16 hereof, Landlord shall maintain and make all necessary repairs to and replacements of (i) the Building Systems that service the Premises, (ii) the structural portions of the Building, (iii) the roof of the Building, (iv) the sidewalks that are adjacent to the Building, (v) the exterior walls of the Premises, (vi) the windows of the Premises, (vii) the public portions of the Building, and (viii) the Premises (to the extent that the necessity for such repair derives from a Work Access) in each case in conformity with the standards that are customary for first-class office buildings in the vicinity of the Building. Nothing contained in this Section 8.1 requires Landlord to maintain or repair the systems within the Premises that distribute within the Premises electricity, HVAC or water.

8.2. Tenant's Repairs.

(A) Subject to the terms of this Article 8 and to Article 15 hereof and Article 16 hereof, Tenant, at Tenant's expense, shall take good care of the Premises (including, without limitation, (i) the fixtures and equipment that are installed in the Premises on the Commencement Date, (ii) the Alterations, and (iii) the systems within the Premises that distribute within the Premises electricity, HVAC or water). Tenant shall make all repairs to the Premises as and when needed to preserve the Premises in good condition, except for reasonable wear and tear, obsolescence and damage for which Tenant is not responsible pursuant to the provisions of Article 15 hereof. Nothing contained in this Section 8.2(A) shall require Tenant to perform any repairs to the Premises that are Landlord's obligation to perform under Section 8.1 hereof. All repairs made by Tenant as contemplated by this Section 8.2(A) shall be in conformity with the standards that are customary for first-class office buildings in the vicinity of the Building. Tenant shall perform such repairs in accordance with the terms of Article 7 hereof.

(B) Subject to the terms of this Section 8.2(B), if (a) Landlord gives Tenant a notice that Tenant has failed to perform a repair that this Section 8.2 obligates Tenant to perform, and (b) Tenant fails to proceed with reasonable diligence to make such repair within thirty (30) days after the date that Landlord gives such notice to Tenant (or such shorter period that Landlord designates in such notice to the extent reasonably required under the circumstances to alleviate an imminent threat to persons or property), then (i) Landlord may make such repair, and (ii) Tenant shall pay to Landlord, as additional rent, the reasonable Out-of-Pocket Expenses thereof, with interest thereon at the Applicable Rate calculated from the date that Landlord incurs such expenses, within thirty (30) days after Landlord gives Tenant an invoice therefor together

with reasonable supporting documentation for the charges set forth therein. If (x) a particular repair that this Section 8.2 obligates Tenant to perform cannot be performed with reasonable diligence during the aforesaid period of thirty (30) days (or during such shorter period that Landlord designates, as the case may be), and (y) Tenant commences such repair during such period of thirty (30) days (or such shorter period that Landlord designates), then Landlord shall not have the right to perform such repair on Tenant's behalf as otherwise described in this Section 8.2(B) unless Tenant fails to pursue such repair with reasonable continuity and diligence. Nothing contained in this Section 8.2(B) limits the remedies that are available to Landlord after the occurrence of an Event of Default.

8.3. Certain Limitations.

(A) Tenant, at Tenant's expense, shall repair in accordance with the terms set forth in Section 8.2 hereof all damage to the Premises, or to any other part of the Building or the Building Systems, in each case to the extent resulting from the negligence or willful misconduct of, or Alterations made by, Tenant or any other Person claiming by, through or under Tenant; provided, however, that Landlord shall have the right to perform any such repair to the extent that such repair affects the structure of the Building or such repair affects any Building System, in which case Tenant shall pay to Landlord an amount equal to the Out-of-Pocket Costs that Landlord reasonably incurs in performing such repair, on or prior to the thirtieth (30th) day after the date that Landlord gives to Tenant an invoice therefor together with reasonable supporting documentation for the charges set forth therein. Nothing contained in this Section 8.3(A) limits the provisions of Section 14.3 hereof.

(B) Landlord, at Landlord's expense, shall repair promptly all damage to the Premises that results from Landlord's negligence or willful misconduct. Nothing contained in this Section 8.3(B) limits the provisions of Section 14.3 hereof.

8.4. Overtime.

Subject to the provisions of this Section 8.4, Landlord shall have no obligation to employ contractors or labor at overtime or premium pay rates in connection with Landlord's making repairs as contemplated by this Article 8. If Landlord's repair (or the condition that Landlord is required to repair) (i) denies Tenant from having reasonable access to the Premises, (ii) threatens the health or safety of any occupant of the Premises, or (iii) materially interferes with Tenant's ability to conduct its business in the Premises during Tenant's ordinary business hours, then Landlord shall employ contractors or labor at overtime or premium pay rates to the extent reasonably necessary. Landlord, at Tenant's request, shall also perform any other repair that this Article 8 requires Landlord to perform, to the extent reasonably practicable, using contractors or labor at overtime or premium pay rates, in which case Tenant shall pay to Landlord, as additional rent, an amount equal to the excess of (x) the Out-of-Pocket Costs that Landlord incurs in performing such repair (using contractors or labor at overtime or premium pay rates), over (y) the Out-of-Pocket Costs that Landlord would have incurred in performing such repair without using contractors at overtime or premium pay rates, within thirty (30) days after the date that Landlord gives to Tenant an invoice therefor together with reasonable supporting documentation

for the charges set forth therein (it being understood that if more than one tenant requests that Landlord perform any such repair using contractors or labor at overtime or premium pay rates, then Landlord shall allocate such costs among such tenants equitably).

Article 9
ACCESS; LANDLORD'S CHANGES

9.1. Access.

(A) Subject to the terms of this Lease, Tenant, during the Term, shall have access to the Premises at all times, twenty-four (24) hours per day, every day of the year.

(B) Subject to the terms of this Section 9.1(B), Landlord and Landlord's designees may enter the Premises at reasonable times upon reasonable prior notice to Tenant (which notice may be given verbally to the person employed by Tenant with whom Landlord's representative ordinarily discusses matters relating to the Premises) to (i) examine the Premises, (ii) show the Premises to prospective tenants during the last eighteen (18) months of the Term, (iii) show the Premises to prospective purchasers or master lessees of Landlord's interest in the Real Property, (iv) show the Premises to Mortgagees or Lessors (or prospective Mortgagees or Lessors), (v) gain access to Reserved Areas, or (vi) make repairs, alterations, improvements, additions or restorations that (I) Landlord is required to make pursuant to the terms of this Lease, or (II) are reasonably necessary in connection with the maintenance, repair, or operation of the Real Property (Landlord's entry upon the Premises to perform such repairs, alterations, improvements, additions or restorations being referred to herein as a "Work Access"). Tenant shall have the right at all times, other than during an emergency, to have an employee (which employee shall be designated in a notice given to Landlord by Tenant), accompany Landlord during such Work Access to the extent reasonably practical. Notwithstanding anything to the contrary contained herein, Landlord's entry into the Premises, pursuant to the terms of this Section 9.1, shall not be limited, restricted or delayed in any way in the event that such employee is unavailable to accompany Landlord. Landlord shall not be required to give Tenant advance notice of the entry by Landlord or Landlord's designees into the Premises as contemplated by this Section 9.1(B) to the extent necessary by reason of the occurrence of an emergency (with the understanding, however, that Landlord shall give Tenant notice of such emergency access as promptly as reasonably practicable thereafter). Landlord, in connection with a Work Access, shall have the right to bring into the Premises, and store in the Premises in a reasonable manner for the duration of the Work Access, the materials and tools that Landlord reasonably requires to perform the applicable repair, alteration, improvement, addition or restoration. Except as expressly set forth in this Lease, Landlord shall have no liability to Tenant for any loss sustained by Tenant by reason of Landlord's entry upon the Premises; provided, however, that (w) nothing contained in this Section 9.1(B) diminishes Landlord's obligation to repair the Premises (to the extent that the necessity for such repair derives from a Work Access) as provided in Section 8.1 hereof, and (x) subject to Section 14.3 hereof, Landlord shall remain liable to Tenant for personal injury or property damage that derives from Landlord's negligence or wilful misconduct in connection with any such entry upon the Premises.

9.2. Landlord's Obligation to Minimize Interference.

(A) Subject to Section 9.2(B) hereof, Landlord shall use commercially reasonable efforts to minimize interference with Tenant's use of the Premises in connection with Landlord's accessing the Premises as contemplated by Section 9.1 hereof.

(B) Subject to the provisions of this Section 9.2(B), Landlord shall have no obligation to employ contractors or labor at overtime or premium pay rates in connection with a Work Access as contemplated by this Article 8. If a Work Access (i) denies Tenant from having reasonable access to the Premises, (ii) threatens the health or safety of any occupant of the Premises, or (iii) materially interferes with Tenant's ability to conduct its business in the Premises during Tenant's ordinary business hours, then Landlord shall employ contractors or labor at overtime or premium pay rates to the extent reasonably necessary. Landlord, at Tenant's request, shall also conduct a Work Access, to the extent reasonably practicable, using contractors or labor at overtime or premium pay rates, in which case Tenant shall pay to Landlord, as additional rent, an amount equal to the excess of (x) the Out-of-Pocket Costs that Landlord incurs in conducting such Work Access (using contractors or labor at overtime or premium pay rates), over (y) the Out-of-Pocket Costs that Landlord would have incurred in conducting such Work Access without using contractors at overtime or premium pay rates, within thirty (30) days after the date that Landlord gives to Tenant an invoice therefor together with reasonable supporting documentation for the charges set forth therein (it being understood that if more than one tenant requests that Landlord conduct such Work Access using contractors or labor at overtime or premium pay rates, then Landlord shall allocate such costs among such tenants equitably).

9.3. Reserved Areas.

The Premises shall not include (i) the demising walls of the Premises (except for the interior face thereof), (ii) the walls of the Premises that constitute the curtain wall for the Building (except for the interior face thereof), (iii) balconies, terraces and roofs that are adjacent to the Premises, and (iv) space that is used for Building Systems or other purposes associated with the operation, repair, management or maintenance of the Real Property, including, without limitation, shafts, stacks, stairways, chutes, pipes, conduits, ducts, fan rooms, mechanical rooms, plumbing facilities, and service closets (the areas described in clauses (iii) and (iv) above being collectively referred to herein as the "Reserved Areas").

9.4. Ducts, Pipes and Conduits.

Landlord shall have the right to install, use and maintain ducts, cabling, pipes and conduits in and through the Premises, provided that (a) such ducts, cabling, pipes and conduits are concealed within or above partitioning columns, walls or ceilings, except that if such ducts, cabling, pipes or conduits are installed in areas that are utility areas (such as storage areas, mailrooms or mud rooms), then such ducts, cabling, pipes or conduits may also be installed on partitioning walls, columns or ceilings, (b) such ducts, cabling, pipes and conduits do not reduce the usable area of the Premises by more than a de minimis amount, and (c) Landlord installs such

ducts, cabling, pipes and conduits in a manner that minimizes, to the extent reasonably practicable, any adverse effect on an Alteration theretofore performed in the Premises. If Landlord requires access to the Premises to make the installations as contemplated by this Section 9.4, then Landlord shall perform such installations in accordance with the terms hereof that govern a Work Access.

9.5. Keys.

Tenant shall provide Landlord, from time to time, with the keys to the Premises (or with the appropriate means to access the Premises using Tenant's electronic security systems).

9.6. Landlord's Changes.

(A) Subject to Section 9.6(B) hereof, Tenant shall have the right to use, in common with the other occupants of the Building, the portions of the Building that Landlord dedicates from time to time as common area for the general use of the occupants of the Building.

(B) Landlord, from time to time, shall have the right to change the arrangement or location of the public portions of the Building, including, without limitation, lobbies, entrances, passageways, doors, corridors, stairs and toilets that in each case are not located in the Premises, provided any such change does not (a) unreasonably reduce or unreasonably interfere with Tenant's access to the Building or the Premises, (b) reduce the floor area of the Premises (except to a de minimis extent), or (c) reduce to a material extent the level or quality of services that are available to Tenant on the Commencement Date.

(C) Landlord, from time to time, shall have the right to change, or reduce the number of, the passenger or freight elevators serving the Premises, provided that such change or reduction does not reduce to a material extent the passenger or freight elevator service standards that the passenger and freight elevators meet on the date hereof.

(D) Landlord, from time to time, shall have the right to change the name, number or designation by which the Building is commonly known.

(E)

(1) Landlord shall have the right, from time to time, to close, obstruct or darken the windows of the Premises temporarily to the extent required to comply with a Requirement or to perform repairs, maintenance, alterations, or improvements to the Building. Landlord shall have the right to close, obstruct or darken the windows of the Premises permanently to the extent required to comply with a Requirement that does not become applicable to the Building by virtue of Landlord's performance of elective construction in the Building.

(2) If, at any time, the windows of the Premises are closed, obstructed or darkened temporarily, as aforesaid, then Landlord shall perform (or cause to be performed) such repairs, maintenance, alterations or improvements, or shall comply with the applicable

Requirement (or cause such Requirement to be complied with), in each case with reasonable diligence, and otherwise take such action as may be reasonably necessary to minimize the period during which such windows are temporarily closed, obstructed or darkened (it being understood, however, that subject to Section 8.4 hereof, Landlord shall not be required to perform such repairs, maintenance, alterations or improvements using contractors or labor at overtime or premium pay rates).

Article 10
UNAVOIDABLE DELAYS AND INTERRUPTION OF SERVICE

10.1. Unavoidable Delays.

Subject to Article 15 hereof and Article 16 hereof, this Lease and the obligation of Tenant to pay Rental hereunder and to perform all of Tenant's other covenants shall not be affected, impaired or excused, and Landlord shall not have any liability to Tenant, to the extent that Landlord is unable to perform Landlord's covenants under this Lease by reason of any cause beyond Landlord's reasonable control, including, without limitation, strikes, labor troubles, acts of terrorism or the occurrence of an act of God; provided, however, that Landlord shall not have the right to claim under this Section 10.1 that Landlord's failure to have funds available to make a payment of money constitutes an excuse for Landlord's performance of an obligation of Landlord hereunder.

10.2. Interruption of Services.

Landlord, from time to time, shall have the right to interrupt or curtail the level of service provided by the Building Systems to the extent reasonably necessary to accommodate the performance of repairs, additions, alterations, replacements or improvements that in Landlord's reasonable judgment are desirable or necessary. Landlord shall give Tenant reasonable advance notice of any such interruption or curtailment (to the extent that Landlord does not need to arrange for such interruption or curtailment to manage an emergency) and schedule any such interruption or curtailment at times that minimizes, to the extent reasonably practicable, the effect of such interruption or curtailment on Tenant's ability to conduct its business in the Premises during Tenant's ordinary business hours. If such interruption or curtailment of the level of service provided by the Building Systems (i) denies Tenant from having reasonable access to the Premises, (ii) threatens the health or safety of any occupant of the Premises, or (iii) materially interferes with Tenant's ability to conduct its business in the Premises during Tenant's ordinary business hours, then Landlord shall employ contractors or labor at overtime or premium pay rates to the extent reasonably necessary. Landlord, at Tenant's request, shall also schedule any such interruption or curtailment, to the extent reasonably practicable, using contractors or labor at overtime or premium pay rates, in which case Tenant shall pay to Landlord, as additional rent, an amount equal to the excess of (x) the Out-of-Pocket Costs that Landlord incurs in so scheduling such interruption or curtailment (using contractors or labor at overtime or premium pay rates), over (y) the Out-of-Pocket Costs that Landlord would have incurred in scheduling such interruption or curtailment without using contractors at overtime or premium pay rates,

within thirty (30) days after the date that Landlord gives to Tenant an invoice therefor together with reasonable supporting documentation for the charges set forth therein (it being understood that if more than one tenant requests that Landlord conduct such Work Access using contractors or labor at overtime or premium pay rates, then Landlord shall allocate such costs among such tenants equitably).

Article 11
REQUIREMENTS

11.1. Tenant's Obligation to Comply with Requirements.

(A) Subject to the terms of this Article 11, Tenant, at Tenant's expense, shall comply with all Requirements applicable to the Premises, including, without limitation, (i) Requirements that are applicable to the performance of Alterations, (ii) Requirements that become applicable by reason of Alterations having been performed, and (iii) Requirements that are applicable by reason of the specific nature or type of business operated by Tenant (or any other Person claiming by, through or under Tenant) in the Premises. Tenant shall not be required to make any Alteration or other changes to the structural components of the Building or to the Building Systems in either case to comply with any Requirement unless (a) such Alteration or other change is required by reason of Alterations having been performed by Tenant (or another Person claiming by, through or under Tenant), (b) such Alteration or other change is required by reason of the specific nature of the use of the Premises by Tenant (or such other Person) (as opposed to the use of the Premises for the general purposes otherwise permitted under Section 3.1 hereof) or (c) such Alteration or other change is required to install, modify, or replace any fire suppression device or system in the Premises (including, without limitation, sprinkler systems).

(B) The term "Requirements" shall mean, collectively, (i) all present and future laws, rules, orders, ordinances, regulations, statutes, requirements, codes and executive orders of all Governmental Authorities, and of any applicable fire rating bureau, or other body exercising similar functions, and (ii) all requirements that the issuer of Landlord's Property Policy imposes (including, without limitation, any such requirements that such issuer requires as the basis for the premium that such issuer charges Landlord for Landlord's Property Policy), provided that such requirements that the issuer of Landlord's Property Policy imposes are reasonably consistent with the requirements imposed by reputable insurers of comparable properties in The City of New York.

(C) The term "Governmental Authority" shall mean the United States of America, the State of New York, The City of New York, any political subdivision thereof and any agency, department, commission, board, bureau or instrumentality of any of the foregoing, or any quasi-governmental authority, now existing or hereafter created, having jurisdiction over the Real Property or any portion thereof.

(D) Subject to the terms of this Section 11.1(D), if (a) Landlord gives Tenant a notice that Tenant has failed to comply with a Requirement as required by this Section 11.1, and (b) Tenant fails to proceed with reasonable diligence to comply with such Requirement within twenty (20) days after the date that Landlord gives such notice to Tenant (or such shorter period that Landlord designates in such notice to the extent reasonably required under the circumstances to alleviate an imminent threat to persons or property), then (i) Landlord may perform the work and otherwise take steps that are required to comply with such Requirement, and (ii) Tenant shall pay to Landlord, as additional rent, the reasonable Out-of-Pocket Expenses thereof, with interest thereon at the Applicable Rate calculated from the date that Landlord incurs such expenses, within thirty (30) days after Landlord gives Tenant an invoice therefor together with reasonable supporting documentation for the charges set forth therein. If (x) Tenant's compliance with a particular Requirement as required by this Section 11.1 cannot be accomplished with reasonable diligence during the aforesaid period of twenty (20) days (or during such shorter period that Landlord designates, as the case may be), and (y) Tenant commences such compliance during such period of twenty (20) days (or such shorter period that Landlord designates), then Landlord shall not have the right to perform the work and otherwise take steps that are required to comply with such Requirement on Tenant's behalf as otherwise described in this Section 11.1(D) unless Tenant fails to pursue such compliance with reasonable continuity and diligence. Nothing contained in this Section 11.1(D) limits the remedies that are available to Landlord after the occurrence of an Event of Default.

11.2. Landlord's Obligation to Comply with Requirements.

Landlord shall comply with all Requirements applicable to the Premises and the Building (including, without limitation, Requirements in respect of which the violation thereof impedes Tenant's performance of Alterations in the Premises) other than the Requirements with respect to which Tenant is required to comply pursuant to Section 11.1 hereof, subject, however, to Landlord's right to contest in good faith the applicability or legality thereof (provided that Landlord's contesting such Requirements does not interfere in any material respect with Tenant's use and occupancy of the Premises).

11.3. Certificate of Occupancy.

(A) Subject to the terms of this Section 11.3(A), Landlord covenants that from and after the Commencement Date a temporary or permanent certificate of occupancy covering the Premises (or such other certificate as may be required by Requirements from time to time to lawfully occupy the Premises) shall be in full force and effect permitting the Premises to be used for the general purposes that are permitted under Article 3 hereof. Nothing contained herein constitutes Landlord's covenant, representation or warranty that the Premises or any part thereof lawfully may be used or occupied for any particular purpose or in any particular manner; provided, however, that Landlord shall not have the right to amend the certificate of occupancy for the Premises (or such other certificate as may be required by Requirements from time to time to lawfully occupy the Premises) in a manner that limits the uses that Tenant may perform in the Premises in accordance with Article 3 hereof. Landlord shall have no liability to Tenant under this Section 11.3(A) to the extent such certificate of occupancy (or such other certificate) is not in full force and effect by reason of Tenant's default hereunder or by reason of Alterations.

(B) Tenant shall use the Premises only in a manner that conforms with the certificate of occupancy that is in effect for the Premises. Tenant shall not have the right to amend the certificate of occupancy for the Premises or the Building without Landlord's prior approval.

Article 12
QUIET ENJOYMENT

12.1. Quiet Enjoyment.

Landlord covenants that Tenant may peaceably and quietly enjoy the Premises for the Term, subject, nevertheless, to the terms and conditions of this Lease.

Article 13
SUBORDINATION

13.1. Subordination.

(A) This Lease shall be subject and subordinate to the priority of each Superior Lease that hereafter exists (and does not exist as of the date hereof) in respect of which the Lessor is not an Affiliate of Landlord. This Lease shall be subject and subordinate to the lien of each Mortgage that hereafter exists (and does not exist as of the date hereof) in respect of which the Mortgagee is not an Affiliate of Landlord.

(B) The term "Lessor" shall mean a lessor under a Superior Lease.

(C) The term "Mortgage" shall mean any trust indenture or mortgage which now or hereafter encumbers Landlord's estate in the Premises.

(D) The term "Mortgagee" shall mean any trustee, mortgagee or holder of a Mortgage.

(E) The term "Superior Lease" shall mean any lease pursuant to which Landlord now or hereafter obtains or retains its interest in the Premises (to the extent that Landlord's interest in the Premises is a leasehold estate).

13.2. Attornment.

If, at any time prior to the Expiration Date, a Person succeeds to Landlord's interest in the Real Property by reason of a foreclosure under a Mortgage or by reason of the termination of a Superior Lease (any such Person being referred to herein as the "Successor"), then Tenant, at the Successor's election, shall attorn, from time to time, to the Successor, in either case upon the then

executory terms of this Lease, for the remainder of the Term. If the Successor is not an Affiliate of the Person that constituted Landlord immediately prior to such Successor's obtaining an interest in the Premises, then the Successor shall not be:

(A) liable for any act or omission of any prior landlord (including, without limitation, the then defaulting landlord), except to the extent that (i) such act or omission continues after the date that the Successor succeeds to Landlord's interest in the Real Property, and (ii) such act or omission of such prior landlord is of a nature that the Successor can cure by performing a service or making a repair, or

(B) subject to any defenses or offsets that Tenant has against any prior landlord (including, without limitation, the then defaulting landlord) (except for any offsets expressly permitted under this Lease), or

(C) bound by any payment of Rental that Tenant has made to any prior landlord (including, without limitation, the then defaulting landlord) more than thirty (30) days in advance of the date that such payment is due (other than the Rental that Tenant pays pursuant to Section 1.5(E) hereof), or

(D) bound by any obligation to make any payment to or on behalf of Tenant to the extent that such obligation accrues prior to the date that the Successor succeeds to Landlord's interest in the Real Property, or

(E) bound by any obligation to perform any work or to make improvements to the Premises, except for:

(1) repairs and maintenance that Landlord is required to perform pursuant to the provisions of this Lease and that first become necessary, or the need for which continues, after the date that the Successor succeeds to Landlord's interest in the Real Property,

(2) repairs to the Premises that become necessary by reason of a fire or other casualty that occurs from and after the date that the Successor succeeds to Landlord's interest in the Real Property and that Landlord is required to perform pursuant to Article 15 hereof,

(3) repairs to the Premises or any part thereof that become necessary by reason of a fire or other casualty that occurs prior to the date that the Successor succeeds to Landlord's interest in the Real Property and that Landlord is required to perform pursuant to Article 15 hereof, to the extent that the Successor can make such repairs from the net proceeds of Landlord's Property Policy that are actually made available to the Successor (with the understanding, however, that if (i) a fire or other casualty occurs prior to the date that the Successor succeeds to Landlord's interest in the Real Property, (ii) Landlord is required to repair the resulting damage to the Building pursuant to Article 15 hereof, and (iii) the Successor cannot make such repairs from such net proceeds, then Tenant shall have the right to terminate this Lease by giving notice thereof to the Successor within fifteen (15) days after the date that the Successor gives Tenant notice that the Successor does not intend to perform such repairs),

(4) repairs to the Premises as a result of a partial condemnation that occurs from and after the date that the Successor succeeds to Landlord's interest in the Real Property and that Landlord is required to perform pursuant to Article 16 hereof, and

(5) repairs to the Premises as a result of a partial condemnation that occurs prior to the date that the Successor succeeds to Landlord's interest in the Real Property and that Landlord is required to perform pursuant to Article 16 hereof, to the extent that the Successor can make such repairs from the net proceeds of any condemnation award made available to the Successor (with the understanding, however, that if (i) a partial condemnation occurs prior to the date that the Successor succeeds to Landlord's interest in the Real Property, (ii) Landlord is required to make repairs to the Building pursuant to Article 16 hereof by reason of such partial condemnation, and (iii) the Successor cannot make such repairs from such net proceeds, then Tenant shall have the right to terminate this Lease by giving notice thereof to the Successor within fifteen (15) days after the date that the Successor gives Tenant notice that the Successor does not intend to perform such repairs),

(F) bound by any amendment or modification of this Lease made without the consent of the Successor after the date that Tenant is given notice of the applicable Mortgage or the applicable Superior Lease (as the case may be), or

(G) bound to return the Cash Security Deposit or the Letter of Credit until the Cash Security Deposit or the Letter of Credit has come into the Successor's actual possession and Tenant is entitled to the Cash Security Deposit or the Letter of Credit pursuant to the terms of this Lease.

The provisions of this Section 13.2 shall apply notwithstanding that, as a matter of law, this Lease terminates upon the termination of any Superior Lease or the foreclosure of a Mortgage. No further instrument shall be required to give effect to Tenant's attorning to a Successor as contemplated by this Section 13.2. Tenant, however, upon demand of any Successor, shall execute, from time to time, instruments, in a recordable form and in a form reasonably satisfactory to the Successor, confirming the foregoing provisions of this Section 13.2.

13.3. Amendments to this Lease.

Tenant shall execute and deliver, from time to time, amendments to this Lease, promptly after Landlord's request, to the extent that (x) such amendments are reasonably required by a Mortgagee or a Lessor that in either case is not an Affiliate of Landlord (or are reasonably required by a proposed Mortgagee or proposed Lessor that in either case is not an Affiliate of Landlord and that consummates the applicable Mortgage or the applicable Superior Lease contemporaneously with Tenant's execution and delivery of such amendment hereof), and (y) Landlord gives to Tenant reasonable evidence to the effect that such Mortgagee or Lessor requires such amendments; provided, however, that Tenant shall not be required to agree to any such amendments to this Lease that (i) increase Tenant's monetary obligations under this Lease, (ii) adversely affect or diminish Tenant's rights under this Lease (except in either case to a *de minimis* extent), or (iii) increase Tenant's other obligations under this Lease (except to a *de minimis* extent).

13.4. Tenant's Estoppel Certificate.

Tenant, within ten (10) Business Days after Landlord's request from time to time (but not more frequently than three (3) times in any particular period of twelve (12) months), shall deliver to Landlord a written statement executed by Tenant, in form reasonably satisfactory to Landlord, (1) stating that this Lease is then in full force and effect and has not been modified (or if this Lease is not in full force and effect, stating the reasons therefor, or if this Lease is modified, setting forth all modifications), (2) setting forth the date to which the Fixed Rent, the Tax Payment and other items of Rental have been paid, (3) stating whether, to the actual knowledge of Tenant (without having made any investigation), Landlord is in default under this Lease, and, if Landlord is in default, setting forth the specific nature of all such defaults, and (4) stating any other matters reasonably requested by Landlord and related to this Lease. Tenant acknowledges that any such statement that Tenant delivers to Landlord pursuant to this Section 13.4 may be relied upon by (x) any purchaser or owner of the Real Property or any interest therein (including, without limitation, any Lessor), or (y) any Mortgagee.

13.5. Landlord's Estoppel Certificate.

Landlord, within ten (10) Business Days after Tenant's request from time to time (but not more frequently than three (3) times in any particular period of twelve (12) months), shall deliver to Tenant a written statement executed by Landlord, in form reasonably satisfactory to Tenant, (i) stating that this Lease is then in full force and effect and has not been modified (or if this Lease is not in full force and effect, stating the reasons therefor, or if this Lease is modified, setting forth all modifications), (ii) setting forth the date to which the Fixed Rent, the Escalation Rent and any other items of Rental have been paid, (iii) stating whether, to the actual knowledge of Landlord (without having made any investigation), Tenant is in default under this Lease, and, if Tenant is in default, setting forth the specific nature of all such defaults, and (iv) stating any other matters reasonably requested by Tenant and related to this Lease. Landlord acknowledges that any statement delivered by Landlord to Tenant pursuant to this Section 13.5 may be relied upon by (w) any Person that extends credit to Tenant, (x) any assignee of Tenant's interest hereunder, (y) any subtenant of all or any part of the Premises, or (z) any Person that acquires Control of Tenant (provided that such assignment, sublease or transfer of Control is accomplished in a manner that complies with the provisions of Article 17 hereof).

13.6. Rights to Cure Landlord's Default.

If (x) a Superior Lease or Mortgage exists, (y) the Lessor or Mortgagee is not an Affiliate of Landlord, and (z) Landlord gives Tenant notice thereof, then Tenant shall not seek to terminate this Lease by reason of Landlord's default hereunder until Tenant has given written notice of such default to such Lessor or such Mortgagee in either case at the address that has been furnished to Tenant. If any such Lessor or Mortgagee notifies Tenant, within ten (10) Business Days after the date that such Lessor or Mortgagee receives such notice from Tenant,

that such Lessor or Mortgagee intends to remedy such act or omission of Landlord, then Tenant shall not have the right to so terminate this Lease unless such Lessor or Mortgagee fails to remedy such act or omission of Landlord within a reasonable period of time after the date that such Lessor or Mortgagee gives such notice to Tenant (it being understood that such Lessor or Mortgagee shall not have any liability to Tenant for the failure of such Lessor or Mortgagee to so remedy such act or omission of Landlord during such period).

13.7. Zoning Lot Merger Agreement.

Tenant hereby waives irrevocably any rights that Tenant may have in connection with any zoning lot merger or transfer of development rights with respect to the Real Property, including, without limitation, any rights that Tenant may have to be a party to, to contest, or to execute any Declaration of Restrictions (as such term is used in Section 12-10 of the Zoning Resolution of The City of New York effective December 15, 1961, as amended) with respect to the Real Property, which would cause the Premises to be merged with or unmerged from any other zoning lot pursuant to such Zoning Resolution or to any document of a similar nature and purpose. Tenant agrees that this Lease shall be subject and subordinate to any Declaration of Restrictions or any other document of similar nature and purpose now or hereafter affecting the Real Property (it being understood, however, that Landlord shall not permit such Declaration of Restrictions or any such other document to impair Tenant's rights hereunder, or expand Tenant's obligations hereunder, except, in either case, to a *de minimis* extent). In confirmation of such subordination and waiver, Tenant, from time to time, shall execute and deliver promptly any certificate or instrument that Landlord reasonably requests.

13.8. Tenant's Financial Statements.

Subject to the terms of this Section 13.8, Tenant shall provide to Landlord (a) the balance sheet of Tenant and each Predecessor Tenant (if any) in either case dated as of the last day of each fiscal year (to the extent that the last day of each such fiscal year occurs during the Term), (b) the income statement of Tenant and each Predecessor Tenant (if any) for each such fiscal year that occurs, in whole or in part, during the Term, and (c) the statement of changes in financial condition of Tenant and each Predecessor Tenant (if any) for each such fiscal year that occurs, in whole or in part, during the Term, in each case on or prior to the one hundred twentieth (120th) day after the last day of each such fiscal year (such financial statements being collectively referred to herein as "Tenant's Statements"). Tenant shall cause Tenant Statements to be prepared in accordance with generally accepted accounting principles, consistently applied. Landlord shall not disclose Tenant's Statements to any third party, except that Landlord may disclose Tenant's Statements (i) to Persons that provide (or that propose to provide), directly or indirectly, debt or equity capital to Landlord or Landlord's Affiliates and that provide Landlord with reasonable assurances that such Persons will maintain the confidentiality of Tenant's Statements, (ii) to Persons that purchase (or that propose to purchase) the Real Property or any portion thereof and that provide Landlord with reasonable assurances that such Persons will maintain the confidentiality of Tenant's Statements, (iii) to Lessors (or prospective Lessors) that provide Landlord with reasonable assurances that such Lessors (or prospective Lessors) will maintain the confidentiality of Tenant's Statements, (iv) to Persons that provide professional

services for Landlord (such as, for example, Landlord's attorneys and accountants) and that provide Landlord with reasonable assurances that such Persons will maintain the confidentiality of Tenant's Statements, (v) to the extent required by law, (vi) to the extent reasonably required by Landlord in enforcing Landlord's rights hereunder, and (vii) to the extent that Tenant's Statements are otherwise available to the general public. Tenant shall not have any obligation to provide Tenant's Statements to Landlord as provided in this Section 13.8 during the period that (x) the stock of Tenant is publicly traded on a recognized stock exchange, and (y) Tenant's Statements are available to the general public under filings that Tenant makes with the Securities and Exchange Commission.

Article 14
INSURANCE

14.1. Tenant's Insurance.

(A) Tenant, at Tenant's expense, shall obtain and keep in full force and effect (i) an insurance policy for Tenant's Property and the Specialty Alterations, in either case to the extent insurable under the available standard forms of "all-risk" insurance policies, in an amount equal to one hundred percent (100%) of the replacement value thereof (subject, however, at Tenant's option, to a reasonable deductible) (the insurance policy described in this clause (i) being referred to herein as "Tenant's Property Policy"), (ii) a policy of worker's compensation insurance, to the extent required by law (such policy being referred to herein as "Tenant's Worker's Compensation Policy"), and (iii) a policy of commercial general liability and property damage insurance on an occurrence basis, with a broad form contractual liability endorsement (the insurance policy described in this clause (iii) being collectively referred to herein as "Tenant's Liability Policy"). Tenant's Property Policy and Tenant's Liability Policy shall name Tenant as the insured. Tenant's Property Policy shall also include business interruption insurance that is sufficient in amount to pay the Fixed Rent and the Tax Payment due hereunder for a period of at least one (1) year. Tenant's Liability Policy shall name the Landlord Indemnitees as additional insureds thereunder.

(B) Except for standard provisions in ISO CG 0001 Form or its equivalent, Tenant's Liability Policy shall not contain any endorsement or exclusion that affects or limits the obligation of the insurer to pay the amount of any loss sustained caused by a negligent act or omission of Tenant. If Tenant receives any notice of cancellation or any other notice from the insurance carrier which may adversely affect the coverage of the insureds under Tenant's Property Policy or Tenant's Liability Policy, then Tenant shall immediately deliver to Landlord a copy of such notice. The minimum amounts of liability under Tenant's Liability Policy shall be a combined single limit with respect to each occurrence in the amount of Five Million Dollars ($5,000,000) for injury (or death) to persons and damage to property, which minimum amount Landlord may increase from time to time to the amount of insurance that in Landlord's reasonable judgment is then being customarily required by prudent landlords of first-class buildings in the vicinity of the Building from tenants leasing space similar in size, nature and location to the Premises.

(C) Tenant shall cause Tenant's Liability Policy, Tenant's Worker's Compensation Policy and Tenant's Property Policy to be issued by reputable and independent insurers that are (x) permitted to do business in the State of New York, and (y) rated in Best's Insurance Guide, or any successor thereto, as having a general policyholder rating of AA and a financial rating of at least XIII (it being understood that if such ratings are no longer issued, then such insurer's financial integrity shall conform to the standards that constitute such ratings from Best's Insurance Guide as of the date hereof).

(D) Tenant has the right to satisfy Tenant's obligation to carry Tenant's Liability Policy with an umbrella insurance policy if such umbrella insurance policy contains an aggregate per location endorsement that provides the required level of protection for the Premises. Tenant has the right to satisfy Tenant's obligation to carry Tenant's Property Policy with a blanket insurance policy if such blanket insurance policy provides, on a per occurrence basis, that a loss that relates to any other location does not impair or reduce the level of protection available for the Premises below the amount required by this Lease.

14.2. Landlord's Insurance.

(A) Subject to the terms of this Section 14.2, Landlord shall obtain and keep in full force and effect insurance against loss or damage by fire and other casualty to the Building, to the extent insurable on commercially reasonable terms under then available standard forms of "all-risk" insurance policies, in an amount equal to one hundred percent (100%) of the replacement value thereof or, at Landlord's option, in such lesser amount as will avoid co-insurance (such insurance being referred to herein as "Landlord's Property Policy"). Tenant acknowledges that (i) Landlord's Property Policy may encompass rent insurance, (ii) the risks that Landlord's Property Policy covers may include, without limitation, fire, war, terrorism, environmental matters, and flood, and (iii) Landlord may also obtain a commercial general liability insurance policy.

(B) Landlord shall not be liable to Tenant for any failure to insure any Alterations unless Tenant notifies Landlord of the completion of such Alterations and the cost thereof, and maintains adequate records with respect to such Alterations to facilitate the adjustment of any insurance claims with respect thereto. Landlord shall have the right to provide that the coverage of Landlord's Property Policy is subject to a reasonable deductible. Tenant shall cooperate with Landlord and Landlord's insurance companies in the adjustment of any claims for any damage to the Building or the Alterations. Landlord shall not be required to carry insurance on Tenant's Property or the Specialty Alterations. Landlord shall not be required to carry insurance against any loss suffered by Tenant due to the interruption of Tenant's business.

14.3. Mutual Waiver of Subrogation.

(A) Subject to the provisions of this Section 14.3, Landlord and Tenant shall each obtain an appropriate clause in, or endorsement on, Landlord's Property Policy or Tenant's Property Policy (as the case may be) pursuant to which the insurance companies waive subrogation or consent to a waiver of right of recovery. Landlord and Tenant also agree that,

having obtained such clauses or endorsements of waiver of subrogation or consent to a waiver of right of recovery, they shall not make any claim against or seek to recover from the Landlord Indemnitees or the Tenant Indemnitees (as the case may be) for any loss or damage to its property or the property of others resulting from fire or other hazards covered by Landlord's Property Policy or Tenant's Property Policy (as the case may be); provided, however, that the release, discharge, exoneration and covenant not to sue herein contained shall be limited by and be coextensive with the terms and provisions of the waiver of subrogation clause or endorsements or clauses or endorsements consenting to a waiver of right of recovery.

(B) If the payment of an additional premium is required for the inclusion of a waiver of subrogation provision as described in Section 14.3(A) hereof, then each party shall advise the other party of the amount of any such additional premiums and the other party at its own election may, but shall not be obligated to, pay such additional premium. If (x) Tenant is the party that elects to pay such additional premium to include such a waiver in Landlord's Property Policy, and (y) other tenants in the Building make concurrently a similar election, then the aforesaid amount that Tenant is obligated to pay to Landlord on account of such additional premium shall be only the portion thereof that Landlord allocates equitably to Tenant. If such other party does not elect to pay such additional premium, then the party whose insurer is charging the additional premium shall not be required to obtain such waiver of subrogation provision.

(C) If either party is unable to obtain the inclusion of such waiver of subrogation provision even with the payment of an additional premium, then such party shall attempt to name the other party as an additional insured (but not a loss payee) under the applicable insurance policy. If the payment of an additional premium is required for naming the other party as an additional insured (but not a loss payee), then such party shall advise the other of the amount of any such additional premium and the other party at its own election may, but shall not be obligated to, pay such additional premium. If (x) Tenant is the party that elects to pay such additional premium to name Tenant as an additional insured (but not as loss payee), and (y) other tenants in the Building make concurrently a similar election, then the aforesaid amount that Tenant is obligated to pay to Landlord on account of such additional premium shall be only the portion thereof that Landlord allocates equitably to Tenant. If such other party does not elect to pay such additional premium or if it is not possible to have the other party named as an additional insured (but not loss payee), even with the payment of an additional premium, then (in either event) the party whose insurer refuses to include such waiver of subrogation provision shall so notify the other party and such party shall not have the obligation to name the other party as an additional insured.

14.4. Evidence of Insurance.

On or prior to the Commencement Date, each party shall deliver to the other party appropriate certificates of insurance required to be carried by the parties pursuant to this Article 14, including evidence of waivers of subrogation and naming of additional insureds in either case as required by Section 14.3 hereof. Each party shall deliver to the other party evidence of each renewal or replacement of a policy at least twenty (20) days prior to the expiration of such policy.

14.5. No Concurrent Insurance.

Tenant shall not obtain any property insurance (under Tenant's Property Policy or otherwise) that covers the property that is covered by Landlord's Property Policy.

14.6. Tenant's Obligation to Comply with Landlord's Fire and Casualty Insurance.

If (i) Tenant (or any other Person claiming by, through or under Tenant) uses the Premises for any purpose other than general office use, and (ii) the use of the Premises by Tenant (or such other Person) causes the premium for Landlord's Property Policy to exceed the premium that would have otherwise applied therefor if Tenant (or such Person) used the Premises for general office use, then Tenant shall pay to Landlord, as additional rent, an amount equal to such excess, on or prior to the thirtieth (30th) day after the date that Landlord gives to Tenant an invoice therefor, together with reasonable supporting documentation for the charges set forth therein. Nothing contained in this Section 14.6 expands Tenant's rights under Article 3 hereof.

Article 15
CASUALTY

15.1. Notice.

Tenant shall notify Landlord promptly of any fire or other casualty that occurs in the Premises.

15.2. Landlord's Restoration Obligations.

Subject to the terms of this Section 15.2, Landlord, with reasonable diligence, shall repair the damage to (i) the Premises (including, without limitation, the Alterations), (ii) the Building Systems that service the Premises, and (iii) the common elements of the Building that Tenant uses to gain access to the Premises, in each case to the extent caused by fire or other casualty. Landlord shall commence the performance of such repairs as promptly as reasonably practicable after the occurrence of such fire or other casualty. Landlord shall use commercially reasonable efforts to perform such repairs diligently, in a good and workmanlike manner, and in a manner that minimizes to the extent reasonably practicable interference with Tenant's use and occupancy of any portion of the Premises that remains tenantable. Landlord shall not be required to restore Tenant's Property or the Specialty Alterations. Landlord shall not be required to commence such restoration until Tenant gives Landlord the notice described in Section 15.1 hereof (unless Landlord otherwise has received actual notice of the fire or other casualty). Landlord shall not be obligated to restore any Alterations unless (i) Tenant has Substantially Completed the performance thereof, (ii) Tenant has given Landlord notice to the effect that Tenant has Substantially Completed such Alterations, (iii) Tenant has given Landlord notice of the cost

incurred by Tenant in performing such Alterations, and (iv) Tenant has maintained records with respect to such Alterations in a form that allows Landlord to make a Ml insurance recovery therefor under Landlord's Property Policy. If (x) Tenant, as part of the Initial Alterations, demolishes all or a material part of the interior installation that exists in the Premises on the Commencement Date, and (y) the Premises (including any Alterations) is damaged by fire or other casualty at any time prior to the date that Tenant Substantially Completes the Initial Alterations therein, then Landlord's obligation to repair the Premises (and any Alterations) shall be limited to (x) the part of the Building Systems serving the Premises on the Commencement Date, but not the distribution portions of such Building Systems located within the Premises, (y) the floor and ceiling slabs of the Premises, and (z) the exterior walls of the Premises, all to substantially the same condition that existed on the Commencement Date. Landlord shall have the right to adapt the restoration of the Premises as contemplated by this Section 15.2 to comply with applicable Requirements that are then in effect. Landlord shall not be obligated to restore the Premises as provided in this Section 15.2 to the extent that this Lease terminates by reason of such fire or other casualty as provided in this Article 15.

15.3. Rent Abatement.

(A) Subject to Section 15.3 hereof, the Fixed Rent and the Tax Payment that is otherwise due and payable hereunder shall be reduced in the proportion that the number of square feet of Rentable Area of the part of the Premises that is not usable or accessible by Tenant by reason of such fire or other casualty bears to the total Rentable Area of the Premises immediately prior to such fire or other casualty, for the period commencing on the date of such fire or other casualty and ending on the date that Landlord Substantially Completes the restoration described in Section 15.2 hereof or the applicable portion of the Premises becomes accessible, as the case may be.

(B) If a fire or other casualty occurs in the Premises after the Commencement Date and prior to the Rent Commencement Date, then the aggregate abatement of Fixed Rent and the Tax Payment to which Tenant is entitled as contemplated by Section 15.3 hereof (from and after the Rent Commencement Date) shall be an amount equal to the aggregate abatement of Fixed Rent and the Tax Payment to which Tenant would have been entitled under Section 15.3 hereof if the Rent Commencement Date had occurred immediately prior to such fire or other casualty.

15.4. Landlord's Termination Right.

If the Building is so damaged by fire or other casualty that, in Landlord's opinion, substantial alteration, demolition, or reconstruction of the Building is required (regardless of whether the Premises have been damaged or rendered untenantable), then Landlord may terminate this Lease by giving Tenant notice thereof on or prior to the ninetieth (90th) day after such fire or other casualty. If Landlord elects to terminate this Lease as aforesaid, then (I) the Term shall expire on a date set by Landlord that (A) is not sooner than (i) the tenth (10th) day after the date that Landlord gives such notice (if all or substantially all of the Premises is rendered untenantable by such fire or other casualty), and (ii) the ninetieth (90th) day after the

date that Landlord gives such notice (if less than all or substantially all of the Premises is rendered untenantable by such fire or other casualty), and (B) is not later than the first (1st) anniversary of the date on which such fire or other casualty occurs, and (II) Tenant, on such date set by Landlord, shall vacate the Premises and surrender the Premises to Landlord in accordance with the terms of this Lease that govern Tenant's obligations upon the expiration or earlier termination of the Term. Upon the termination of this Lease under this Section 15.3(A), the Rental shall be apportioned and any prepaid portion of the Rental for any period after the Expiration Date shall be refunded promptly by Landlord to Tenant (and Landlord's obligation to make such refund shall survive the Expiration Date).

15.5. Termination Rights at End of Term.

If the Premises are substantially damaged by a fire or other casualty that occurs during the period of eighteen (18) months immediately preceding the Fixed Expiration Date, then Landlord or Tenant may elect to terminate this Lease by notice given to the other party within thirty (30) days after such fire or other casualty occurs. If either party makes such election, then the Term shall expire on the thirtieth (30th) day after the notice of such election is given, and, accordingly, Tenant, on or prior to such thirtieth (30th) day, shall vacate the Premises and surrender the Premises to Landlord in accordance with the provisions of this Lease that govern Tenant's obligation to deliver vacant and exclusive possession of the Premises to Landlord upon the expiration of the Term. Upon the termination of this Lease under this Section 15.5, the Rental shall be apportioned and any prepaid portion of the Rental for any period after the Expiration Date shall be refunded promptly by Landlord to Tenant (and Landlord's obligation to make such refund shall survive the Expiration Date). For purposes of this Section 15.5, the term "substantially damaged" shall mean that: (a) a fire or other casualty precludes Tenant from using more than thirty percent (30%) of the Premises for the conduct of its business, and (b) Tenant's inability to so use the Premises (or the applicable portion thereof) is reasonably expected to continue until at least the earlier to occur of (i) the Fixed Expiration Date, and (ii) the ninetieth (90th) day after the date that such fire or other casualty occurs.

15.6. No Other Termination Rights.

Tenant shall have no right to cancel this Lease by virtue of a fire or other casualty except to the extent specifically set forth in this Article 15. This Article 15 is intended to constitute an "express agreement to the contrary" for purposes of Section 227 of the New York Real Property Law.

Article 16
CONDEMNATION

16.1. Effect of Condemnation.

(A) Subject to the provisions of Section 16.2 hereof, if the entire Real Property, the entire Building or the entire Premises is condemned or otherwise acquired by the exercise of the power of eminent domain, then this Lease shall terminate as of the date that such condemnation or acquisition is consummated.

(B) If only a part of the Real Property and not the entire Premises is so acquired or condemned, then:

(1) except as hereinafter provided in this Section 16.1, this Lease shall remain effective, and, from and after the date that the condemnation or acquisition is consummated, (w) the Fixed Rent shall be reduced in the proportion that the number of square feet of Rentable Area of the part of the Premises so acquired or condemned bears to the total Rentable Area of the Premises immediately prior to such acquisition or condemnation, and (x) Tenant's Tax Share shall be redetermined based upon the proportion that the number of square feet of Rentable Area of the Premises that is remaining after such acquisition or condemnation bears to the number of square feet of Rentable Area of the Building that is remaining after such acquisition or condemnation;

(2) on or prior to the sixtieth (60th) day after the date that the condemnation or acquisition is consummated, Landlord shall have the right to terminate this Lease by giving notice to Tenant if either (i) at least fifteen percent (15%) of the usable area of the Premises is so acquired or condemned, or (ii) Landlord terminates leases (including this Lease) for at least fifty percent (50%) of the usable area of the Building (excluding any portion of the Building leased to or occupied by Landlord or Landlord's Affiliates); and

(3) if (a) the part of the Real Properly so acquired or condemned contains more than fifteen percent (15%) of the usable area of the Premises immediately prior to such acquisition or condemnation, or (b) by reason of such acquisition or condemnation, Tenant no longer has reasonable means of access to the Premises, then Tenant may elect to terminate this Lease by giving notice to Landlord on or prior to the sixtieth (60th) day after the date that Tenant is given notice of such acquisition or condemnation being consummated.

The Term shall expire on the thirtieth (30th) day after the date that Landlord or Tenant give any such notice to terminate this Lease.

(C) Landlord shall refund to Tenant, promptly after the date that such taking or acquisition becomes effective, any Rental that Tenant has theretofore paid for the Premises (or the applicable portion thereof that is so taken or acquired) to the extent that such Rental is properly allocable to the period after the date that such taking or acquisition becomes effective (and Landlord's obligation to make such refund shall survive the Expiration Date).

(D) If this Lease terminates pursuant to the provisions of this Section 16.1, then the Rental for the portion of the Premises that is not taken or acquired shall be apportioned as of the termination date. Landlord shall refund promptly to Tenant any Rental that Tenant has theretofore paid for any period after the date that such termination becomes effective (and Landlord's obligation to make such refund shall survive the Expiration Date).

(E) If a part of the Premises is so acquired or condemned and this Lease and the Term is not terminated pursuant to the foregoing provisions of this Section 16.1, then Landlord, at Landlord's expense, shall restore the part of the Premises that is not so acquired or condemned to a self-contained rental unit inclusive of Alterations that Tenant has theretofore Substantially Completed, except that if such acquisition or condemnation occurs prior to the Substantial Completion of the Initial Alterations, then Landlord shall only be required to restore the part of the Premises not so acquired or condemned to a self-contained rental unit exclusive of any Alterations.

16.2. Condemnation Award.

Subject to Section 16.3 hereof, Landlord shall be entitled to receive the entire award for any such acquisition or condemnation of all or any part of the Real Property. Tenant shall have no claim against Landlord or the condemning authority for the value of any unexpired portion of the Term, and, accordingly, Tenant hereby expressly assigns to Landlord all of its right in and to any such award. Nothing contained in this Section 16.2 shall be deemed to prevent Tenant from making a separate claim in any condemnation proceedings for the value of any Tenant's Property included in such taking, for any moving expenses or for the costs incurred by Tenant in performing the Initial Alterations (prior to Tenant's Substantial Completion thereof) in the portion of the Premises that is not so condemned or acquired.

16.3. Temporary Taking.

If the whole or any part of the Premises is acquired or condemned temporarily during the Term, then (a) Tenant shall give prompt notice thereof to Landlord, (b) the Term shall not be reduced or affected in any way, (c) Tenant shall continue to pay in full all items of Rental payable by Tenant hereunder without reduction or abatement, and (d) Tenant shall be entitled to receive for itself any award or payments for such use, provided, however, that if the acquisition or condemnation is for a period extending beyond the Term, then such award or payment shall be apportioned equitably between Landlord and Tenant. Tenant, at Tenant's expense, shall make Alterations to restore the Premises to the condition existing prior to any such temporary acquisition or condemnation.

Article 17
ASSIGNMENT AND SUBLETTING

17.1. General Limitations.

(A) Subject to the terms of this Article 17, without the prior consent of Landlord in each instance, Tenant shall not (i) assign Tenant's interest in this Lease, in whole or in part, by express assignment or by operation of law or by other means, (ii) sublease the Premises or any part thereof, (iii) permit a subtenant under a sublease that is consummated in accordance with the terms of this Article 17 to further sublease the Premises or any part thereof or to assign the subtenant's interest under any such sublease in whole or in part by express assignment or by operation of law or by other means, (iv) amend or modify any sublease that is

consummated in accordance with the terms of this Article 17, (v) mortgage or otherwise encumber Tenant's interest in this Lease, in whole or in part, or (vi) permit the Premises or any part thereof to be occupied by any Person other than Tenant (any of the events described in clauses (i) through (vi) above being referred to herein as a "Transfer"; Tenant and any other Person that has the right to occupy the Premises in accordance with the terms of this Article 17 (other than a Person that has the right to occupy the Premises by virtue of Landlord's exercising Landlord's rights under Section 17.3 hereof) being referred to herein as a "Permitted Party"). The termination or cancellation of a sublease shall not constitute a Transfer for purposes hereof.

(B) Subject to Section 17.7 hereof, the transfer of Control in a Permitted Party, however accomplished, whether in a single transaction or in a series of unrelated or related transactions, shall constitute an assignment of such Permitted Party's interest in this Lease or the Premises (as the case may be) for purposes of this Article 17.

(C) The consent by Landlord to any Transfer shall not relieve Tenant from its obligation to obtain the prior consent of Landlord to any other Transfer to the extent required by this Lease.

(D) The assignment by any Person that constitutes Tenant of the tenant's interest under this Lease shall not relieve such Person of the obligations of the tenant under this Lease. Such Person's liability under this Lease shall continue notwithstanding (x) the subsequent release of any other Person that constitutes Tenant from liability under this Lease, (y) any limitation on any such other Person's liability hereunder by virtue of the Bankruptcy Code, or (z) any modification or amendment of this Lease that Landlord consummates with any such other Person that constitutes Tenant subsequently; provided, however, that if such other Person is not an Affiliate of such Person, then any such modification or amendment shall not expand such Person's liability hereunder.

(E) Notwithstanding anything to the contrary contained herein, Tenant shall not, and Tenant shall not permit any other Permitted Party to, enter into any lease, sublease, license, concession or other agreement for use or occupancy of the Premises or any portion thereof which provides for a rental or other payment for such use or occupancy based in whole or in part on the net income or profits derived by any Person from the property leased, occupied or used, or which would require the payment of any consideration that would not qualify as "rents from real property," as that term is defined in Section 856(d) of the Internal Revenue Code of 1986, as amended.

(F) If Tenant assigns the tenant's interest under this Lease in violation of the terms of this Article 17, then such assignment shall be void and of no force and effect against Landlord; provided, however, that Landlord (x) may collect an amount equal to the then Rental from the assignee as a fee for such assignee's use and occupancy, and (y) shall apply the net amount collected to the Rental reserved in this Lease. If the Premises or any part thereof are sublet to, occupied by, or used by any Person other than Tenant (regardless of whether such subletting, occupancy or use violates this Article 17), then Landlord (a) after the occurrence of an Event of Default, may collect amounts from the subtenant, user or occupant as a fee for its use

and occupancy, and (b) shall apply the net amount collected to the Rental reserved in this Lease. No such assignment, subletting, occupancy or use, with or without Landlord's prior consent, nor any such collection or application of fees for use and occupancy, shall (i) be deemed a waiver by Landlord of any term, covenant or condition of this Lease, (ii) be deemed the acceptance by Landlord of such assignee, subtenant, occupant or user as tenant hereunder, or (iii) relieve Tenant of the obligations of the tenant under this Lease.

17.2. Landlord's Expenses.

Tenant shall reimburse Landlord for a reasonable processing fee, any reasonable Out-of-Pocket Costs that Landlord incurs in connection with any proposed Transfer, including, without limitation, reasonable attorneys' fees and disbursements, and the reasonable costs of making investigations as to the acceptability of the proposed Transferee, within thirty (30) days after Landlord gives to Tenant an invoice therefor together with reasonable supporting documentation for the charges set forth therein.

17.3. Recapture Procedure.

(A) Tenant shall have the right to institute the procedure described in this Section 17.3 (the "Recapture Procedure") only by giving to Landlord notice thereof (a "Transfer Notice"), which:

(1) refers expressly to this Section 17.3 and indicates that such notice constitutes a Transfer Notice,

(2) includes a copy of the documents that Tenant intends to use to evidence the proposed Transfer,

(3) identifies the Person to which Tenant proposes to make the Transfer (the Person to which a Transfer is made being referred to herein as a "Transferee"), and

(4) sets forth the date on which Tenant proposes that the term of a Transfer that constitutes a sublease, license or other similar agreement that grants occupancy rights will commence, or that a Transfer that constitutes an assignment will occur, as the case may be (such date being referred to herein as the "Transfer Date") (it being understood that the Transfer Date shall be no sooner than sixty (60) days, and no later than two hundred seventy (270) days, after the date that Tenant gives the Transfer Notice to Landlord) (the material terms of a proposed Transfer as set forth in the Transfer Notice being referred to herein as the "Proposed Transfer Terms").

(B) The term "Transfer Expenses" shall mean the actual Out-of-Pocket Expenses that Tenant pays solely in consummating a Transfer, including, without limitation, (i) brokerage commissions, (ii) allowances that Tenant makes available to the Transferee to fund the cost of Alterations that the Transferee makes to the Premises, (iii) costs that Tenant pays in making Alterations to prepare the Premises solely for the Transferee's initial occupancy, (iv) the amount payable to Landlord under Section 17.2 hereof for such Transfer, (v) reasonable

attorneys' fees and disbursements that Tenant pays in connection with consummating such Transfer, and (vi) the transfer taxes (and other similar charges and fees) that Tenant pays pursuant to Section 17.5 hereof.

(C) The term "Amortized Transfer Expenses" shall mean, with respect to any period, the amount of the Transfer Expenses that amortize during such period if the Transfer Expenses are amortized, in equal monthly installments, with interest calculated at the Base Rate, over the period that the Transferee is obligated to make payments to Tenant in respect of the applicable Transfer.

(D) The term "Recapture Date" shall mean the thirtieth (30th) day after the date that Tenant gives the Transfer Notice to Landlord.

(E)

(1) If (x) Tenant gives a Transfer Notice to Landlord, and (y) the Transfer described in the Transfer Notice constitutes a sublease for the Premises with respect to which the term thereof expires on or prior to the date that is eighteen (18) months before the Fixed Expiration Date (any sublease that expires before such date being referred to herein as a "Short-Term Sublease"), then Landlord shall have the right to sublease (or to cause the Recapture Subtenant to sublease) the Premises from Tenant, on the terms set forth in this Section 17.3(E), by giving notice thereof (the "Recapture Sublease Notice") to Tenant not later than the Recapture Date (as to which date time shall be of the essence) (any such sublease of the Premises that Landlord elects to consummate under this Section 17.3(E) being referred to herein as a "Recapture Sublease").

(2) If Landlord gives a Recapture Sublease Notice to Tenant, then Tenant shall, and Landlord shall (or Landlord shall cause the Recapture Subtenant to), consummate a Recapture Sublease for the Premises on the following terms:

(a) Landlord shall give to Tenant, within twenty (20) days after the date that Landlord gives to Tenant the Recapture Sublease Notice, a proposed sublease that conforms with the terms set forth in this Section 17.3(E) and is otherwise on the terms set forth in this Lease. Tenant shall execute and deliver such sublease promptly after Landlord's submission thereof to Tenant. Landlord shall execute and deliver (or cause the Recapture Subtenant to execute and deliver) such sublease promptly after Tenant delivers to Landlord the counterpart thereof that is executed by Tenant.

(b) Landlord shall have the right to designate that the subtenant under the Recapture Sublease is a Person other than Landlord (the Person that constitutes the subtenant under a Recapture Sublease being referred to herein as the "Recapture Subtenant").

(c) The rental payable by the Recapture Subtenant to Tenant shall be calculated on either of the following methods, as designated by Landlord (with the understanding that Landlord shall be deemed to have elected clause (i) below if Landlord does not designate otherwise in the Recapture Sublease Notice):

(i) the excess of (I) the rental that would have been payable by the Transferee for the applicable calendar month as contemplated by the Proposed Transfer Terms, over (II) the Amortized Transfer Expenses for such month that would have resulted from the Proposed Transfer Terms; or

(ii) the Fixed Rent and the Tax Payment that is due under this Lease for the Premises.

(d) The term of the Recapture Sublease shall commence on the Transfer Date and shall extend for the term set forth in the Transfer Notice as part of the Proposed Transfer Terms (with the understanding that the Recapture Subtenant shall have the right to extend the term of the Recapture Sublease for a term that corresponds, or for terms that correspond, to any renewal right or renewal rights that are set forth in the Transfer Notice as part of the Proposed Transfer Terms).

(e) If, during the term of the Recapture Sublease (or during the period that the Recapture Subtenant, or any Person claiming by, through or under the Recapture Subtenant, remains in occupancy of the Premises after the term of the Recapture Sublease expires or earlier terminates), an event or circumstance occurs that is attributable to the Recapture Subtenant (or a Person claiming by, through or under the Recapture Subtenant), then such event or circumstance shall not constitute a default by Tenant hereunder (and, accordingly, Tenant shall not have liability to Landlord in connection therewith).

(f) Tenant shall have the right to offset against the Rental due hereunder an amount equal to the rental that the Recapture Subtenant fails to pay when due to Tenant.

(g) The Recapture Subtenant (and any Person claiming by, through or under the Recapture Subtenant), during the term of the Recapture Sublease, shall have the right to make alterations to the Premises; provided, however, that the Recapture Subtenant shall be required to restore the Premises upon the expiration of the term of the Recapture Sublease to the extent required by the applicable Proposed Transfer Terms.

(h) The Recapture Subtenant shall have the right to further sublease the Premises, or assign the Recapture Subtenant’s rights as subtenant under the Recapture Sublease, to any third party, without Tenant having any rights to consent thereto or to receive additional payments from the Recapture Subtenant in connection therewith.

(i) The Recapture Subtenant shall not have the right to receive from Tenant any free rent, tenant improvement allowance or other similar concession that constitutes part of the Proposed Transfer Terms.

(F)

(1) If (x) Tenant gives a Transfer Notice to Landlord, and (y) the Transfer described in the Transfer Notice constitutes either a sublease for the Premises (other than a

Short-Term Sublease) or an assignment, then Landlord shall have the right to terminate this Lease, on the terms set forth in this Section 17.3(F), by giving notice thereof (the "Recapture Termination Notice") to Tenant not later than the Recapture Date (any such termination of this Lease being referred to herein as a "Recapture Termination").

(2) If Landlord gives to Tenant a Recapture Termination Notice, then the Term shall terminate on the Transfer Date. If the Term so terminates on the Transfer Date, then Tenant, on the Transfer Date, shall vacate the Premises and deliver exclusive possession thereof to Landlord in accordance with the terms of this Lease that govern Tenant's obligations upon the expiration or earlier termination of the Term.

(3) If (x) Landlord elects to consummate a Recapture Termination, and (y) the Transfer described in the applicable Transfer Notice constitutes a sublease or sublicense, then Tenant shall pay to Landlord, as additional rent, on the first day of each calendar month during the period from the Transfer Date to the date that the term of such sublease or sublicense would have expired under the Proposed Transfer Terms, an amount equal to the excess (if any) of:

(a) the Fixed Rent and the Tax Payment that would have otherwise been due under this Lease since the Transfer Date for the Premises, over

(b) the sum of (A) the excess of (I) the rental that would have been payable by the Transferee since the Transfer Date as contemplated by the Proposed Transfer Terms, over (II) the Amortized Transfer Expenses under the Proposed Transfer Terms that would have theretofore accrued, and (B) the amounts theretofore paid by Tenant to Landlord under this Section 17.3(F)(3) in respect of such Recapture Termination.

Tenant's obligation to pay such amount to Landlord shall survive the termination of this Lease (or the termination of this Lease only with respect to the Recapture Space, as the case may be).

(4) If (x) Landlord elects to consummate a Recapture Termination, and (y) the Transfer described in the applicable Transfer Notice constitutes an assignment of Tenant's interest under this Lease, then Tenant shall pay to Landlord the sum of:

(a) the present value of the consideration (if any) that would have been payable by Tenant to the Transferee under the Proposed Transfer Terms (calculated as of the Transfer Date using a discount rate equal to the Base Rate), and

(b) the excess, if any, of (I) the present value of the Transfer Expenses that Tenant would have incurred under the Proposed Transfer Terms, over (II) the present value of the consideration (if any) that would have been payable by the Transferee to Tenant under the Proposed Transfer Terms (in either case calculated as of the Transfer Date using a discount rate equal to the Base Rate).

Tenant shall pay the amounts described in clauses (a) and (b) above on the Transfer Date. Tenant's obligation to pay such amounts to Landlord shall survive the termination of this Lease (or the termination of this Lease only with respect to the Recapture Space, as the case may be).

17.4. Certain Transfer Rights.

Subject to Section 17.7 hereof, Landlord shall not unreasonably withhold, condition or delay Landlord's consent to Tenant's consummating a Transfer, provided that:

(A) Tenant has theretofore instituted the Recapture Procedure for such Transfer; provided, however, that Tenant shall not be required to have instituted the Recapture Procedure for a Transfer that is proposed to be consummated by a Permitted Party other than Tenant;

(B) Landlord's right to elect to consummate a Recapture Sublease or a Recapture Termination (as the case may be) with respect to the proposed Transfer has lapsed (without Landlord's having exercised Landlord's rights to consummate a Recapture Sublease or a Recapture Termination (as the case may be)); provided, however, that this Section 17.4(B) shall not apply for a Transfer that is proposed to be consummated by a Permitted Party other than Tenant;

(C) the Transfer is on terms that are at least as favorable to Tenant as the Proposed Transfer Terms; provided, however, that this Section 17.4(C) shall not apply for a Transfer that is proposed to be consummated by a Permitted Party other than Tenant;

(D) the Transfer occurs no earlier than the thirtieth (30th) day before the Transfer Date and no later than the thirtieth (30th) day after the Transfer Date; provided, however, that this Section 17.4(D) shall not apply for a Transfer that is proposed to be consummated by a Permitted Party other than Tenant;

(E) Tenant submits to Landlord a counterpart of the documents that Tenant intends to use to consummate the proposed Transfer, which have been executed and delivered by Tenant and the proposed Transferee, and which are subject to no conditions to the effectiveness thereof (other than Landlord's granting Landlord's consent thereto);

(F) the Premises has not been listed or otherwise publicly advertised at a rental rate that is less than the prevailing rental rate set by Landlord for comparable space in the Building, or, if there is no comparable space, the prevailing rental rate reasonably determined by Landlord (it being agreed that nothing contained in this clause (F) prohibits Tenant from (I) consummating a Transfer at a rental rate that is less than such prevailing rate, or (II) disseminating broker's fliers or other marketing materials that indicate that the rental rate for the Premises is available upon request);

(G) no Event of Default has occurred and is continuing;

(H) the proposed Transferee has a financial standing that is reasonably satisfactory to Landlord;

(I) the proposed Transferee is of a character, is engaged in a business, and proposes to use the Premises in a manner that in each case is in keeping with the standards of a first-class office building in the vicinity of the Building;

(J) the proposed Transferee, or any Affiliate of the proposed Transferee, does not occupy any space in the Building;

(K) neither the proposed Transferee, nor an Affiliate of the proposed Transferee, is a Person with whom Landlord is then engaged in *bona fide* negotiations regarding the leasing or subleasing of space in the Building;

(L) if the Transfer constitutes a sublease, then the term thereof shall be for no less than one (1) year (unless such term commences less than one (1) year before the Fixed Expiration Date, in which case the term thereof shall extend for the remaining balance of the Term, with the understanding that a sublease shall be deemed to extend for the remaining balance of the Term for purposes of this clause (M) if the term of such sublease expires no earlier than one (1) day before the Fixed Expiration Date);

(M) any sublease of the Premises does not consist of less than the entire Rentable Area thereof;

(N) the use of the Premises by the Transferee does not violate any rights that Landlord has theretofore granted to a third party;

(O) Tenant, and the Transferee, executes and delivers to Landlord a consent to the Transfer in a form reasonably designated by Landlord;

(P) if the Transfer constitutes an assignment of the tenant's interest under this Lease, the assignee has expressly assumed all of the obligations of Tenant hereunder to the extent accruing from and after the date that the Transfer is effective; and

(Q) if the Transfer constitutes a sublease, such sublease provides expressly that (i) such sublease is subject and subordinate to the Lease (and to the terms thereof), and (ii) if this Lease terminates, then Landlord, at Landlord's option, may take over all of the right, title and interest of Tenant under such sublease, and the Transferee, at Landlord's option, shall attorn to Landlord pursuant to the then executory provisions of such sublease, except that Landlord shall not be:

(1) liable for any act or omission of Tenant under such sublease (except for any such acts or omissions that (x) continue after the date that Landlord succeeds to the interest of the Transferor under such sublease, and (y) may be remedied by the providing a service or performing a repair),

(2) subject to any defense or offsets which the Transferee may have against Tenant that accrue prior to the date that Landlord succeeds to the interest of the Transferor,

(3) bound by any previous payment that the Transferee made to Tenant more than thirty (30) days in advance of the date that such payment was due,

(4) bound by any obligation to make any payment to or on behalf of the Transferee that accrues prior to the date that Landlord succeeds to the interest of the Transferor under such sublease,

(5) bound by any obligation to perform any work or to make improvements to the Premises (other than the obligation to perform maintenance, repairs or restoration that in each case first becomes necessary from and after the date that Landlord succeeds to the interest of the Transferor under such sublease) (with the understanding, however, that if (I) the Premises is damaged by fire or other casualty, or affected by condemnation, prior to the date that Landlord succeeds to the interest of the Transferor under such sublease, (II) Landlord would have otherwise been required to perform the restoration of the Premises, or the applicable portion thereof, that is required by virtue of such fire or other casualty, or such condemnation, in accordance with the terms hereof, and (III) Landlord does not elect to perform such restoration by giving notice thereof to the subtenant on or prior to the tenth (10th) day after the date that Landlord so succeeds, then such subtenant shall have the right to terminate such sublease (and such subtenant's obligation to so attorn to Landlord, as aforesaid) by giving notice thereof to Landlord within ten (10) days after the last day of such period of ten (10) days during which Landlord has the right to give such notice to such subtenant),

(6) bound by any amendment or modification of such sublease made without Landlord's consent, or

(7) bound to return the Transferee's security deposit, if any, until such deposit has come into Landlord's actual possession and the Transferee is entitled to such security deposit pursuant to the terms of such sublease (the requirements of a proposed sublease as set forth in this Section 17.4(Q) being collectively referred to herein as the "Basic Sublease Provisions").

Landlord shall have the right to withhold Landlord's consent to any proposed Transfer made by any Person (other than Tenant) in Landlord's sole and absolute discretion.

17.5. Transfer Taxes.

Tenant shall pay any transfer taxes (and other similar charges and fees) that any Governmental Authority imposes in connection with any Transfer (including, without limitation, any such transfer taxes, charges or fees that a Governmental Authority imposes in connection with Landlord's exercising Landlord's rights to consummate a Recapture Sublease or a Recapture Termination (as the case may be)).

17.6. Transfer Profit.

(A) Subject to the terms of this Section 17.6 and Section 17.7 hereof, Tenant shall pay as additional rent to Landlord, on the first (1st) day of each calendar month during the Term in the same manner as Fixed Rent, an amount equal to the excess of (I) fifty percent (50%)

of the Transfer Profit for each Transfer that is determined as of the last day of the immediately preceding calendar month, over (II) the aggregate amount of the payments that Tenant has theretofore paid to Landlord for such Transfer under this Section 17.6(A).

(B)

(1) The term "Transfer Profit" shall mean, with respect to any particular Transfer, the excess (if any) of (x) the Transfer Inflow for such Transfer for the period beginning on the first (1st) day of the term of the applicable Transfer (if such Transfer is a sublease or sublicense) or the date that such Transfer becomes effective (if such Transfer is an assignment of the tenant's interest under this Lease) (as the case may be), over (y) the sum of (a) the Transfer Outflow for such Transfer for such period, and (b) the Amortized Transfer Expenses for such Transfer for such period.

(2) The term "Transfer Inflow" shall mean, with respect to any particular Transfer for any particular period, the amount that Tenant receives during such period from or on behalf of the Transferee in connection with the applicable Transfer.

(3) The term "Transfer Outflow" shall mean:

(a) with respect to any Transfer that is a sublease or sublicense, the aggregate amount that Tenant pays during the applicable period for the Premises to Landlord as Rental under this Lease, and

(b) with respect to any Transfer that is an assignment of the tenant's interest under this Lease, the Transfer Outflow thereof shall be zero.

(C) If Tenant (or an Affiliate thereof) receives in a transaction that occurs concurrently with the applicable Transfer consideration from the Transferee (or an Affiliate thereof) for the sale or lease of personal property or for services that Tenant (or an Affiliate thereof) agrees to provide for the Transferee (or an Affiliate thereof), then (I) the Transfer Inflow shall include (in addition to the consideration that Tenant receives for the Transfer) an amount equal to such other consideration, and (II) the Transfer Outflow shall include (in addition to the items that are otherwise includible in Transfer Outflow for purposes hereof) (a) the cost that Tenant (or such Affiliate thereof) incurs in acquiring the personal property that Tenant (or such Affiliate thereof) sells to the Transferee (or an Affiliate thereof) in such concurrent transaction (to the extent that such cost has not theretofore been amortized in accordance with generally accepted accounting principles), (b) the amortization of the cost that Tenant (or such Affiliate thereof) incurs in acquiring any personal property that Tenant (or such Affiliate thereof) leases to the Transferee, or (c) the cost that Tenant (or an Affiliate thereof) incurs in providing such services, as the case may be.

17.7. Permitted Transfers.

(A) The term "Net Worth Assignment Requirement" shall mean the requirement that Tenant has provided to Landlord, not later than the tenth (10th) Business Day

after the applicable assignment has been consummated, a balance sheet for Tenant and an audited balance sheet for the assignee that in either case is dated no earlier than the last day of the most recently ended fiscal quarter (or the last day of the fiscal quarter that immediately precedes the most recently ended fiscal quarter, if the applicable assignment occurs less than sixty (60) days after the last day of the most recently ended fiscal quarter) and that reflects that the assignee's tangible net worth, as determined in accordance with generally accepted accounting principles, consistently applied, is not less than the greater of (I) the tangible net worth of Tenant on the Commencement Date, and (II) the tangible net worth of Tenant on the date of such most recent balance sheet, as aforesaid.

(B) Tenant shall have the right to assign Tenant's entire interest under this Lease to an Affiliate of Tenant without (x) Landlord's prior approval, (y) Landlord's having the right to consummate a Recapture Termination in respect thereof, and (z) Tenant's being required to pay Transfer Profit to Landlord in connection therewith, provided that in each case (i) Tenant gives to Landlord, not later than the tenth (10th) Business Day after any such assignment is consummated, an instrument, duly executed by Tenant and the aforesaid Affiliate of Tenant, in form reasonably satisfactory to Landlord, to the effect that such Affiliate assumes all of the obligations of Tenant under this Lease to the extent arising from and after the date of such assignment, (ii) Tenant, with such notice, provides Landlord with reasonable evidence to the effect that the Person to which Tenant is so assigning Tenant's interest under this Lease constitutes an Affiliate of Tenant, and (iii) the Net Worth Assignment Requirement is satisfied.

(C) The merger or consolidation of Tenant into or with another Person shall be permitted without (x) Landlord's prior approval, (y) Landlord's having the right to consummate a Recapture Termination in respect thereof, and (z) Tenant's being required to pay Transfer Profit to Landlord in connection therewith, provided that in each case (i) such merger or consolidation is not principally for the purpose of transferring Tenant's interest in this Lease, (ii) Tenant gives Landlord notice of such merger or consolidation not later than the tenth (10th) Business Day after the occurrence thereof, (iii) Tenant, within ten (10) Business Days after such merger or consolidation, provides Landlord with reasonable evidence that the requirement described in clause (i) above has been satisfied, and (iv) the Net Worth Assignment Requirement is satisfied.

(D) The assignment of Tenant's entire interest under this Lease in connection with the sale of all or substantially all of the assets of Tenant shall be permitted without (x) Landlord's prior approval, (y) Landlord's having the right to consummate a Recapture Termination in respect thereof, and (z) Tenant's being required to pay Transfer Profit to Landlord in connection therewith, provided that in each case (i) Tenant gives to Landlord, not later than the tenth (10th) Business Day after any such assignment is consummated, an instrument, duly executed by Tenant and the Transferee, in form reasonably satisfactory to Landlord, to the effect that such Transferee assumes all of the obligations of Tenant to the extent arising under this Lease from and after the date of such assignment, (ii) such sale of all or substantially all of the assets of Tenant is not principally for the purpose of transferring Tenant's interest in this Lease, (iii) Tenant, within ten (10) Business Days after such sale, provides Landlord with reasonable evidence that the requirement described in clause (ii) above has been satisfied, and (iv) the Net Worth Assignment Requirement is satisfied.

(E) The direct or indirect transfer of shares or equity interests in Tenant (including, without limitation, the issuance of treasury stock, or the creation or issuance of a new class of stock, in either case in the context of an initial public offering or in the context of a subsequent offering of equity securities) shall be permitted without (x) Landlord's prior approval, (y) Landlord's having the right to consummate a Recapture Termination in respect thereof, and (z) Tenant's being required to pay Transfer Profit to Landlord in connection therewith, provided that in each case (i) such transfer is not principally for the purpose of transferring the interest of Tenant under this Lease, (ii) Tenant gives Landlord notice of such transfer not later than the tenth (10th) Business Day after the occurrence thereof, and (iii) Tenant, within ten (10) Business Days after the date that such transfer occurs, provides Landlord with reasonable evidence that the requirement described in clause (i) has been satisfied (except that Tenant shall not be required to comply with this clause (iii) to the extent that such direct or indirect transfer of shares or equity interests is accomplished through the public "over-the-counter" securities market or through any recognized stock exchange).

(F) Tenant shall have the right to sublease or license the Premises to an Affiliate of Tenant, without (x) Landlord's prior approval, (y) Landlord's having the right to consummate a Recapture Termination or a Recapture Sublease in respect thereof, and (z) Tenant's being required to pay Transfer Profit to Landlord in connection therewith, provided that in each case (i) Tenant gives to Landlord a copy of such sublease or license, not later than the tenth (10th) Business Day after any such sublease or license is consummated, (ii) Tenant, with such copy of such sublease or license, provides Landlord with reasonable evidence to the effect that the Person to which Tenant is so subleasing or licensing the Premises constitutes an Affiliate of Tenant, and (iii) such sublease includes the Basic Sublease Provisions.

(G) If (I) Tenant assigns Tenant's entire interest under this Lease to an Affiliate of Tenant without Landlord's consent as provided in this Section 17.7 and without paying to Landlord any Transfer Profit that derives therefrom, and (II) the assignee subsequently assigns the interest of such assignee under this Lease to a third party in a Transfer that is not governed by the provisions of this Section 17.7, then, for purposes of calculating the Transfer Profit that is due to Landlord for such subsequent assignment, the parties shall assume that the assignment that Tenant consummated without Landlord's approval under this Section 17.7 did not occur previously (and, accordingly, the parties, in calculating Transfer Profit for such Transfer that is not governed by this Section 17.7, shall include any Transfer Profit that resulted from the prior Transfer from Tenant to its Affiliate).

17.8. Special Occupants.

Tenant may permit portions of the Premises to be occupied, at any time and from time to time, by Persons who are not members, officers or employees of Tenant (each such Person who is permitted to occupy portions of the Premises pursuant to this Section 17.8 being referred to herein as a "Special Occupant"), without (x) Landlord's prior approval or consent, (y) Landlord's having the right to consummate a Recapture Termination or a Recapture Sublease in respect thereof, and (z) Tenant's being required to pay Transfer Profit to Landlord in connection therewith, provided that, in each case, (i) no demising walls are erected in the Premises

separating the space used by a Special Occupant from the remainder of the Premises, (ii) the Special Occupant uses the Premises in conformity with all applicable provisions of this Lease, (iii) the use of any portion of the Premises by any Special Occupant shall not create any right, title or interest of the Special Occupant in or to the Premises, (iv) no more than one (1) Special Occupant (in addition to Tenant) shall occupy the Premises or any portion thereof at any given time during the Term, (v) the portion of the Premises used by any such Special Occupant shall not exceed two (2) offices, (vi) such Person maintains a business relationship with Tenant (other than by virtue of such occupancy) and such business relationship extends during the term of such occupancy, (vii) the Special Occupant does not pay for its occupancy rights an amount greater than the Rental that is reasonably allocable to the portion of the Premises that the Special Occupant has the right to occupy, and (viii) at least ten (10) days prior to a Special Occupant taking occupancy of a portion of the Premises, Tenant gives notice to Landlord advising Landlord of (1) the name and address of such Special Occupant, (2) the character and nature of the business to be conducted by such Special Occupant, (3) the number of square feet of Rentable Area to be occupied by such Special Occupant, (4) the duration of such occupancy, and (5) the rent, if any, to be paid by such Special, Occupant for its use of the applicable portion of the Premises. Within ten (10) Business Days after request by Landlord from time to time, Tenant shall provide Landlord with a list of the names of all Special Occupants then occupying any portion of the Premises and a description of the spaces occupied thereby.

Article 18
LANDLORD'S RIGHT TO RELOCATE TENANT

18.1. Landlord's Rights.

(A) Subject to the terms of this Section 18.1, Landlord, at any time and from time to time during the Term, shall have the right to relocate Tenant from the Premises (the Premises from which Tenant is being relocated pursuant to this Section 18.1 being referred to herein as the "Old Premises") to other space in the Building (such other space being referred to as the "New Premises"; Landlord's aforesaid right to relocate Tenant from the Old Premises to the New Premises being referred to herein as the "Relocation Option").

(B) Landlord shall have the right to exercise the Relocation Option only by giving notice thereof (the "Relocation Notice") to Tenant not later than forty-five (45) days before the date that the aforesaid relocation becomes effective (the date that the relocation becomes effective being referred to herein as the "Relocation Date"). A Relocation Notice shall not be effective for purposes of this Section 18.1 unless Landlord includes therewith a floor plan identifying the New Premises. The New Premises shall (i) be comprised of Rentable Area equal to or greater than the Rentable Area of the Old Premises, and (ii) be similar in configuration to the Old Premises. Landlord, at Landlord's expense, shall construct in the New Premises, not later than the Relocation Date, an interior installation that is as comparable as reasonably practicable to the interior installation that then exists in the Old Premises.

(C) Tenant shall cooperate reasonably with Landlord in connection with Landlord's designing and performing the construction of such interior installation in the New Premises. Such interior installation that Landlord constructs in the New Premises shall constitute the same Alterations and Specialty Alterations (as the case may be) as the corresponding Alterations and Specialty Alterations constituted in the Old Premises (from and after the date that Landlord completes the installation thereof in accordance with the terms of this Section 18.1). Tenant shall vacate the Old Premises and surrender vacant and exclusive possession of the Old Premises to Landlord on or before the Relocation Date, provided that Landlord has theretofore delivered vacant and exclusive possession of the New Premises to Tenant in accordance with the terms of this Section 18.1. Tenant shall not be required to remove any Alterations from the Old Premises by virtue of Landlord's exercise of the Relocation Option. Landlord shall reimburse Tenant for any reasonable moving expenses and for any other reasonable costs and expenses incurred by Tenant in so relocating to the New Premises from the Old Premises, within thirty (30) days after Tenant's request therefor and Tenant's submission to Landlord of reasonable supporting documentation therefor.

(D) From and after the Relocation Date, all references to the Premises herein shall mean the New Premises rather than the Old Premises.

(E) In the event that Landlord exercises the Relocation Option and delivers the Relocation Notice to Tenant, Tenant shall have the right to terminate this Lease ("Tenant's Termination Right"), effective as of the Relocation Date, by providing Landlord with notice within five (5) days of Tenant's receipt of the Relocation Notice from Landlord (time being of the essence). If Tenant exercises Tenant's Termination Right as provided in this Section 18.1(E), then Tenant, on the Relocation Date, shall vacate the Premises and surrender the Premises to Landlord in accordance with the terms of this Lease that govern Tenant's obligations upon the expiration or earlier termination of the Term and the Relocation Date shall be deemed the Expiration Date for purposes of this Lease.

Article 19
DEFAULT

19.1. Events of Default.

The term "Event of Default" shall mean the occurrence of any of the following events:

(A) Tenant fails to pay any installment of Fixed Rent when due and such failure continues for five (5) Business Days after the date that Landlord gives notice of such failure to Tenant; provided, however, that if (x) Tenant fails to pay any installment of Fixed Rent when due, (y) Tenant has theretofore failed to pay at least three (3) installments of Fixed Rent when due during the immediately preceding period of twelve (12) months, and (z) Landlord has theretofore given Tenant notice of Tenant's aforesaid failure to pay when due at least three (3) installments of Fixed Rent during such period of twelve (12) months, then Tenant's failure to pay such installment of Fixed Rent shall constitute an Event of Default (without Landlord's being required to first give Tenant notice of such failure and an opportunity to cure such failure, as aforesaid);

(B) Tenant fails to pay any installment of Rental (other than Fixed Rent) when due and such failure continues for five (5) Business Days after the date that Landlord gives notice of such failure to Tenant;

(C) Tenant's interest under this Lease (or the subtenant's interest under a sublease that Tenant consummates in accordance with the terms of Article 17 hereof) devolves upon or passes to any other Person, whether by operation of law or otherwise, except as expressly permitted under Article 17 hereof, and such Transfer is not reversed within ten (10) days after the date that such Transfer occurs;

(D) Tenant defaults in respect of Tenant's obligations under Section 4.8 hereof, and such default continues for more than three (3) Business Days after Landlord gives Tenant notice thereof;

(E) Tenant defaults in respect of Tenant's obligations under Section 7.5(A)(4) hereof, and such default continues for more than five (5) Business Days after Landlord gives Tenant notice thereof;

(F) if Tenant deposits the Letter of Credit with Landlord in accordance with the terms of Section 23.2 hereof, (i) Landlord presents the Letter of Credit for payment in accordance with the terms hereof, (ii) the issuer thereof fails to make payment thereon in accordance with the terms thereof, and (iii) either Tenant or such issuer fails to make such payment to Landlord within four (4) Business Days after the date that Landlord gives Tenant notice of such failure of such issuer;

(G) Tenant fails to deposit with Landlord any portion of the Cash Security Deposit that Landlord applies after the occurrence of an Event of Default as provided in Section 23.3 hereof or provide Landlord with a replacement Letter of Credit after Landlord presents the Letter of Credit for payment to apply the proceeds thereof after the occurrence of an Event of Default as provided in Section 23.3 hereof in either case within five (5) Business Days after the date that Landlord gives Tenant notice demanding that Tenant make such deposit or provide such replacement;

(H) Tenant defaults in the observance or performance of any other covenant of this Lease on Tenant's part to be observed or performed and Tenant fails to remedy such default within twenty (20) days after Landlord gives Tenant notice thereof, except that if (i) such default cannot be remedied with reasonable diligence during such period of thirty (30) days, (ii) Tenant takes reasonable steps during such period of thirty (30) days to commence Tenant's remedying of such default, and (iii) Tenant prosecutes diligently Tenant's remedying of such default to completion, then an Event of Default shall not occur by reason of such default; or

(I) the Premises are abandoned.

19.2. Termination.

If (1) an Event of Default occurs, and (2) Landlord, at any time thereafter, at Landlord's option, gives a notice to Tenant stating that this Lease and the Term shall expire and terminate on the third (3rd) Business Day after the date that Landlord gives Tenant such notice, then this Lease and the Term and all rights of Tenant under this Lease shall expire and terminate as of the third (3rd) Business Day after the date that Landlord gives Tenant such notice, and Tenant immediately shall quit and surrender the Premises, but Tenant shall nonetheless remain liable for all of its obligations hereunder, as provided in Article 21 hereof and Article 22 hereof.

Article 20
TENANT'S INSOLVENCY

20.1. Assignments pursuant to the Bankruptcy Code.

(A) The term "Bankruptcy Code" shall mean 11 U.S.C. Section 101 et seq., or any statute of similar nature and purpose.

(B) If Tenant, Tenant's trustee or Tenant as debtor-in-possession (each, an "Insolvency Party") proposes to assign the tenant's interest hereunder pursuant to the provisions of the Bankruptcy Code to any Person that has made a *bona fide* offer to accept an assignment of the tenant's interest under this Lease on terms acceptable to Tenant, then the Insolvency Party shall give to Landlord notice of such proposed assignment no later than twenty (20) days after the date that the Insolvency Party receives such offer, but in any event no later than ten (10) days before the date that the Insolvency Party makes application to a court of competent jurisdiction for authority and approval to consummate such assignment. Such notice given by the Insolvency Party to Landlord shall (a) set forth the name and address of such Person that has made such *bona fide* offer, (b) set forth all of the terms and conditions of such *bona fide* offer, and (c) confirm that such Person will provide to Landlord adequate assurance of future performance that conforms with the terms of Section 20.1(D) hereof. Landlord shall have the right to accept an assignment of this Lease upon the same terms and conditions and for the same consideration, if any, as the *bona fide* offer made by such Person (less any brokerage commissions that would otherwise be payable by the Insolvency Party out of the consideration to be paid by such Person in connection with such assignment of the tenant's interest under this Lease), by giving notice thereof to the Insolvency Party at any time prior to the effective date of such proposed assignment.

(C) Tenant shall pay to Landlord an amount equal to the reasonable Out-of-Pocket Costs that Landlord incurs in connection with Tenant's assignment of the tenant's interest hereunder pursuant to the provisions of the Bankruptcy Code, within thirty (30) days after Landlord's submission to Tenant of an invoice therefor that contains reasonable supporting documentation for the charges described therein.

(D) A Person that submits a *bona fide* offer to take by assignment the tenant's interest under this Lease as described in Section 20.1(B) hereof shall be deemed to have provided

Landlord with adequate assurance of future performance only if such Person (a) deposits with Landlord simultaneously with such assignee's taking by assignment the tenant's interest under this Lease an amount equal to the then annual Fixed Rent, as security for the faithful performance and observance by such assignee of the tenant's obligations of this Lease (and such Person gives to Landlord, at least five (5) days prior to the date that the proposed assignment becomes effective, information reasonably satisfactory to Landlord that indicates that such Person has the ability to post such deposit), (b) gives to Landlord, at least five (5) days prior to the date that the proposed assignment becomes effective, such Person's financial statements, audited by a certified public accountant in accordance with generally accepted accounting principles, consistently applied, for the three (3) fiscal years that immediately precede such assignment, that indicate that such Person has a tangible net worth of at least ten (10) times the then annual Fixed Rent for each of such three (3) years, and (c) gives to Landlord, at least five (5) days prior to the date that the proposed assignment becomes effective, such other information or takes such action that in either case Landlord, in its reasonable judgment, determines is necessary to provide adequate assurance of the performance by such assignee of the obligations of the tenant under this Lease; provided, however, that in no event shall such adequate assurance of future performance be less favorable to Landlord than the assurance contemplated by Section 365(b)(3) of the Bankruptcy Code (notwithstanding that this Lease may not be construed as a lease of real property in a shopping center).

(E) If Tenant's interest under this Lease is assigned to any Person pursuant to the provisions of the Bankruptcy Code, then any such assignee shall (x) be deemed without further act or deed to have assumed all the obligations of the tenant arising under this Lease from and after the date of such assignment, and (y) execute and deliver to Landlord upon demand an instrument confirming such assumption.

(F) Nothing contained in this Article 20 limits Landlord's rights against Tenant under Article 17 hereof.

20.2. Replacement Lease.

If (i) Tenant is not the Person that constituted Tenant initially, and (ii) either (I) this Lease is disaffirmed or rejected pursuant to the Bankruptcy Code, or (II) this Lease terminates by reason of occurrence of an Insolvency Event, then, subject to the terms of this Section 20.2, the Persons that constituted Tenant hereunder previously, including, without limitation, the Person that constituted Tenant initially (each such Person that previously constituted Tenant hereunder (but does not then constitute Tenant hereunder), and with respect to which Landlord exercises Landlord's rights under this Section 20.2, being referred to herein as a "Predecessor Tenant") shall (1) pay to Landlord the aggregate Rental that is then due and owing by Tenant to Landlord under this Lease to and including the date of such disaffirmance, rejection or termination, and (2) enter into a new lease, between Landlord, as landlord, and the Predecessor Tenant, as tenant, for the Premises, and for a term commencing on the effective date of such disaffirmance, rejection or termination and ending on the Fixed Expiration Date, at the same Fixed Rent and upon the then executory terms that are contained in this Lease, except that (a) the Predecessor Tenant's rights under the new lease shall be subject to the possessory rights of Tenant under this Lease

and the possessory rights of any Person claiming by, through or under Tenant or by virtue of any statute or of any order of any court, and (b) such new lease shall require all defaults existing under this Lease to be cured by the Predecessor Tenant with reasonable diligence. Landlord shall have the right to require the Predecessor Tenant to execute and deliver such new lease on the terms set forth in this Section 20.2 only by giving notice thereof to Tenant and to the Predecessor Tenant within thirty (30) days after Landlord receives notice of any such disaffirmance or rejection (or, if this Lease terminates by reason of Landlord making an election to do so, then Landlord may exercise such right only by giving such notice to Tenant and the Predecessor Tenant within thirty (30) days after this Lease so terminates). If the Predecessor Tenant defaults in its obligation to enter into said new lease for a period of ten (10) days following Landlord's request therefor, then, in addition to all other rights and remedies by reason of such default, either at law or in equity, Landlord shall have the same rights and remedies against such Predecessor Tenant as if such Predecessor Tenant had entered into such new lease and such new lease had thereafter been terminated as of the commencement date thereof by reason of such Predecessor Tenant's default thereunder.

20.3. Insolvency Events.

This Lease shall terminate automatically upon the occurrence of any of the following events:

(A) a Tenant Obligor commences or institutes any case, proceeding or other action (a) seeking relief on its behalf as debtor, or to adjudicate it a bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, composition or other relief with respect to it or its debts under any existing or future law of any jurisdiction, domestic or foreign, relating to bankruptcy, insolvency, reorganization or relief of debtors, or (b) seeking appointment of a receiver, trustee, custodian or other similar official for it or for all or any substantial part of its property; or

(B) a Tenant Obligor makes a general assignment for the benefit of creditors; or

(C) any case, proceeding or other action is commenced or instituted against a Tenant Obligor (a) seeking to have an order for relief entered against it as debtor or to adjudicate it a bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, composition or other relief with respect to it or its debts under any existing or future law of any jurisdiction, domestic or foreign, relating to bankruptcy, insolvency, reorganization or relief of debtors, or (b) seeking appointment of a receiver, trustee, custodian or other similar official for it or for all or any substantial part of its property, which in either of such cases (i) results in any such entry of an order for relief, adjudication of bankruptcy or insolvency or such an appointment or the issuance or entry of any other order having a similar effect, and (ii) remains undismissed for a period of sixty (60) days; or

(D) any case, proceeding or other action is commenced or instituted against a Tenant Obligor seeking issuance of a warrant of attachment, execution, distraint or similar

process against all or any substantial part of its property which results in the entry of an order for any such relief which is not vacated, discharged, or stayed or bonded pending appeal within sixty (60) days from the entry thereof; or

(E) a Tenant Obligor takes any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the acts set forth in clauses (A), (B), (C), or (D) above; or

(F) a trustee, receiver or other custodian is appointed for any substantial part of a Tenant Obligor's assets, and such appointment is not vacated or stayed within fifteen (15) Business Days (the events described in this Section 20.3 being collectively referred to herein as "Insolvency Events").

The term "Tenant Obligor" shall mean (a) Tenant, (b) any Person that comprises Tenant (if Tenant is comprised of more than one (1) Person), (c) any partner in Tenant (if Tenant is a general partnership), (d) any general partner in Tenant (if Tenant is a limited partnership), (e) any Person that has guarantied all or any part of the obligations of Tenant hereunder, and (f) any Person that previously constituted Tenant hereunder. If this Lease terminates pursuant to this Section 20.3, then (I) Tenant immediately shall quit and surrender the Premises, and (II) Tenant shall nonetheless remain liable for all of its obligations hereunder, as provided in Article 21 hereof and Article 22 hereof.

20.4. Effect of Stay.

Notwithstanding anything to the contrary contained herein, if (i) Landlord's right to terminate this Lease after the occurrence of an Event of Default, or the termination of this Lease upon the occurrence of an Insolvency Event, is stayed by order of any court having jurisdiction over an Insolvency Event, or by federal or state statute, (ii) the trustee appointed in connection with an Insolvency Event, or Tenant or Tenant as debtor-in-possession, fails to assume Tenant's obligations under this Lease on or prior to the earliest to occur of (a) the last day of the period prescribed therefor by law, (b) the one hundred twentieth (120th) day after entry of the order for relief, or (c) a date that is otherwise designated by the court, or (iii) said trustee, Tenant or Tenant as debtor-in-possession fails to provide adequate protection of Landlord's right, title and interest in and to the Premises or adequate assurance of the complete and continuous future performance of Tenant's obligations under this Lease as provided in Section 20.1(D) hereof, then Landlord, to the extent permitted by law or by leave of the court having jurisdiction over such proceeding, shall have the right, at its election, to terminate this Lease on five (5) Business Days of advance notice to Tenant, Tenant as debtor-in-possession or said trustee, and, upon the expiration of said period of five (5) Business Days, this Lease shall cease and expire as aforesaid and Tenant, Tenant as debtor-in-possession or said trustee shall immediately quit and surrender the Premises as aforesaid.

20.5. Rental for Bankruptcy Purposes.

Notwithstanding anything contained in this Lease to the contrary, all amounts payable by Tenant to or on behalf of Landlord under this Lease, regardless of whether such amounts are expressly denominated as Rental, shall constitute rent for the purposes of Section 502(b)(6) of the Bankruptcy Code, and Tenant's payment obligations with respect thereto shall constitute obligations to be timely performed pursuant to Section 365(d) of the Bankruptcy Code.

Article 21
REMEDIES AND DAMAGES

21.1. Certain Remedies.

(A) If (x) an Event of Default occurs and this Lease and the Term expires and comes to an end as provided in Article 19 hereof, or (y) this Lease terminates as provided in Section 20.3 hereof, then:

(1) Tenant shall immediately quit and peacefully surrender the Premises to Landlord, and Landlord and its agents may, without prejudice to any other remedy which Landlord may have, (a) re-enter the Premises or any part thereof, without notice, either by summary proceedings, or by any other applicable action or proceeding, or by lawful force (without being liable to indictment, prosecution or damages therefor), (b) repossess the Premises and dispossess Tenant and any other Persons from the Premises, and (c) remove any and all of their property and effects from the Premises; and

(2) Landlord, at Landlord's option, may relet the whole or any portion or portions of the Premises from time to time, either in the name of Landlord or otherwise, to such tenant or tenants, for such term or terms ending before, on or after the Fixed Expiration Date, at such rental or rentals and upon such other conditions, which may include concessions and free rent periods, as Landlord, in its sole discretion, may determine.

(B) Landlord shall have no obligation to relet the Premises or any part thereof and shall not be liable for refusal or failure to relet the Premises or any part thereof, or, in the event of any such reletting, for refusal or failure to collect any rent due upon any such reletting. Any such refusal or failure on Landlord's part shall not relieve Tenant of any liability under this Lease or otherwise affect any such liability. Landlord, at Landlord's option, may make such repairs, replacements, alterations, additions, improvements, decorations and other physical changes in and to the Premises as Landlord, in its sole discretion, considers advisable or necessary in connection with any such reletting or proposed reletting, without relieving Tenant of any liability under this Lease or otherwise affecting any such liability.

(C) In the event of a breach or threatened breach by Tenant, or any Persons claiming by, through or under Tenant, of any term, covenant or condition of this Lease, Landlord shall have the right to (1) enjoin or restrain such breach, (2) invoke any other remedy allowed by law or in equity as if re-entry, summary proceedings and other special remedies were not

provided in this Lease for such breach, and (3) seek any declaratory, injunctive or other equitable relief, and specifically enforce this Lease. The right to invoke the remedies hereinbefore set forth are cumulative and nonexclusive and shall not preclude Landlord from invoking any other remedy allowed at law or in equity.

21.2. No Redemption.

Tenant, on its own behalf and on behalf of all Persons claiming by, through or under Tenant, including all creditors, does hereby waive any and all rights which Tenant and all such Persons might have under any present or future law to redeem the Premises, or to re-enter or repossess the Premises, or to restore the operation of this Lease, after (a) Tenant has been dispossessed by a judgment or by warrant of any court or judge, or (b) any re-entry by Landlord, or (c) any expiration or termination of this Lease and the Term, whether such dispossess, re-entry, expiration or termination is by operation of law or pursuant to the provisions of this Lease. The words “re-enter,” “re-entry” and “re-entered” as used in this Lease shall not be deemed to be restricted to their technical legal meanings.

21.3. Calculation of Damages.

(A) If this Lease terminates by reason of the occurrence of an Event of Default or by reason of the occurrence of an Insolvency Event, then Tenant shall pay to Landlord, on demand, and Landlord shall be entitled to recover:

(1) all Rental payable under this Lease by Tenant to Landlord (x) to the date that this Lease terminates, or (y) to the date of re-entry upon the Premises by Landlord, as the case may be;

(2) the excess of (a) the Rental for the period which otherwise would have constituted the unexpired portion of the Term, over (b) the net amount, if any, of rents collected under any reletting effected pursuant to the provisions of clause (2) of Section 21.1(A) hereof for any part of such period (such excess being referred to herein as a “Deficiency”), as damages (it being understood that (x) such net amount described in clause (b) above shall be calculated by deducting from the rents collected under any such reletting all of Landlord’s expenses in connection with the termination of this Lease, Landlord’s re-entry upon the Premises and such reletting, including, but not limited to, all repossession costs, brokerage commissions, legal expenses, attorneys’ fees and disbursements, alteration costs, contributions to work and other expenses of preparing the Premises for such reletting, (y) any such Deficiency shall be paid in monthly installments by Tenant on the days specified in this Lease for payment of installments of Fixed Rent or Tax Payment (as the case may be), and (z) Landlord shall be entitled to recover from Tenant each monthly Deficiency as it arises, and no suit to collect the amount of the Deficiency for any month shall prejudice Landlord’s right to collect the Deficiency for any subsequent month by a similar proceeding); and

(3) regardless of whether Landlord has collected any monthly Deficiency as aforesaid, and in lieu of any further Deficiency, as and for liquidated and agreed final damages,

an amount equal to the excess (if any) of (a) the Rental for the period which otherwise would have constituted the unexpired portion of the Term (commencing on the date immediately succeeding the last date with respect to which a Deficiency, if any, was collected), over (b) the then fair and reasonable net effective rental value of the Premises for the same period (which is calculated by (X) deducting from the fair and reasonable rental value of the Premises the expenses that Landlord would reasonably expect to incur in reletting the Premises, including, but not limited to, all repossession costs, brokerage commissions, legal expenses, attorneys' fees and disbursements, alteration costs, contributions to work and other expenses of preparing the Premises for such reletting, and (Y) taking into account the time period that Landlord would reasonably require to consummate a reletting of the Premises to a new tenant), both discounted to present value at the Base Rate. If, before presentation of proof of such liquidated damages to any court, commission or tribunal, the Premises, or any part thereof, have been relet by Landlord to any Person other than an Affiliate of Landlord for the period which otherwise would have constituted the unexpired portion of the Term, or any part thereof, then the amount of rent reserved upon such reletting shall be deemed, prima facie, to be the fair and reasonable rental value of the Premises (or the applicable part thereof) so relet during the term of the reletting.

(B) If the Premises, or any part thereof, are relet together with other space in the Building, then the rents collected or reserved under any such reletting and the expenses of any such reletting shall be equitably apportioned for the purposes of this Section 21.3. Tenant acknowledges and agrees that in no event shall it be entitled to any rents collected or payable under any reletting, regardless of whether such rents exceed the Rental reserved in this Lease.

(C) Nothing contained in this Article 21 shall be deemed to limit or preclude the recovery by Landlord from Tenant of the maximum amount allowed to be obtained as damages by any applicable statute or rule of law, or of any sums or damages to which Landlord may be lawfully entitled in addition to the damages set forth in this Section 21.3.

Article 22
LANDLORD'S EXPENSES AND LATE CHARGES

22.1. Landlord's Costs.

(A) Tenant shall pay to Landlord an amount equal to the reasonable costs that Landlord incurs in instituting or prosecuting any legal proceeding against Tenant (or any other Person claiming by, through or under Tenant) to the extent that such legal proceeding derives from the occurrence of an Event of Default, together with interest thereon calculated at the Applicable Rate from the date that Landlord incurs such costs, within thirty (30) days after Landlord gives to Tenant an invoice therefor (it being understood that (x) Landlord shall have the right to collect such amount from Tenant as additional rent to the extent that Landlord incurs such costs during the Term and as damages to the extent that Landlord incurs such costs after the Expiration Date, and (y) the amount that Landlord has the right to collect from Tenant under this Section 22.1(A) shall be adjusted appropriately to reflect the extent to which Landlord is successful in such legal proceeding).

(B) Tenant shall pay to Landlord an amount equal to the reasonable costs that Landlord incurs in defending successfully against a claim made by Tenant (or any other Person claiming by, through or under Tenant) against Landlord that relates to this Lease in a legal proceeding, together with interest thereon calculated at the Applicable Rate from the date that Landlord incurs such costs, within thirty (30) days after Landlord gives to Tenant an invoice therefor (it being understood that (x) Landlord shall have the right to collect such amount from Tenant as additional rent to the extent that Landlord incurs such costs during the Term and as damages to the extent that Landlord incurs such costs after the Expiration Date, and (y) the amount that Landlord has the right to collect from Tenant under this Section 22.1(B) shall be adjusted appropriately to reflect the extent to which Landlord is successful in defending against such claim).

22.2. Interest on Late Payments.

If Tenant fails to pay any item of Rental on or prior to the date that such payment is due, then Tenant shall pay to Landlord, in addition to such item of Rental, as a late charge and as additional rent, an amount equal to interest at the Applicable Rate on the amount unpaid, computed from the date such payment was due to and including the date of payment. Nothing contained in this Section 22.2 limits Landlord's rights and remedies, by operation of law or otherwise, after the occurrence of an Event of Default.

Article 23
SECURITY

23.1. Security Deposit.

Subject to the terms of this Article 23, Tenant, on the date hereof, shall deposit with Landlord, as security for the performance of Tenant's obligations under this Lease, an amount in cash equal to One Hundred Seventy-Four Thousand Five Hundred Three Dollars and Thirty-Six Cents ($174,503.36) (the "Cash Security Deposit").

23.2. Letter of Credit.

Tenant, at any time during the Term, shall have the right to deliver to Landlord a "clean," unconditional, irrevocable and transferable letter of credit (the "Letter of Credit") that (i) is in the amount of the Cash Security Deposit, (ii) is in a form that is reasonably satisfactory to Landlord, (iii) is issued for a term of not less than one (1) year, (iv) is issued for the account of Landlord, (v) automatically renews for periods of not less than one (1) year unless the issuer thereof otherwise advises Landlord on or prior to the thirtieth (30th) day before the applicable expiration date, (vi) allows Landlord the right to draw thereon in part from time to time or in full, and (vii) is issued by, and drawn on, a bank that has a Standard & Poor's rating of at least "AA" (or, if Standard & Poor's hereafter ceases the publication of ratings for banks, a rating of a reputable rating agency as reasonably designated by Landlord that most closely approximates a Standard & Poor's rating of "AA" as of the date hereof) and that either (I) has an office in the city where the Building is located at which Landlord can present the Letter of Credit for payment, or (II) has an

office in the United States and allows Landlord to draw upon the Letter of Credit without presenting a draft in person (such as, for example, by submitting a draft by fax or overnight delivery service)(the aforesaid rating of the bank that issues the Letter of Credit being referred to herein as the "Bank Rating"). If Tenant gives notice to Landlord at least thirty (30) days before the date that Tenant delivers to Landlord the Letter of Credit, then Landlord shall deliver to Tenant, simultaneously with Tenant's delivery of the Letter of Credit to Landlord, the Cash Security Deposit (or the portion thereof that then remains unapplied in accordance with the terms of this Article 23). If Tenant does not give such notice to Landlord, then Landlord shall deliver to Tenant the Cash Security Deposit (or such portion thereof) on or prior to the thirtieth (30th) day after Tenant gives the Letter of Credit to Landlord.

23.3. Landlord's Rights.

If (i) an Event of Default occurs and is continuing, or (ii) Tenant fails to vacate the Premises and surrender possession thereof in accordance with the terms of this Lease upon the Expiration Date, then Landlord may apply the whole or any part of the Cash Security Deposit or present the Letter of Credit for payment and apply the proceeds thereof, as the case may be, (i) to the payment of any Rental that then remains unpaid, or (ii) to any damages to which Landlord is entitled hereunder and that Landlord incurs by reason of such Event of Default or Tenant's aforesaid failure to vacate the Premises or surrender possession thereof in accordance with the terms of this Lease upon the Expiration Date. If Landlord so applies any part of the Cash Security Deposit or the proceeds of the Letter of Credit, as the case may be, then Tenant, upon demand, shall deposit with Landlord the cash amount so applied or provide Landlord with a replacement Letter of Credit so that Landlord has the full amount of the required security at all times during the Term. If (x) Tenant deposits the Letter of Credit with Landlord as provided in Section 23.2 hereof, and (y) at any time the Bank Rating of the issuer of the Letter of Credit is less than "AA" (or, if Standard & Poor's hereafter ceases the publication of ratings for banks, the Bank Rating of the issuer of the Letter of Credit is less than a rating of a reputable rating agency as reasonably designated by Landlord that most closely approximates a Standard & Poor's rating of "AA" as of the date hereof), then Tenant shall deliver to Landlord a replacement Letter of Credit, issued by a bank that has a Bank Rating that satisfies the aforesaid requirement (and otherwise meets the requirements set forth in Section 23.2 hereof) within fifteen (15) days after the date that Landlord gives Tenant notice of such deficiency in such issuer's rating. If Tenant fails to deliver to Landlord such replacement Letter of Credit within such period of fifteen (15) days, then Landlord, in addition to Landlord's other rights at law, in equity or as otherwise set forth herein, shall have the right to present the Letter of Credit for payment and retain the proceeds thereof as security in lieu of the Letter of Credit (it being agreed that Landlord shall have the right to use, apply and transfer such proceeds in the manner described in this Article 23). Tenant shall reimburse Landlord for any reasonable costs that Landlord incurs in so presenting the Letter of Credit for payment within thirty (30) days after Landlord submits to Tenant an invoice therefor. Tenant shall not assign or encumber or attempt to assign or encumber the Cash Security Deposit. Nothing contained in this Section 23.3 limits Landlord's rights or remedies in equity, at law, or as otherwise set forth herein.

23.4. Return of Security.

Landlord shall return to Tenant the Cash Security Deposit (or the unapplied portion thereof, as the case may be) or the Letter of Credit (to the extent not theretofore presented for payment in accordance with the terms hereof), as the case may be, within thirty (30) days after Tenant performs all of the obligations of Tenant hereunder upon the expiration or earlier termination of the Term. Landlord's obligations under this Section 23.4 shall survive the expiration or earlier termination of the Term.

23.5. Transfer of Letter of Credit.

If Tenant gives the Letter of Credit to Landlord as contemplated by this Article 23, then Tenant, at Tenant's expense, shall cause the issuer thereof to amend the Letter of Credit to name a new beneficiary thereunder in connection with Landlord's assignment of Landlord's rights under this Lease to a Person that succeeds to Landlord's interest in the Real Property, promptly after Landlord's request from time to time.

23.6. Renewal of Letter of Credit.

If (i) Tenant delivers the Letter of Credit to Landlord as contemplated by this Article 23, and (ii) Tenant fails to provide Landlord with a replacement Letter of Credit that complies with the requirements of this Article 23 on or prior to the thirtieth (30th) day before the expiration date of the Letter of Credit that is then expiring, then Landlord may present the Letter of Credit for payment and retain the proceeds thereof as security in lieu of the Letter of Credit (it being agreed that Landlord shall have the right to use, apply and transfer such proceeds in the manner described in this Article 23). Tenant shall reimburse Landlord for any reasonable costs that Landlord incurs in so presenting the Letter of Credit for payment within thirty (30) days after Landlord submits to Tenant an invoice therefor. Landlord also shall have the right to so present the Letter of Credit and so retain the proceeds thereof as security in lieu of the Letter of Credit at any time from and after the thirtieth (30th) day before the Expiration Date if the Letter of Credit expires earlier than the ninetieth (90th) day after the Expiration Date.

23.7. Reduction in Security Amount.

(A) Subject to the terms of this Section 23.7, Tenant shall have the right to reduce the amount of the Cash Security Deposit or the Letter of Credit, as the case may be, to One Hundred Thirty-Six Thousand Nine Hundred Eighteen Dollars and No Cents ($136,918.00) as of the date that is two (2) years after the Rent Commencement Date.

(B) Tenant shall have the right to request any such reduction only by giving notice thereof to Landlord at any time from and after the tenth (10th) day before the date that Tenant is entitled to such reduction. Tenant shall not be entitled to reduce the amount of the Cash Security Deposit or the Letter of Credit, as the case may be, if (I) an Event of Default has occurred and is continuing on the date that Tenant requests such reduction or the date that Landlord consummates such reduction, or (II) Landlord theretofore applied all or any portion of the security deposited hereunder. If Tenant requests and is entitled to any such reduction in

accordance with the terms of this Section 23.7, then Landlord shall release the appropriate amount from the Cash Security Deposit within ten (10) days after the date that Tenant makes such request or permit Tenant, at Tenant's expense, to amend or replace the Letter of Credit to reflect such reduction, as the case may be.

Article 24
END OF TERM

24.1. End of Term.

On the Expiration Date, Tenant shall quit and surrender to Landlord the Premises, vacant, broom-clean, in good order and condition, ordinary wear and tear and damage for which Tenant is not responsible under the terms of this Lease excepted, and otherwise in compliance with the provisions hereof. Tenant expressly waives, for itself and for any Person claiming by, through or under Tenant, any rights which Tenant or any such Person may have under the provisions of Section 2201 of the New York Civil Practice Law and Rules and of any successor law of like import then in force in connection with any holdover summary proceedings that Landlord institutes to enforce the provisions of this Article 24.

24.2. Holdover.

If vacant and exclusive possession of the Premises is not surrendered to Landlord on the Expiration Date, then Tenant shall pay to Landlord on account of use and occupancy of the Premises, for each month (or any portion thereof) during which Tenant (or a Person claiming by, through or under Tenant) holds over in the Premises after the Expiration Date, (i) for the first month (or portion thereof) of such holdover, an amount equal to one hundred fifty percent (150%) of the aggregate Rental that was payable under this Lease during the last month of the Term and (ii) for each month (or portion thereof) thereafter, an amount equal to two hundred percent (200%) of the aggregate Rental that was payable under this Lease during the last month of the Term. Landlord's right to collect such amount from Tenant for use and occupancy shall be in addition to any other rights or remedies that Landlord may have hereunder or at law or in equity (including, without limitation, Landlord's right to recover Landlord's damages from Tenant that derive from vacant and exclusive possession of the Premises not being surrendered to Landlord on the Expiration Date). Nothing contained in this Section 24.2 shall permit Tenant to retain possession of the Premises after the Expiration Date or limit in any manner Landlord's right to regain possession of the Premises, through summary proceedings or otherwise. Landlord's acceptance of any payments from Tenant after the Expiration Date shall be deemed to be on account of the amount to be paid by Tenant in accordance with the provisions of this Article 24.

Article 25
NO WAIVER

25.1. No Surrender.

(A) Landlord shall be deemed to have accepted a surrender of the Premises only if Landlord executes and delivers to Tenant a written instrument providing expressly therefor.

(B) No employee of Landlord or of Landlord's agents shall have any power to accept the keys to the Premises prior to the Expiration Date. The delivery of such keys to any employee of Landlord or of Landlord's agents shall not operate as a termination of this Lease or a surrender of the Premises. If Tenant at any time desires to have Landlord sublet the Premises on Tenant's account, then Landlord or Landlord's agents are authorized to receive said keys for such purpose without releasing Tenant from any of Tenant's obligations under this Lease.

25.2. No Waiver by Landlord.

(A) Landlord's failure to seek redress for violation of, or to insist upon the strict performance of, any covenant or condition of this Lease, or any of the Rules, shall not be deemed to be a waiver thereof. The receipt by Landlord of Rental with knowledge of the breach of any covenant of this Lease by Tenant shall not be deemed a waiver of such breach.

(B) No payment by Tenant or receipt by Landlord of a lesser amount than the monthly Fixed Rent or other item of Rental herein stipulated shall be deemed to be other than on account of the earliest stipulated Fixed Rent or other item of Rental, or as Landlord may elect to apply such payment. No endorsement or statement on any check or any letter accompanying any check or payment as Fixed Rent or other item of Rental shall be deemed to be an accord and satisfaction. Landlord may accept such check or payment without prejudice to Landlord's right to recover the balance of such Fixed Rent or other item of Rental or to pursue any other remedy provided in this Lease or otherwise available to Landlord at law or in equity.

(C) Landlord's failure during the Term to prepare and deliver any invoices, and Landlord's failure during the Term to make a demand for payment under any of the provisions of this Lease, shall not in any way be deemed to be a waiver of, or cause Landlord to forfeit or surrender, its rights to collect any item of Rental which may have become due during the Term (except to the extent otherwise expressly set forth herein). Tenant's liability for such amounts shall survive the expiration or earlier termination of this Lease (except to the extent otherwise expressly set forth herein).

(D) No provision of this Lease shall be deemed to have been waived by Landlord, unless such waiver is in writing signed by Landlord.

25.3. No Waiver by Tenant.

(A) Tenant's failure to seek redress for violation of, or to insist upon the strict performance of, any covenant or condition of this Lease on Landlord's part to be performed, shall not be deemed to be a waiver. The payment by Tenant of any item of Rental or performance of any obligation of Tenant hereunder with knowledge of any breach by Landlord of any covenant of this Lease shall not be deemed a waiver of such breach, nor shall it prejudice Tenant's right to pursue any remedy against Landlord in this Lease provided or otherwise available to Tenant in law or in equity. No provision of this Lease shall be deemed to have been waived by Tenant, unless such waiver is in writing signed by Tenant.

(B) Tenant's failure during the Term to make a demand for payment under any of the provisions of this Lease shall not in any way be deemed to be a waiver of, or cause Tenant to forfeit or surrender, its rights to collect any amount which may have become due during the Term (except to the extent otherwise expressly set forth herein). Landlord's liability for such amounts shall survive the expiration or earlier termination of this Lease (except to the extent otherwise expressly set forth herein).

Article 26
JURISDICTION

26.1. Governing Law.

This Lease shall be construed and enforced in accordance with the laws of the State of New York.

26.2. Submission to Jurisdiction.

Tenant hereby (a) irrevocably consents and submits to the jurisdiction of any federal, state, county or municipal court sitting in the State of New York for purposes of any action or proceeding brought therein by Landlord against Tenant concerning any matters relating to this Lease, (b) irrevocably waives all objections as to venue and any and all rights it may have to seek a change of venue with respect to any such action or proceedings, (c) agrees that the laws of the State of New York shall govern in any such action or proceeding and waives any defense to any action or proceeding granted by the laws of any other country or jurisdiction unless such defense is also allowed by the laws of the State of New York, and (d) agrees that any final unappealable judgment rendered against it in any such action or proceeding shall be conclusive and may be enforced in any other jurisdiction by suit on the judgment or in any other manner provided by law. Tenant further agrees that any action or proceeding by Tenant against Landlord concerning any matters arising out of or in any way relating to this Lease shall be brought only in the State of New York, County of New York.

26.3. Waiver of Trial by Jury; Counterclaims.

(A) Landlord and Tenant hereby waive trial by jury in any action, proceeding or counterclaim brought by either of the parties hereto against the other on any matters whatsoever arising out of or in any way connected with this Lease, the relationship of Landlord and Tenant, Tenant's use or occupancy of the Premises, or for the enforcement of any remedy under any statute, emergency or otherwise.

(B) If Landlord commences any summary proceeding against Tenant, then Tenant shall not interpose any counterclaim of whatever nature or description in any such proceeding (except to the extent that applicable law precludes Tenant from asserting such counterclaim in another proceeding), and shall not seek to consolidate such proceeding with any other action which may have been or will be brought in any other court by Tenant. Nothing contained in this Section 26.3(B) limits Tenant's right to assert claims against Landlord in a separate proceeding.

Article 27
NOTICES

27.1. Addresses: Manner of Delivery.

Except as otherwise expressly provided in this Lease, any bills, statements, consents, notices, demands, requests or other communications that a party desires or is required to give to the other party under this Lease shall (1) be in writing, (2) be deemed sufficiently given if (a) delivered by hand (against a signed receipt), (b) sent by registered or certified mail (return receipt requested), or (c) sent by a nationally-recognized overnight courier (with verification of delivery), and (3) be addressed in each case:

if to Tenant, at:

One Penn Plaza (Suite 3508)
New York, New York 10119

with a copy to:

Meister Seelig & Fein
140 East 45th Street
New York, New York 10017

Attn.: Matthew Kasindorf, Esq.

if to Landlord, at:

c/o Vornado Office Management LLC
888 Seventh Avenue
New York, New York 10019

Attn.: Daniel E. North

with a copy to:

Vornado Realty Trust
210 Route 4 East
Paramus, New Jersey 07652

Attn: Joseph Macnow

or to such other address or addresses as Landlord or Tenant may designate from time to time on at least ten (10) Business Days of advance notice given to the other in accordance with the provisions of this Article 27. Any such bill, statement, consent, notice, demand, request, or other communication shall be deemed to have been given (x) on the date that it is hand delivered, as aforesaid, or (y) three (3) Business Days after the date that it is mailed, as aforesaid, or (z) on the first (1st) Business Day after the date that it is sent by a nationally-recognized courier, as aforesaid. Any such bills, statements, consents, notices, demands, requests or other communications that the Person that is the property manager for the Building gives to Tenant in accordance with the terms of this Article 27 shall be deemed to have been given by Landlord (except that Landlord, at any time and from time to time, shall have the right to terminate or suspend such property manager's right to give such bills, statements, consents, notices, demands, requests or other communications to Tenant by giving not less than five (5) days of advance notice thereof to Tenant).

Article 28
BROKERAGE

28.1. Broker.

Landlord and Tenant each represent to the other that it has not dealt with any broker, finder or salesperson in connection with this Lease other than Newmark & Company Real Estate, Inc., d/b/a Newmark Knight Frank (the "Broker"). Landlord shall pay Broker a commission pursuant to the terms of a separate agreement.

Article 29
INDEMNITY

29.1. Tenant's Indemnification of the Landlord Indemnitees.

(A) Subject to the terms of this Section 29.1, Tenant shall indemnify the Landlord Indemnitees, and hold the Landlord Indemnitees harmless, from and against, all losses, damages, liabilities, costs and expenses (including, without limitation, reasonable attorneys' fees

and expenses) that are incurred by a Landlord Indemnitee and that derive from a claim (a "Claim Against Landlord") made by a third party against such Landlord Indemnitee arising from or alleged to arise from:

(1) a wrongful act or wrongful omission of any Tenant Indemnitee during the Term (including, without limitation, claims that derive from a Permitted Party's conducting such Permitted Party's business in the Premises) (it being understood that Tenant shall not have responsibility under this clause (1) for any wrongful act or wrongful omission of a Recapture Subtenant);

(2) an event or circumstance that occurs during the Term in the Premises or in another portion of the Building with respect to which Tenant has exclusive use pursuant to the terms hereof (subject, however, to Landlord's rights of access under Article 9 hereof) (it being understood that Tenant's liability under this clause (2) shall not apply to the extent that Landlord exercises Landlord's rights under Section 17.3 hereof with respect to the Premises);

(3) the breach of any covenant to be performed by Tenant hereunder;

(4) a misrepresentation made by Tenant hereunder (including, without limitation, a misrepresentation of Tenant under Section 28.1 hereof);

(5) a Person with whom a Permitted Party has dealt making a claim for a leasing commission or other similar compensation in connection with a Transfer;

(6) Landlord's cooperating with Tenant as contemplated by Section 7.4(A) hereof.

Tenant shall not be required to indemnify the Landlord Indemnitees, and hold the Landlord Indemnitees harmless, in either case as aforesaid, to the extent that it is finally determined that the negligence or wilful misconduct of a Landlord Indemnitee contributed to the loss or damage sustained by the Person making the Claim Against Landlord. Nothing contained in this Section 29.1 limits the provisions of Section 31.19 hereof.

(B) The term "Landlord Indemnitees" shall mean, collectively, Landlord, each Lessor, each Mortgagee and their respective partners, members, managers, shareholders, officers, directors, employees, trustees and agents.

(C) The term "Tenant Indemnitees" shall mean each Permitted Party and their respective partners, members, managers, shareholders, officers, directors, employees, trustees and agents.

(D) The parties intend that the Landlord Indemnitees (other than Landlord) shall be third-party beneficiaries of this Section 29.1.

29.2. Landlord's Indemnification of the Tenant Indemnitees.

(A) Subject to the terms of this Section 29.2, Landlord shall indemnify the Tenant Indemnitees, and hold the Tenant Indemnitees harmless, from and against, all losses, damages, liabilities, costs and expenses (including, without limitation, reasonable attorneys' fees and expenses) that are incurred by a Tenant Indemnitee and that derive from a claim (a "Claim Against Tenant") made by a third party against such Tenant Indemnitee arising from or alleged to arise from:

(1) the breach of any covenant to be performed by Landlord hereunder;

(2) a misrepresentation made by Landlord hereunder (including, without limitation, a misrepresentation of Landlord under Section 28.1 hereof);

(3) Landlord's failure to pay the Broker a commission or other compensation in connection herewith; or

(4) a wrongful act or wrongful omission of any Landlord Indemnitee (including, without limitation, a wrongful act or wrongful omission of the Person that has the right to occupy the Premises by virtue of Landlord's exercising Landlord's rights under Section 17.3 hereof).

Landlord shall not be required to indemnify the Tenant Indemnitees, and hold the Tenant Indemnitees harmless, in either case as aforesaid, to the extent that it is finally determined that the negligence or wilful misconduct of a Tenant Indemnitee contributed to the loss or damage sustained by the Person making the Claim Against Tenant.

(B) The parties intend that the Tenant Indemnitees (other than Tenant) shall constitute third-party beneficiaries of this Section 29.2.

29.3. Indemnification Procedure.

(A) If at any time a Claim Against Tenant is made or threatened against a Tenant Indemnitee, or a Claim Against Landlord is made or threatened against a Landlord Indemnitee, then the Person entitled to indemnity under this Article 29 (the "Indemnitee") shall give to the other party (the "Indemnitor") notice of such Claim Against Tenant or such Claim Against Landlord, as the case may be (the "Claim"); provided, however, that the Indemnitee's failure to provide such notice shall not impair the Indemnitee's rights to indemnity as provided in this Article 29 except to the extent that the Indemnitor is prejudiced materially thereby. Such notice shall state the basis for the Claim and the amount thereof (to the extent such amount is determinable at the time that such notice is given).

(B) The Indemnitor shall have the right to defend against the Claim using attorneys that the Indemnitor designates and that the Indemnitee approves (it being understood that (I) the Indemnitee shall not unreasonably withhold, condition or delay such approval, (II) the Indemnitee shall be deemed to have approved such attorneys if the Indemnitee fails to respond

within ten (10) days to the Indemnitor's request for approval, and (III) the attorneys designated by the Indemnitor's insurer shall be deemed approved by the Indemnitee for purposes hereof). The Indemnitor's failure to notify the Indemnitee of the Indemnitor's election to defend against the Claim within thirty (30) days after the Indemnitee gives such notice to the Indemnitor shall be deemed a waiver by the Indemnitor of its aforesaid right to defend against the Claim.

(C) Subject to the terms of this Section 29.3(C), if the Indemnitor elects to defend against the Claim pursuant to Section 29.3(B) hereof, then the Indemnitee may participate, at the Indemnitee's expense, in defending against the Claim. The Indemnitor shall have the right to control the defense against the Claim (and, accordingly, the Indemnitee shall cause its counsel to act accordingly). If there exists a conflict between the interests of the Indemnitor and the interests of the Indemnitee, then the Indemnitor shall pay the reasonable fees and disbursements of any counsel that the Indemnitee retains in so participating in the defense against the Claim. Except as otherwise provided in this Section 29.3(C), the Indemnitor shall not be required to pay the costs that Indemnitee otherwise incurs in engaging counsel to consult with Indemnitee in connection with the Claim.

(D) If the Claim is a Claim Against Landlord, then Landlord shall cooperate reasonably with Tenant in connection therewith. If the Claim is a Claim Against Tenant, then Tenant shall cooperate reasonably with Landlord in connection therewith.

(E) The Indemnitor shall not consent to the entry of any judgment or award regarding the Claim, or enter into any settlement regarding the Claim, except in either case with the prior approval of the Indemnitee (any such entry of any judgment or award regarding a Claim to which the Indemnitor consents, or any such settlement regarding a claim to which the Indemnitor agrees, being referred to herein as a "Settlement"). The Indemnitee shall not unreasonably withhold, condition or delay the Indemnitee's approval of a proposed Settlement, provided that (I) the Indemnitor pays, in cash, to the Person making the Claim, the entire amount of the Settlement contemporaneously with the Indemnitee's approval thereof (so that neither the Indemnitor nor the Indemnitee have any material obligations regarding the applicable Claim that remain executory from and after the consummation of the Settlement), or (II) the Person making the Claim releases the Indemnitee from any obligations owed to such Person pursuant to such Settlement that remain executory after the consummation thereof). If (x) the terms of the Settlement do not provide for the Indemnitor's making payment, in cash, to the Person making the Claim, the entire amount of the Settlement, contemporaneously with the Indemnitee's approval thereof (so that either the Indemnitor or the Indemnitee have any material obligations regarding the applicable Claim that remain executory from and after the consummation of the Settlement), (y) the Person making the Claim does not release the Indemnitee from any obligations owed to such Person pursuant to such Settlement that remain executory after the consummation thereof, and (z) the Indemnitee does not approve the proposed Settlement, then the Indemnitor's aggregate liability under this Article 29 for the Claim (including, without limitation, the costs incurred by the Indemnitor for legal costs and other costs of defense) shall not exceed an amount equal to the sum of (i) the aggregate legal costs and defense costs that the Indemnitor incurred to the date that the Indemnitor proposes such Settlement, (ii) the amount that the Indemnitor would have otherwise paid to the Person making the applicable Claim under the terms of the proposed Settlement, and (iii) the aggregate legal costs and defense costs that the Indemnitor would have reasonably expected to incur in consummating the proposed Settlement.

(F) If the Indemnitor does not elect to defend against the Claim as contemplated by this Section 29.3, then the Indemnitee may defend against, or settle, such claim, action or proceeding in any manner that the Indemnitee deems appropriate, and the Indemnitor shall be liable for the Claim to the extent provided in this Article 29.

Article 30
LANDLORD'S CONSENTS: ARBITRATION

30.1. Certain Limitations.

Subject to the terms of Section 30.2 hereof, Tenant hereby waives any claim against Landlord for Landlord's unreasonably withholding, unreasonably conditioning or unreasonably delaying any consent or approval requested by Tenant in cases where Landlord expressly agreed herein not to unreasonably withhold, unreasonably condition or unreasonably delay such consent or approval. If there is a determination that such consent or approval has been unreasonably withheld, unreasonably conditioned or unreasonably delayed, then (1) the requested consent or approval shall be deemed to have been granted, and (2) Landlord shall have no liability to Tenant for its refusal or failure to give such consent or approval. Tenant's sole remedy for Landlord's unreasonably withholding, conditioning or delaying consent or approval shall be as provided in this Article 30.

30.2. Expedited Arbitration.

(A) If (i) this Lease obligates Landlord to not unreasonably withhold, condition or delay Landlord's consent or approval for a particular matter, (ii) Landlord withholds, delays or conditions its consent or approval for such matter, and (iii) Tenant believes that Landlord did so unreasonably, then Tenant shall have the right to submit the issue of whether Landlord unreasonably withheld, delayed or conditioned such consent or approval to an Expedited Arbitration Proceeding only by giving notice thereof to Landlord on or prior to the thirtieth (30th) day after the date that Landlord denied or conditioned such consent or approval, or the thirtieth (30th) day after the date that Tenant claims that Landlord's delaying such consent or approval first became unreasonable, as the case may be.

(B) The sole decision to be made in the Expedited Arbitration Proceeding shall be whether Landlord unreasonably withheld, delayed or conditioned its consent with respect to the particular matter being arbitrated. If the decision in the Expedited Arbitration Proceeding is that Landlord unreasonably withheld, conditioned, or delayed consent with respect to such matter, then (i) Landlord shall be deemed to have consented to such matter, and (ii) Landlord shall execute and deliver documentation that is reasonably requested by Tenant to evidence such consent.

(C) The term "Expedited Arbitration Proceeding" shall mean a binding arbitration proceeding conducted in The City of New York under the Commercial Arbitration Rules of the American Arbitration Association (or its successor) and administered pursuant to the Expedited Procedures provisions thereof; provided, however, that with respect to any such arbitration, (i) the list of arbitrators referred to in Section E-5(b) shall be returned within five (5) Business Days from the date of mailing; (ii) the parties shall notify the American Arbitration Association (or its successor) by telephone, within four (4) Business Days, of any objections to the arbitrator appointed and, subject to clause (vii) below, shall have no right to object if the arbitrator so appointed was on the list submitted by the American Arbitration Association (or its successor) and was not objected to in accordance with Section E-4(b) as modified by clause (i) above; (iii) the notification of the hearing referred to in Section E-7 shall be four (4) Business Days in advance of the hearing; (iv) the hearing shall be held within seven (7) Business Days after the appointment of the arbitrator; (v) the arbitrator shall have no right to award damages or vary, modify or waive any provision of this Lease; (vi) the decision of the arbitrator shall be final and binding on the parties; and (vii) the arbitrator shall not have been employed by either party (or their respective Affiliates) during the period of three (3) years prior to the date of the Expedited Arbitration Proceeding. The arbitrator shall determine the extent to which each party is successful in such Expedited Arbitration Proceeding in addition to rendering a decision on the dispute submitted. If the arbitrator determines that one (1) party is entirely unsuccessful, then such party shall pay all of the fees of such arbitrator. If the arbitrator determines that both parties are partially successful, then each party shall be responsible for such arbitrator's fees only to the extent such party is unsuccessful (e.g., if Landlord is eighty percent (80%) successful and Tenant is twenty percent (20%) successful, then Landlord shall be responsible for twenty percent (20%) of such arbitrator's fees and Tenant shall be responsible for eighty percent (80%) of such arbitrator's fees).

Article 31
ADDITIONAL PROVISIONS

31.1. Tenant's Property Delivered to Building Employees.

Any Building employee to whom any property is entrusted by or on behalf of Tenant shall be deemed to be acting as Tenant's agent with respect to such property.

31.2. Not Binding Until Execution.

This Lease shall not be binding upon Landlord or Tenant unless and until Landlord and Tenant have executed and unconditionally delivered a fully executed counterpart of this Lease to each other.

31.3. No Third Party Beneficiaries.

Landlord and Tenant hereby acknowledge that they do not intend for any other Person to constitute a third-party beneficiary hereof, except to the extent otherwise set forth herein.

31.4. Extent of Landlord's Liability.

(A) The obligations of Landlord under this Lease shall not be binding upon the Person that constitutes Landlord initially after the sale, conveyance, assignment or transfer by such Person of its interest in the Building or the Real Property, as the case may be (or upon any other Person that constitutes Landlord after the sale, conveyance, assignment or transfer by such Person of its interest in the Building or the Real Property, as the case may be), (x) to the extent such obligations accrue from and after the date of such sale, conveyance, assignment or transfer and (y) to the extent such obligations accrue prior to the date of such sale, conveyance, assignment or transfer, provided that such transferee assumes or is deemed to have assumed by operation of law the obligations of Landlord under this Lease.

(B) The members, managers, partners, shareholders, directors, officers and principals, direct and indirect, comprising Landlord shall not be liable for the performance of Landlord's obligations under this Lease. Tenant shall look solely to Landlord to enforce Landlord's obligations hereunder.

(C) The liability of Landlord for Landlord's obligations under this Lease shall be limited to Landlord's interest in the Real Property and the proceeds thereof (including, without limitation, proceeds of a sale or refinancing of Landlord's interest in the Real Property, casualty insurance proceeds, and condemnation awards). Tenant shall not look to any property or assets of Landlord (other than Landlord's interest in the Real Property and such proceeds thereof) in seeking either to enforce Landlord's obligations under this Lease or to satisfy a judgment for Landlord's failure to perform such obligations.

31.5. Extent of Tenant's Liability.

If Tenant is a corporation, limited partnership, limited liability partnership or limited liability company, then (i) the members, managers, limited partners, shareholders, directors, officers and principals, direct and indirect, comprising Tenant shall not be liable for the performance of Tenant's obligations under this Lease, and (ii) Landlord shall look solely to Tenant to enforce Tenant's obligations hereunder.

31.6. Survival.

Subject to the terms hereof, Tenant's liability for all amounts that are due and payable to Landlord hereunder shall survive the Expiration Date.

31.7. Recording.

Tenant shall not record this Lease. Tenant shall not record a memorandum of this Lease. Landlord shall have the right to record a memorandum of this Lease. If Landlord submits to Tenant a memorandum hereof that is in reasonable form, then Tenant shall execute, acknowledge and deliver such memorandum promptly after Landlord's submission thereof to Tenant.

31.8. Entire Agreement.

This Lease contains the entire agreement between the parties and supersedes all prior understandings, if any, with respect thereto. This Lease shall not be modified, changed, or supplemented, except by a written instrument executed by both parties.

31.9. Counterparts.

This Lease may be executed in counterparts, it being understood that all such counterparts, taken together, shall constitute one and the same agreement.

31.10. Exhibits.

If any inconsistency exists between the terms and provisions of this Lease and the terms and provisions of the Exhibits hereto, then the terms and provisions of this Lease shall prevail.

31.11. Gender: Plural.

Wherever appropriate in this Lease, personal pronouns shall be deemed to include the other gender and the singular to include the plural.

31.12. Divisibility.

If any term of this Lease, or the application thereof to any Person or circumstance, is held to be invalid or unenforceable, then the remainder of this Lease or the application of such term to any other Person or any other circumstance shall not be thereby affected, and each term shall remain valid and enforceable to the fullest extent permitted by law.

31.13. Vault Space.

If (i) Tenant uses or occupies any vaults, vault space or other space outside the boundaries of the Real Property that in each case is located below grade, and (ii) such space is diminished by any Governmental Authority or by any utility company, then such diminution shall not constitute an actual or constructive eviction, in whole or in part, or entitle Tenant to any abatement or diminution of Rental, or relieve Tenant from any of its obligations under this Lease, or impose any liability upon Landlord.

31.14. Adjacent Excavation.

If an excavation is made upon land adjacent to the Building, or is authorized to be made, then Tenant, upon reasonable advance notice, shall grant to the Person causing or authorized to cause such excavation a license to enter upon the Premises for the purpose of doing such work as said Person deems necessary to preserve the Building from injury or damage and to support the same by proper foundations, without any claim for damages or indemnity against Landlord, or diminution or abatement of Rental. Landlord acknowledges that Landlord’s right to access the Premises as provided in this Section 31.14 is subject to the provisions of Article 9 hereof.

31.15. Captions.

The captions are inserted only for convenience and for reference and in no way define, limit or describe the scope of this Lease or the intent of any provision thereof.

31.16. Parties Bound.

The covenants, conditions and agreements contained in this Lease shall bind and inure to the benefit of Landlord and Tenant and their respective legal representatives, successors, and, except as otherwise provided in this Lease, their assigns.

31.17. Authority.

(A) Tenant hereby represents and warrants to Landlord that (i) Tenant is duly organized and validly existing in good standing under the laws of Delaware, and possesses all licenses and authorizations necessary to carry on its business, (ii) Tenant has full power and authority to carry on its business, enter into this Lease and consummate the transaction contemplated by this Lease, (iii) the individual executing and delivering this Lease on Tenant's behalf has been duly authorized to do so, (iv) this Lease has been duly executed and delivered by Tenant, (v) this Lease constitutes a valid, legal, binding and enforceable obligation of Tenant (subject to bankruptcy, insolvency or creditor rights laws generally, and principles of equity generally), (vi) the execution, delivery and performance of this Lease by Tenant will not cause or constitute a default under, or conflict with, the organizational documents of Tenant or any agreement to which Tenant is a party, (vii) the execution, delivery and performance of this Lease by Tenant will not violate any Requirement, and (viii) all consents, approvals, authorizations, orders or filings of or with any court or governmental agency or body, if any, required on the part of Tenant for the execution, delivery and performance of this Lease have been obtained or made.

(B) Landlord hereby represents and warrants to Tenant that (i) Landlord is duly organized and validly existing in good standing under the laws of New York, and possesses all licenses and authorizations necessary to carry on its business, (ii) Landlord has full power and authority to carry on its business, enter into this Lease and consummate the transaction contemplated by this Lease, (iii) the individual executing and delivering this Lease on Landlord's behalf has been duly authorized to do so, (iv) this Lease has been duly executed and delivered by Landlord, (v) this Lease constitutes a valid, legal, binding and enforceable obligation of Landlord (subject to bankruptcy, insolvency or creditor rights laws generally, and principles of equity generally), (vi) the execution, delivery and performance of this Lease by Landlord will not cause or constitute a default under, or conflict with, the organizational documents of Landlord or any agreement to which Landlord is a party, (vii) the execution, delivery and performance of this Lease by Landlord does not violate any Requirement, and (viii) all consents, approvals, authorizations, orders or filings of or with any court or governmental agency or body, if any, required on the part of Landlord for the execution, delivery and performance of this Lease have been obtained or made.

31.18. Rent Control.

If at the commencement of, or at any time or times during, the Term, the Rental reserved in this Lease is not fully collectible by reason of any Requirement, then Tenant shall enter into such agreements and take such other steps (without additional expense to Tenant) as Landlord may reasonably request and as may be legally permissible to allow Landlord to collect the maximum rents which may from time to time during the continuance of such legal rent restriction be legally permissible (and not in excess of the amounts reserved therefor under this Lease). Upon the termination of such legal rent restriction prior to the expiration of the Term, (a) the Rental shall become and thereafter be payable hereunder in accordance with the amounts reserved in this Lease for the periods following such termination, and (b) Tenant shall pay to Landlord, if legally permissible, an amount equal to the excess of (i) the items of Rental which would have been paid pursuant to this Lease but for such legal rent restriction, over (ii) the rents paid by Tenant to Landlord during the period or periods such legal rent restriction was in effect.

31.19. Consequential Damages.

Tenant shall have no liability for any consequential, indirect or punitive damages that Landlord suffers (it being understood, however, that nothing contained in this Section 31.19 limits Landlord's right to recover damages (x) as expressly provided in Section 21.3(A) hereof and in Section 24.2 hereof, or (y) for Tenant's failure to remove Specialty Alterations to the extent provided in Section 7.8 hereof). Landlord shall have no liability for any consequential, indirect or punitive damages that are suffered by Tenant or any Person claiming by, through or under Tenant.

31.20. Tenant's Advertising.

Tenant shall not use a picture, photograph or drawing of the Building (or a silhouette thereof) in Tenant's letterhead or promotional materials without Landlord's prior approval.

31.21. Specially Designated Nationals: Blocked Persons: Embargoed Persons.

(A) Tenant represents and warrants to Landlord that (a) Tenant and each person or entity directly or indirectly owning an interest in Tenant is (i) not currently identified on the Specially Designated Nationals and Blocked Persons List maintained by the Office of Foreign Assets Control of the Department of the Treasury ("OFAC") and/or on any other similar list maintained by OFAC pursuant to any authorizing statute, executive order or regulation (collectively, the "List"), and (ii) not a person or entity with whom a citizen of the United States is prohibited to engage in transactions by any trade embargo, economic sanction, or other prohibition of United States law, regulation, or Executive Order of the President of the United States, (b) none of the funds or other assets of Tenant constitute property of, or are beneficially owned, directly or indirectly, by, any Embargoed Person, (c) no Embargoed Person has any interest of any nature whatsoever in Tenant (whether directly or indirectly), (d) none of the funds of Tenant have been derived from any unlawful activity with the result that the investment in Tenant is prohibited by Requirements or that the Lease is in violation of Requirements, and (e)

Tenant has implemented procedures, and will consistently apply those procedures, to ensure the foregoing representations and warranties remain true and correct at all times. The term "Embargoed Person" means any person, entity or government subject to trade restrictions under U.S. law, including but not limited to, the International Emergency Economic Powers Act, 50 U.S.C. §1701 et seq., The Trading with the Enemy Act, 50 U.S.C. App. 1 et seq., and any Executive Orders or regulations promulgated thereunder with the result that the investment in Tenant is prohibited by Requirements or Tenant is in violation of Requirements.

(B) Tenant covenants and agrees (a) to comply with all Requirements relating to money laundering, anti-terrorism, trade embargos and economic sanctions, now or hereafter in effect, (b) to immediately notify Landlord in writing if any of the representations, warranties or covenants set forth in this paragraph or the preceding paragraph are no longer true or have been breached or if Tenant has a reasonable basis to believe that they may no longer be true or have been breached, (c) not to use funds from any "Prohibited Person" (as such term is defined in the September 24, 2001 Executive Order Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism) to make any payment due to Landlord under the Lease and (d) at the request of Landlord, to provide such information as may be requested by Landlord to determine Tenant's compliance with the terms hereof.

(C) Tenant hereby acknowledges and agrees that Tenant's inclusion on the List at any time during the Lease Term shall be an Event of Default under this Lease. Notwithstanding anything herein to the contrary, Tenant shall not permit the Premises or any portion thereof to be used or occupied by any person or entity on the List or by any Embargoed Person (on a permanent, temporary or transient basis), and any such use or occupancy of the Premises by any such person or entity shall be an Event of Default under this Lease.

This page constitutes the signature page to the Lease, dated as of the 30th day of September, 2007, between ONE PENN PLAZA LLC, as landlord, and OPHTHOTECH CORPORATION, as tenant, for certain space in the building known by the street address of One Penn Plaza, New York, New York 10119

IN WITNESS WHEREOF, Landlord and Tenant have duly executed and delivered this Lease as of the date first above written.

ONE PENN PLAZA LLC, Landlord

By: Vornado Realty L.P., member

By: Vornado Realty Trust, general partner

By: 

Name: David R. Greenbaum
Title: President- New York Office Division

OPHTHOTECH CORPORATION, Tenant

By: 

Name: Samir Patel
Title: President & CEO

UNIFORM FORM CERTIFICATE OF ACKNOWLEDGMENT
(Within New York State)

STATE OF _____)
: ss.:
COUNTY OF _____)

On the day of , in the year 2007, before me, the undersigned personally appeared , personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

_____
Notary Public

UNIFORM FORM CERTIFICATE OF ACKNOWLEDGMENT
(Outside of New York State)

STATE OF NEW JERSEY)
: ss.:
COUNTY OF MERCER)

On the 28th day of September, in the year 2007, before me, the undersigned, personally appeared Samir Patel, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument, and that such individual made such appearance before the undersigned in the Princeton, NJ. (Insert the city or other political subdivision and the state or country or other place the acknowledgement was taken.)

_____
(Signature and office of individual taking acknowledgement)

Exhibit “A”

Premises

[See Attached]

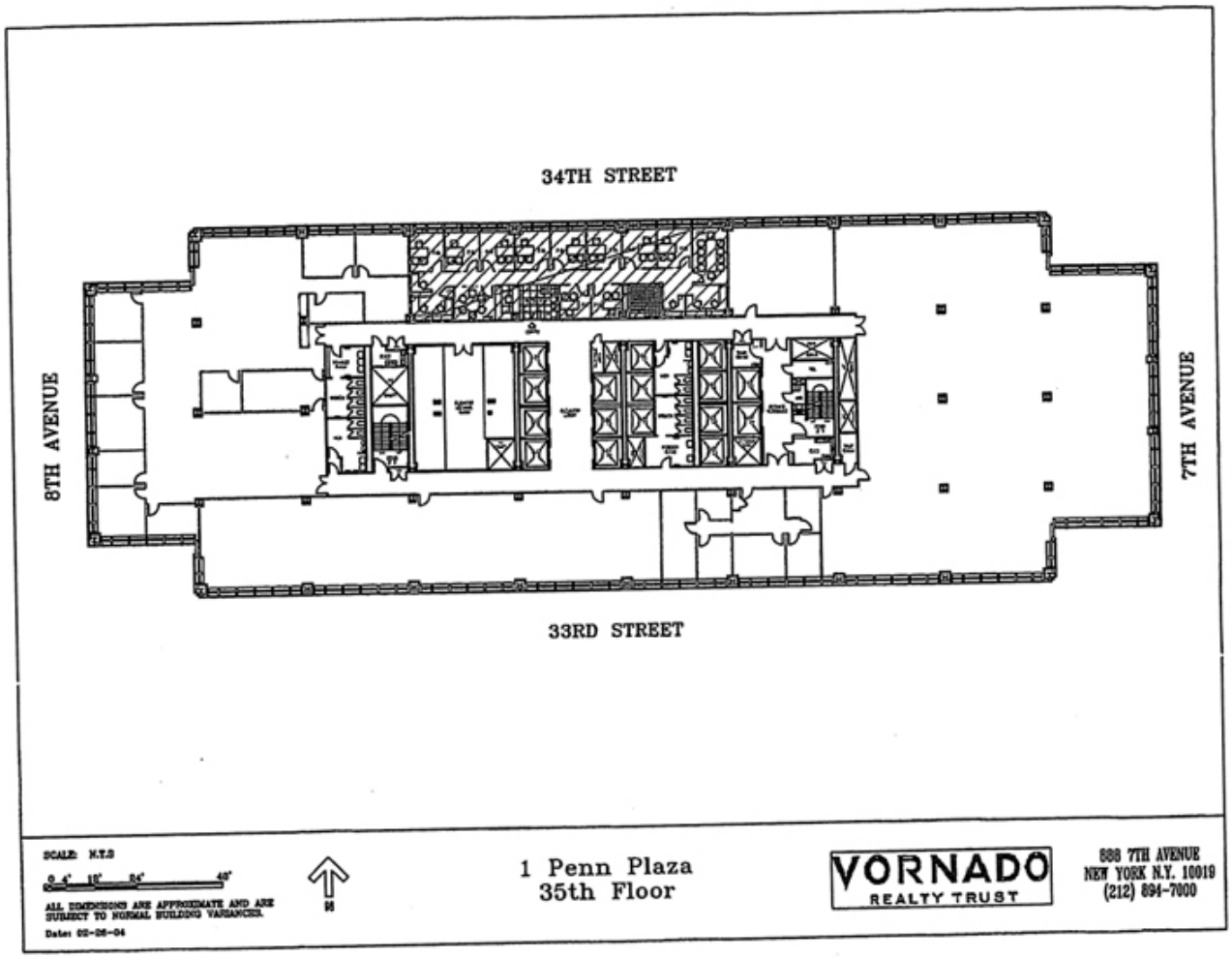
34TH STREET
8TH AVENUE
7TH AVENUE
33RD STREET
SCALE: N.T.S
0 4' 16' 24' 48'
ALL DIMENSIONS ARE APPROXIMATE AND ARE SUBJECT TO NORMAL BUILDING VARIANCES.
Date: 02-26-04
N
1 Penn Plaza
35th Floor
VORNADO
REALTY TRUST
888 7TH AVENUE
NEW YORK N.Y. 10019
(212) 894-7000

Exhibit “B”

List of Charges during Overtime Periods

[See Attached]

TENANT CHARGE PRICE LIST - Effective January 1, 2007

TYPE OF SERVICE	SERVICE COST
FREIGHT ELEVATOR	$ 80.00/hr *
** (min 4 hours on Sat, Sun & Holidays)*	
ENGINEER	$ 80.00/hr
PLUMBER	$ 70.00/hr
ELECTRICIAN	$ 70.00/hr
PORTER	$ 50.00/hr
SECURITY GUARD	$ 50.00/hr
Loading dock after hours	
DUMPSTERS	
Demo	$ 65.00
Large	$ 44.00
Small	$ 22.00
20 Yard Container	$ 985.00
30 Yard Container	$ 1,150.00
LOCKSMITH	$ 70.00/hr
key change (schlage)	*$ 5.00*
medeco key	*$ 10.00*
ACCESS CARD	$ 25.00
DIRECTORY ADDITIONS (above Lease)	$ 25.00
deletions/changes	$ 4.00
ELEVATOR DIRECTORY STRIPS	$ 25.00
AIR CONDITIONING	
all	$1,202.00 per hour
upper (Floors 35-55)	$ 801.00 per hour
middle (Floors 7-34)	$ 655.00 per hour
lower (Floors 2-6)	$ 645.00 per hour
VENTILATION	
all	$ 502.00 per hour
upper (Floors 35-55)	$ 346.00 per hour
middle (Floors 7-34)	$ 371.00 per hour
lower (Floors 2-6)	$ 371.00 per hour
HEATING	
all	$ 998.00 per hour
upper (Floors 35-55)	$ 537.00 per hour
middle (Floors 7-34)	$ 537.00 per hour
lower (Floors 2-6)	$ 620.00 per hour

All labor is charged with a half-hour minimum and does not include materials needed. All weekend labor is charged with a four (4) hour minimum.

Overtime freight elevator hours are before 8:00 AM and after 5:00 PM, Monday through Friday. **Please be advised that anytime the freight elevator is reserved for after business hours use, the Tenant will be charged for the freight elevator plus the security guard stationed in the loading dock.**

Other services can be requested. Wherever possible, we will obtain the service for you, at a charge. Also check your BMS brochure for additional cleaning service.

Exhibit “3.3”

Rules

1. Tenant shall not obstruct the common areas of the Building. Tenant shall not use the common areas of the Building for any purpose other than for the purpose that the applicable common area is used ordinarily.
2. Tenant shall not use any plumbing fixtures that are connected to Building Systems for any purpose other than the ordinary purpose for which such plumbing fixtures are installed.
3. Tenant shall not use the Premises in any manner that materially and unreasonably interferes with the use of any other portion of the Building for ordinary business purposes.
4. Tenant shall not at any time keep in the Premises any flammable, combustible or explosive substance, except for any such substances that are incidental to the use or maintenance of the Premises for ordinary office purposes or the performance of Alterations that are performed in accordance with the terms of this Lease.
5. Tenant shall not bring any bicycles, vehicles or animals of any kind (except for service animals) into the Premises or the Building.
6. Subject to Section 3.3 of the Lease, Tenant shall comply with the security procedures that Landlord reasonably adopts from time to time for the Building. Tenant acknowledges that Landlord’s security procedures may include, without limitation, (i) Landlord’s denying entry to the Building by any person who does not present a Building pass or who does not comply with Landlord’s procedures regarding the registration of visitors to the Building, and (ii) procedures governing the inspection of freight that arrives at the loading facilities for the Building.
7. Landlord shall have the right to require Tenant to (x) direct Persons who are delivering packages to the Premises to make delivery to an office in the Building that Landlord designates (in which case Landlord shall make arrangements for such packages to be delivered to Tenant using other personnel that Landlord engages), or (y) arrange for such Persons to be escorted by a representative of Tenant while such Person makes delivery to the Premises.
8. Tenant shall subject to inspection by Landlord or Landlord’s designee all items being brought into the Building by or on behalf of Tenant (including, without limitation, packages, boxes, bags, handbags, attaché cases, and suitcases). Landlord may refuse entry into the Building to any Person who refuses to cooperate with such inspection or who is carrying any item which has a reasonable likelihood of being dangerous to persons or property.

9. Tenant, at Tenant's expense, shall operate its interior lights for the employees of Landlord during the period that such employees make repairs in the Premises or perform cleaning services in accordance with the terms of this Lease.

10. Tenant shall not canvass or solicit the other occupants of the Building. Tenant shall cooperate reasonably with Landlord in connection with Landlord's efforts to prevent any Person from canvassing, soliciting or peddling in the Building.

11. Tenant shall use in the Building only hand trucks and hand carts that in either case are equipped with rubber tires and side guards.

12. Tenant shall implement a policy that precludes its personnel from smoking in the Building and shall use reasonable efforts to enforce such policy.

Exhibit “4.4”

Cleaning Specifications

NIGHTLY (ON BUSINESS DAYS)

- Sweep hard-surfaced flooring in general office space using a dust-down preparation.
- Carpet sweep carpets in general office areas without moving heavy furniture (such as desks, file cabinets, computer stands, and sofas).
- Hand dust and wipe clean all furniture, fixtures and window sills in the general office areas that are within reach of the cleaning staff without ladders.
- Empty and clean waste receptacles in the general office areas and remove wastepaper.
- Dust the interior of waste receptacles in the general office areas.
- Wash clean water fountains and coolers in the general office areas.
- Sweep private stairways within the premises.
- Sweep and wash (using disinfectant) all floors in the base building lavatories that are located in the Building core.
- Wash and polish mirrors, shelves, bright work and enameled surfaces in the base building lavatories that are located in the Building core.
- Wash and disinfect basins, bowls and urinals in the base building lavatories that are located in the Building core.
- Wash toilet seats in the base building lavatories that are located in the Building core.
- Hand dust and clean all partitions, tile walls, dispensers and receptacles in the base building lavatories that are located in the Building core.
- Empty paper receptacles and remove wastepaper in the base building lavatories that are located in the Building core.
- Fill toilet tissue holders in the base building lavatories that are located in the Building core.
- Empty and clean sanitary disposal receptacles in the base building lavatories that are located in the Building core.

WEEKLY

- Vacuum clean carpeting and rugs in the general office areas without moving heavy furniture (such as desks, file cabinets, computer stands, and sofas).
- Dust door louvres and other ventilating louvres that are within reach of the cleaning staff without ladders.
- Wipe clean bright work.

QUARTERLY

- High dust the Premises, including the following:
  - Dust pictures, frames, charts, graphs and similar wall hangings that are not reached in nightly or weekly cleaning.
  - Dust clean vertical surfaces, such as walls, partitions, doors and door bucks and other surfaces not reached in nightly or weekly cleaning.
  - Dust pipes, ventilating and air-conditioning louvers, ducts, high moldings and other high areas not reached in nightly or weekly cleaning.
  - Dust Venetian blinds.

ADDITIONAL SERVICES

- Wash the exterior of windows periodically, subject to weather conditions and Requirements.

Tom Biancardi

From: Panzirer, Craig [CPanzirer@vno.com]
Sent: Tuesday, March 12, 2013 4:10 PM
To: Tom Biancardi
Subject: 1 Penn Plaza Lease

Tom-

Per our conversation, we will continue to let Ophthotech remain month to month tenant for the next few months. As I said to you recently, we would like to finalize your plans in the next couple of weeks.

Please call me with any questions.

Thanks
CP

Craig Panzirer
Senior Vice President – Leasing
Vornado Realty Trust
888 Seventh Avenue – 44th Floor
New York, NY 10019
Telephone 212-894-7438
Fax 212-894-7483
cpanzirer@vno.com

AMENDMENT OF LEASE

THIS AMENDMENT OF LEASE, made as of the 30th day of August, 2013 (this "Amendment"), by and between ONE PENN PLAZA LLC, a New York limited liability company, having an office c/o Vornado Office Management LLC, 888 Seventh Avenue, New York, New York 10019 ("Landlord"), and OPHTHOTECH CORPORATION, a Delaware corporation, having an office at One Penn Plaza, New York, New York 10019 ("Tenant").

WITNESSETH:

WHEREAS, by Lease, dated as of September 30, 2007 (the "Original Lease"), between Landlord and Tenant, Landlord did demise and let unto Tenant and Tenant did hire and take from Landlord, a portion of the rentable area located on the thirty-fifth (35th) floor of the building known by the street address of One Penn Plaza, New York, New York (the "Building"), as more particularly described therein (the "Original Premises");

WHEREAS, the Original Lease was amended and modified by a letter agreement, dated as of September 28, 2012 (as so amended, the "Lease"), between Landlord and Tenant;

WHEREAS, the term of the Lease expired on October 31, 2012 (the "Prior Expiration Date"):

WHEREAS, from and after the Prior Expiration Date, Tenant continued to occupy and use and as of the date hereof, continues to occupy and use the Original Premises on a month-to-month basis in accordance with the terms of the Lease; and

WHEREAS, (x) Tenant desires surrender the Original Premises to Landlord and Landlord has agreed to accept the surrender thereof on the terms and conditions more particularly set forth herein, (y) Landlord desires to let unto Tenant and Tenant desires to hire and take from Landlord, a portion of the nineteenth (19th) floor of the Building, as more particularly shown on the floor plan attached hereto as Exhibit "A" and made a part hereof (the "New Premises"), and (z) Landlord and Tenant desire to extend the term of the Lease and to otherwise modify the Lease as set forth herein.

NOW, THEREFORE, in consideration of the mutual covenants contained herein, and for other good and valuable consideration, the mutual receipt and legal sufficiency of which are hereby acknowledged, the parties hereto, for themselves, their legal representatives, successors and assigns, hereby agree as follows:

1. Definitions. All capitalized terms used herein shall have the meanings ascribed to them in the Lease, unless otherwise defined herein.

2. Surrender.

(A) On or prior to the date which is ten (10) days after the New Premises Commencement Date (as hereinafter defined) (the date which is ten (10) days after the New Premises Commencement Date, the "Surrender Date"), Tenant shall vacate, quit and surrender to Landlord possession of the Original Premises, vacant, broom clean, free of all liens, encumbrances, tenancies and occupancies, with all of Tenant's Property and any property of any subtenant or other occupant removed therefrom and otherwise in the condition required by the Lease, as if the Surrender Date were the Fixed Expiration Date set forth in the Lease with respect to the Original Premises only, and, to the intent and purpose that the term of the Lease with respect to the Original Premises only, be wholly merged and extinguished effective as of the Surrender Date, Tenant hereby gives, grants and surrenders all of its right, title and interest in, to and under the Lease with respect to the Original Premises only, to Landlord. If possession of the Original Premises is not surrendered to Landlord on or prior to the Surrender Date, the provisions of Article 24 of the Lease shall be applicable to such holdover by Tenant. Nothing contained in this Paragraph 2(A) shall permit Tenant to retain possession of the Original

Premises or limit in any manner Landlord's right to regain possession of the Original Premises, through summary proceedings or otherwise. The provisions of this Paragraph 2(A) shall survive the surrender of the Original Premises and the Surrender Date.

(B) Tenant covenants, represents and warrants to Landlord that (i) Tenant is the sole and present tenant under the Lease and Tenant has not assigned, conveyed, encumbered, pledged, sublet or otherwise transferred, in whole or in part, its interest in the Lease or the Original Premises, nor shall Tenant do any of the foregoing prior to the Surrender Date, (ii) there are no persons or entities claiming under Tenant, or who or which may claim under Tenant, any rights with respect to the Original Premises, nor shall Tenant permit any such claim to arise prior to the Surrender Date, (iii) Tenant has the right, power and authority to execute and deliver this Amendment and to perform Tenant's obligations hereunder and (iv) this Amendment is a valid and binding obligation of Tenant enforceable against Tenant in accordance with the terms hereof. The foregoing covenants, representations and warranties shall survive the surrender of the Original Premises and the Surrender Date.

(C) Subject to the terms of Paragraph 2(A) hereof, (x) any and all provisions of the Lease which impose obligations on Tenant to pay Fixed Rent and Escalation Rent with respect to the Original Premises only, shall cease as of the New Premises Commencement Date; provided, however, that such payments shall be apportioned as of such date, and the obligation to pay any such amounts shall survive the surrender of the Original Premises and the Surrender Date and (y) any and all provisions of the Lease which impose obligations on Tenant to pay any other items of Rental with respect to the Original Premises only, shall cease as of the Surrender Date; provided, however, that such payments shall be apportioned as of such date, and the obligation to pay any such amounts shall survive the surrender of the Original Premises and the Surrender Date. Nothing contained herein shall be deemed to relieve Tenant from Tenant's obligation to pay Rental with respect to the New Premises as set forth in Paragraph 5(A) hereof.

(D) Effective as of Surrender Date, Tenant hereby releases and relieves Landlord and its successors and assigns from and against any and all actions, causes of action, suits, controversies, damages, judgments, claims and demands whatsoever, at law or in equity, of every kind and nature whatsoever arising out of, or in connection with, the Original Premises or the Lease with respect to the Original Premises only.

(E) Provided that Tenant has complied with all of the terms and conditions of this Amendment (other than those obligations which by the terms of this Amendment are to be performed after the Surrender Date), Landlord, on the Surrender Date, shall accept Tenant's surrender of the Original Premises and, effective as of the Surrender Date, except as otherwise set forth in this Amendment, hereby releases and relieves Tenant and its respective successors and assigns from and against all claims, obligations and liabilities of every kind and nature whatsoever thereafter arising out of or in connection with the Original Premises and the Lease with respect to the Original Premises only, relating to the period from and after the Surrender Date. Notwithstanding the foregoing, Tenant shall not be released from any covenant, representation or warranty contained in this Amendment and the Lease, which by the terms of this Amendment or the Lease is specifically stated to survive the Surrender Date, the surrender of the Original Premises, or the expiration of the Lease.

(F) Landlord and Tenant shall each complete, execute and deliver, within seven (7) days after request by either party of the other party, any questionnaire, affidavit or document with respect to the tax imposed by Title 11, Chapter 21 of the New York City Administrative Code (the "City Transfer Tax") and Article 31 of the Tax Law of the State of

New York (the "State Transfer Tax"), required to be completed, executed and delivered by Landlord and Tenant with respect to the transactions contemplated by this Amendment. The provisions of this Paragraph 2(F) shall survive the Surrender Date and the surrender of the Original Premises.

(G) Landlord and Tenant, each upon request of the other party, at any time and from time to time hereafter and without further consideration, shall execute, acknowledge and deliver to the other any instruments or documents, or take such further action, as shall be reasonably requested or as may be necessary to more effectively assure the vacation, quitting and surrender of the Original Premises and the full benefits intended to be created by this Amendment.

3. New Premises. (A) From and after the date on which Landlord delivers vacant and exclusive possession of the New Premises to Tenant with Landlord's New Work (as hereinafter defined) Substantially Complete (such date, the "New Premises Commencement Date"). Landlord leases to Tenant, and Tenant hires from Landlord, the New Premises upon all of the same terms, covenants and conditions set forth in the Lease, except as modified and amended herein. From and after the New Premises Commencement Date until the Surrender Date, all references in the Lease to the Premises shall be deemed to mean, collectively, the Original Premises and the New Premises, and from and after the Surrender Date, all references in the Lease to the Premises shall be deemed to mean the New Premises only, for all purposes of the Lease, as amended hereby.

(B) If the New Premises Commencement Date does not occur on or prior to May 1, 2014, as such date may be extended by periods of Unavoidable Delays (as hereinafter defined), Tenant New Work Delays and/or delays in connection with items of Long Lead Work

(May 1, 2014, as such date may be so extended, the "Outside Date"), then from and after the Outside Date, Tenant, shall have the right to terminate the Lease by giving Landlord notice of such termination by the tenth (10th) day after the Outside Date (the tenth (10th) day after the Outside Date, the "Termination Notice Deadline"), time being of the essence with respect thereto, which notice shall state in bold capital letters the following: **"TENANT SHALL TERMINATE THE LEASE EFFECTIVE AS OF THE NINETIETH (90th) DAY FOLLOWING THE TERMINATION NOTICE DEADLINE, UNLESS LANDLORD SHALL DELIVER VACANT AND EXCLUSIVE POSSESSION OF THE NEW PREMISES TO TENANT WITH LANDLORD'S NEW WORK SUBSTANTIALLY COMPLETE ON OR PRIOR TO THE FIFTH (5th) BUSINESS DAY FOLLOWING THE TERMINATION NOTICE DEADLINE"** and if the Tenant delivers such notice to Landlord in accordance with the terms hereof, and the New Premises Commencement Date shall not occur on or prior to the fifth (5th) Business Day after the Termination Notice Deadline, then the Lease shall be deemed terminated effective as of the ninetieth (90th) day following the Termination Notice Deadline and shall be of no force and effect except for obligations expressly surviving the Expiration Date. The foregoing shall be the only remedy available to Tenant in the event that the New Premises Commencement Date does not occur by the Outside Date. As used herein the term "Unavoidable Delays" shall mean collectively, any cause beyond Landlord's reasonable control, including, without limitation, strikes, labor troubles, acts of terrorism, the occurrence of an act of God, the impact of Requirements or the failure of the Building Systems.

4. Lease Term. The Term is hereby extended on all of the same terms and conditions set forth in the Lease, as hereinafter modified, so that the Term shall expire at 11:59 PM on the day immediately preceding the sixth (6th) anniversary of the New Premises Rent

Commencement Date (as hereinafter defined) (the day immediately preceding the sixth (6th) anniversary of the New Premises Rent Commencement Date, the "New Expiration Date"), unless it shall sooner expire pursuant to any of the terms, covenants or conditions of the Lease, as amended by this Amendment, or pursuant to law. Accordingly, the New Expiration Date shall be deemed the Fixed Expiration for all purposes of the Lease, as amended hereby. The foregoing shall not be deemed to modify the provisions of Paragraph 2 hereof.

5. Modification of Lease. From and after the New Premises Commencement Date, the Lease with respect to the New Premises only, is hereby amended and modified as follows:

(A) The Fixed Rent shall be an amount equal to:

(i) Three Hundred Ninety-Eight Thousand Nine Hundred Forty-Three and 00/100 Dollars ($398,943.00) per annum for the period commencing on the New Premises Commencement Date and ending on the day immediately preceding the date which is the third (3rd) anniversary of the New Premises Rent Commencement Date (as hereinafter defined) ($33,245.25 per month), payable in advance in equal monthly installments at the times and in the manner set forth in the Lease; provided; however, that if no Event of Default has occurred and is then continuing, the Fixed Rent for the period commencing on the New Premises Commencement Date and ending on the New Premises Rent Commencement Date shall be abated. The term "New Premises Rent Commencement Date" shall mean the date which is sixty (60) days after the New Premises Commencement Date; and

(ii) Four Hundred Thirty-Three Thousand Nine Hundred Thirty-Eight and 00/100 Dollars ($433,938.00) per annum for the period commencing on the third (3rd) anniversary of the New Premises Rent Commencement Date and ending on the New Expiration Date ($36,161.50 per month), payable in advance in equal monthly installments at the times and in the manner set forth in the Lease.

(B) The term "Rental" (as such term is defined in Section 1.2(B) of the Lease) shall mean, collectively, the Fixed Rent, the Tax Payment, the Operating Expense Payment (as such term is defined in new Section 2.5(E) of the Lease, as set forth on Exhibit "B" attached hereto and made a part hereof), additional rent payable by Tenant to Landlord under the Lease as amended hereby, and all other amounts payable by Tenant to Landlord under the Lease, as amended hereby.

(C) The term "Rentable Area" (as such term is defined in Section 1.6(J) of the Lease) shall mean, with respect to a particular floor area, the area thereof (expressed as a particular number of square feet), as determined in accordance with the standards that the parties used to calculate that the area of the New Premises is six thousand nine hundred ninety-nine (6,999) square feet in the aggregate.

(D) The term "Base Taxes" (as such term is defined in Section 2.1(B) of the Lease) shall mean the average of the Taxes payable during the Base Tax Year.

(E) The term "Base Tax Year" (as such term is defined in Section 2.1(C) of the Lease) shall mean the period consisting of two (2) fiscal years which commences on July 1, 2013 and ends on June 30, 2015 (it being understood that the Tax Payment shall be due with respect to each Tax Year following the first Tax Year in the Base Tax Year).

(F) The term "Tenant's Tax Share" (as such term is defined in Section 2.1(I) of the Lease) shall mean, subject to the terms of the Lease, as amended hereby, two thousand eight hundred seventy-seven ten-thousandths percent (0.2877%), as the same may be increased or decreased pursuant to the terms of the Lease, as amended hereby, which was calculated using a denominator of two million four hundred thirty-two thousand eight hundred fifty-one (2,432,851).

(G) The following shall be deemed added to the Lease as a new Section 3.8 thereto:

"3.8 Risers.

Subject to the terms of this Section 3.8. Landlord hereby consents to Tenant's installing and maintaining electrical lines, telecommunications lines, or other similar lines, and conduits (collectively, the "Risers") in the shaft locations shown on Exhibit "C" attached to that certain Amendment of Lease, dated as of August 30, 2013 (the "Amendment"), between Landlord and Tenant and made a part thereof (the "Designated Shaftway"). Landlord shall provide Tenant with reasonably necessary access in accordance with good construction practice for the installation, operation and maintenance of the Risers, provided that such access shall (i) not unreasonably interfere with or interrupt the operation and maintenance of the Building, and (ii) be upon such other terms reasonably designated by Landlord. Tenant shall install the Risers at Tenant's expense. Tenant shall perform such installation in accordance with the provisions of this Lease, including, without limitation, the provisions pertaining to the performance of Alterations. If Tenant exercises Tenant's right to install the Risers as contemplated by this Section 3.8, then Tenant, at Tenant's expense, shall maintain the Risers in good condition during the Term. Landlord, at Landlord's cost and expense and at no cost to Tenant, and upon reasonable prior notice to Tenant of not less than ninety (90) days, may, at any time and from time to time during the Term, relocate any of the Risers; provided, however, that (i) Landlord shall perform such relocation in a manner that does not interfere with the operation of Tenant's business in any material respect during ordinary business hours or Business Days, and (ii) if Landlord's aforesaid relocation of any Risers would interfere in any respect with a system that Tenant uses on a continuous basis for the conduct of Tenant's business, then Landlord, prior to removing such Risers, shall install and make operative new Risers and cooperate with Tenant to enable Tenant to maintain the continuous operation of such systems. Tenant, upon the Expiration Date, shall not be required to remove the Risers."

(H) Section 5.1 of the Lease is hereby deleted in its entirety and the following shall be inserted in lieu thereof:

"5.1 Capacity.

Landlord shall provide to the electrical closet on the nineteenth (19th) floor of the Building for Tenant's use in the Premises, six (6) watts of electrical capacity (demand load) per square foot of Usable Area (exclusive of the electrical capacity

that is required to operate the Building Systems) (such electrical capacity being referred to herein as the "Base Electrical Capacity"). Tenant, during the Term, shall use electricity in the Premises only in such manner that complies with the requirements of the Utility Company. Tenant shall not permit the demand for electricity in the Premises to exceed the Base Electrical Capacity. The term "Usable Area" shall mean, with respect to a particular floor area, the usable area thereof (expressed as a particular number of square feet), as determined in accordance with The Recommended Method of Floor Measurement of Office Buildings, Effective January 1, 1987, as published by The Real Estate Board of New York, Inc."

(I) Pursuant to terms of Section 5.3(J) of the Lease, Landlord hereby exercises the Submeter Conversion Right with respect to the New Premises and the provisions of Section 5.4 of the Lease, as amended hereby, shall be deemed applicable with respect to the New Premises from and after the New Premises Effective Date. For the avoidance of doubt, the provisions of Sections 5.3(A)-(I) shall not be applicable to the New Premises from and after the New Premises Effective Date. Landlord shall use commercially reasonable efforts to coordinate the installation of the submeter or submeters in the New Premises simultaneously with the performance of Landlord's New Work (as hereinafter defined); it being understood that in the event that it is not reasonably practicable for Landlord to install the submeter or submeters in the New Premises simultaneously with the performance of Landlord's New Work, Landlord and Tenant shall cooperate with each other in good faith to coordinate the installation of such submeter or such submeters with Tenant's performance of the Initial Alterations in the New Premises.

(J) Section 5.4 of the Lease is hereby amended and modified to:

(i) delete from Section 5.4(B) thereof, the percentage "one hundred four percent (104%)" and to insert the percentage "one hundred seven percent (107%)" in lieu thereof;

(ii) insert in clause (ii) of Section 5.4(G) thereof, immediately after the words “installing a submeter or submeters in the Premises”, the words “or prior to the date on which such submeter or submeters become operational”;

(iii) delete from Section 5.4(G) thereof, the amount of “$.0045” therefrom and insert the amount of “$.0041” in lieu thereof;

(iv) insert in clause (ii) of Section 5.4(H) thereof, immediately after the words “installing a submeter or submeters in the Premises”, the words “or prior to the date on which such submeter or submeters become operational”; and

(v) delete from Section 5.4(H) thereof, the amount of “$.0089” and insert the amount of “$.0041” in lieu thereof.

(K) Sections 13.4, 14.1(A), 15.3(A), 15.3(B), 17.3(E)(2)(c)(ii) and 17.3(F)(3)(a) of the Lease shall be deemed amended and modified to insert after the words “the Tax Payment” in each section thereof, the words “and the Operating Expense Payment (as such term is defined in Section 2.5 hereof, as set forth in Exhibit “B” attached to the Amendment and made a part thereof), between Landlord and Tenant)” except that the language in the parenthetical shall only be added the first time such language is inserted into the Lease.

(L) Section 21.3(A)(2) of the Lease shall be deemed amended and modified to insert after the words “or Tax Payment” in the twelfth (12th) line thereof, the words “or Operating Expense Payment” in lieu thereof.

(M) The provisions set forth on Exhibit “B” attached hereto and made a part hereof are hereby added to the Lease as new Sections 2.5, 2.6, 2.7, 2.8 and 2.9 thereof.

6. Modification of Lease from and after the date hereof. From and after the date hereof, the Lease is hereby amended and modified as follows:

(A) The definition of the term "Taxes", as such term is defined in Section 2.1(E) of the Lease, is hereby amended and modified to:

(i) delete the word "and" at the end of clause (i) in the first (1st) sentence thereof;

(ii) insert the word ", fees" after the words "any taxes" at the beginning of clause (ii) in the first (1st) sentence thereof; and

(iii) insert the following words at the end of the first (1st) sentence thereof:", and (iii) any taxes, fees and assessments that are levied based on the extent of Landlord's or the Building's use of water or energy."

(B) Section 3.2 of the Lease is hereby amended and modified to:

(i) delete the word "or" at the end of subsection (4) thereof;

(ii) delete the period from the last line of subsection (5) thereof and insert a semi colon followed by the word "; or" in lieu thereof; and

(iii) insert the following as a new subsection (6) thereof:

"(6) for any pornographic or obscene purpose, any commercial sex establishment, any pornographic, obscene, nude or semi-nude performances, modeling or sexual conduct of any kind."

(C) Section 7.4(B) is hereby deleted in its entirety and the following is deemed inserted in lieu thereof:

"Prior to performing any Alteration, Tenant shall maintain on behalf of its contractors (of any tier) and vendors or cause its contractors (of any tier) and vendors to maintain (1) worker's compensation and disability insurance in amounts not less than the statutory limits required by Requirements (covering all persons to be employed by Tenant, and Tenant's contractors, subcontractors, and vendors in connection with such Alteration); (2) commercial general liability insurance (covering bodily injury including death, personal injury and property damage), in each case in customary form, and in amounts that are not less than Five Million Dollars ($5,000,000) per occurrence and in the annual policy aggregate with respect to general contractors and Three Million Dollars ($3,000,000) per occurrence and in the annual policy aggregate with respect to

subcontractors, such policies shall be endorsed to name the Landlord Indemnitees as additional insureds; it being understood that the foregoing insurance shall be required in addition to Tenant's Liability Policy; and (3) commercial auto liability insurance, if the contractor or vendor uses a vehicle at the Real Property, covering all vehicles with a minimum combined single limit of One Million Dollars ($1,000,000). A contractor's or vendor's liability shall in no way be limited by the amount of insurance recovery or the amount of insurance in force, or available, or required by any provisions of this Lease. The limits listed above are minimum requirements only. Tenant shall include in any agreement that Tenant consummates with a contractor or vendor in either case for a particular Alteration, and Tenant shall cause any contractor to include in any agreement that such contractor consummates with a subcontractor regarding the applicable Alteration, a provision pursuant to which the contractor, subcontractor or vendor agrees to indemnify the Landlord Indemnitees, and hold the Landlord Indemnitees harmless, from and against, any Claim Against Landlord that arises from any wrongful act or wrongful omission of such contractor, such subcontractor or such vendor, and such provision shall state expressly that the Landlord Indemnitees constitute third-party beneficiaries thereof. Prior to the start of any such Alterations and prior to the expiration of any policy, Tenant shall deliver to Landlord certificates of insurance (on a form reasonably acceptable to Landlord) along with copies of endorsements naming Landlord Indemnitees as additional insureds. The liabilities of any contractor or vendor shall survive and not be terminated, reduced or otherwise limited by any expiration or termination of such insurance coverage. Neither approval nor failure to disapprove insurance furnished by the contractor or vendor shall relieve the contractor, its subcontractors or vendors from responsibility to provide insurance as required herein."

(D) Section 7.10 of the Lease is hereby amended and modified to insert the following at the end thereof:

"If Tenant requests during the Term that Landlord coordinate and supervise any Alterations then Landlord shall do so for an arm's length fee agreed to by Landlord and Tenant."

(E) Section 11.1(A) of the Lease is hereby amended and modified to (i) delete the word "and" from the fourth (4th) line thereof and (ii) insert after the word "Premises" and before the period on the sixth (6th) line thereof, the words "and (iv) Local Law No. 88 of the City of New York".

(F) Sections 17.4(J) and (K) of the Lease are hereby amended and modified to insert after the word "Building" and before the semicolon on the last line thereof, the words "or in any of the buildings owned by Landlord's Affiliates and known as Two Penn Plaza and/or Eleven Penn Plaza".

(G) Section 19.1 of the Lease is hereby amended and modified to:

(i) delete the word “or” at the end of subsection (H) thereof;

(ii) delete the period from the last line of subsection (I) thereof and insert a semicolon followed by the word “; or” in lieu thereof; and

(iii) insert the following as a new subsection (J) thereto:

“(J) an Insolvency Event occurs.”

(H) Section 19.2 of the Lease is hereby amended and modified to insert the following at the end thereof:

“provided, however, that if the Event of Default derives from an Insolvency Event, then the provisions of Article 20 hereof shall apply. Notwithstanding anything to the contrary contained in this Article 19, in the event of a monetary default by Tenant under this Lease, Landlord retains its right to avail itself of any and all remedies provided for in Section 711(2) of the New York Real Property Actions and Proceedings Law (the “RPAPL”) and, in the event that Landlord elects to avail itself of its rights thereunder, no Event of Default need be declared by Landlord and no notices need be served by Landlord under this Article 19 or this Lease; instead, in such instances, Landlord shall be required to serve upon Tenant only such notice(s) as may be required by said Section 711(2) of the RPAPL including, without limitation, a statutory demand for rent.”

(I) Section 27.1 of the Lease is hereby amended and modified to delete the names “Daniel E. North” and “Joseph Macnow” therefrom and insert the titles “President - New York Division” and “Executive Vice President - Finance and Administration and Chief Financial Officer”, respectively, in lieu thereof.

(J) As of the date hereof, subject to and in accordance with the provisions of Article 23 of the Lease, as amended hereby, Tenant has deposited the Letter of Credit with Landlord to be held as security for the performance of Tenant’s obligations under the Lease, as amended hereby. Notwithstanding anything to the contrary contained in the Lease, including,

without limitation, Article 23 thereof, all references in the Lease to the "Cash Security Deposit" are hereby deleted; it being the intent and purpose hereof that Tenant shall not have the right to maintain the security deposit in the form of cash.

(K) The Lease shall be deemed modified to insert after the words "generally accepted accounting principles" each time such words shall appear, the words "or, international financial reporting standards, if and when the same may be adopted, as the case may be".

7. Condition of Premises. (A) Tenant acknowledges that Landlord has made no representations to Tenant with respect to the condition of the Original Premises. Tenant acknowledges that it is currently occupying the Original Premises and agrees to take the same "as is" in the condition existing on the date hereof and that, notwithstanding anything to the contrary contained in the Lease, as amended by this Amendment, Landlord shall have no obligation to perform any work, provide any work allowance or rent credit, alter, improve, decorate, or otherwise prepare the Original Premises for Tenant's continued occupancy.

(B) Tenant represents that it has made a thorough inspection of the New Premises and, subject to the provisions of Paragraph 8 hereof, agrees to take the New Premises in its "as-is" condition existing on the New Premises Commencement Date. Tenant further acknowledges and agrees that notwithstanding anything to the contrary contained in the Lease, as amended hereby, Landlord has made no representations with respect to the New Premises and Landlord shall have no obligation to perform any work (other than Landlord's New Work) provide any work allowance or rent credit (other than as expressly set forth in Paragraph 5(A)(i) hereof), alter, improve, decorate, or otherwise prepare the New Premises for Tenant's occupancy prior to the New Premises Commencement Date. On the New Premises Commencement Date, the New Premises shall be in broom clean condition. Promptly following the New Premises Commencement Date, Landlord shall deliver to Tenant a form ACP-5 (or the then current equivalent thereof) covering the New Premises.

8. Landlord's New Work. (A) Landlord shall, at Landlord's expense, perform the work necessary to modify the Premises in accordance with the New Work Final Plans (as hereinafter defined) to be prepared by Spin Design, Inc. ("Architect"), at Landlord's own cost and expense, which New Work Final Plans shall be based upon that certain drawing identified as SP-1, prepared by Architect and dated May 10, 2013 (the "New Work Final Space Plan"), a copy of which is attached hereto as Exhibit "D" and made a part hereof (such work, "Landlord's New Work"). Landlord shall perform Landlord's New Work using materials and finishes which are reasonably comparable to the materials and finishes installed in the Original Premises (such materials and finishes, "Building Standard Installations"). Notwithstanding the foregoing to the contrary, Landlord shall not be obligated to install any supplemental air-conditioning system furniture or built-ins or telecommunication wiring or equipment even if same are shown on the Tenant's New Work Initial Plans (as hereinafter defined), the New Work Final Space Plan or the New Work Final Plans.

(B) Tenant shall cause Architect to deliver to Landlord on or prior to September 1, 2013 (the "Plan Deadline") in the manner set forth in Paragraph 8(D) hereof, six (6) copies of the plans ("Tenant's New Work Initial Plans") for Landlord's New Work, which shall be (x) one hundred percent (100%) complete and ready to bid and build (including, without limitation, layout, architectural, mechanical, structural, engineering and plumbing drawings, to the extent applicable), (y) stamped and approved by Architect, and (z) in format containing sufficient detail (i) for Landlord and Landlord's consultants to reasonably assess the proposed work to prepare the New Premises for Tenant's initial occupancy, and (ii) to permit Landlord to

make all necessary filings with Governmental Authorities to obtain the required permits, approvals and certificates to allow Landlord to commence Landlord's New Work (the requirements set forth in clauses (x)-(z) hereof, the "Plan Requirements").

(C) Tenant shall cause Architect to revise Tenant's New Work Initial Plans if and to the extent that Landlord objects or comments thereto and deliver to Landlord in the manner set forth in Paragraph 8(D) hereof, six (6) copies of Tenant's New Work Initial Plans, as so revised, which revised plans shall (i) address all of Landlord's objections and comments to Landlord's reasonable satisfaction and (ii) satisfy all of the Plan Requirements (the Tenant's New Work Initial Plans either (x) revised as aforesaid, or (y) if Landlord shall not object or comment thereto, as applicable, shall constitute the "New Work Final Plans"). Tenant shall deliver or cause Architect to deliver the New Work Final Plans to Landlord on or prior to the earlier to occur of (x) the date which is five (5) days following the date that Landlord gives Tenant Landlord's objections and/or comments, if any, to Tenant's New Work Initial Plans and (y) October 1,2013 (such earlier date, the "Revision Deadline").

(D) Notwithstanding anything to the contrary set forth in this Lease, Tenant shall (I) deliver or cause Architect to deliver (x) five (5) copies of Tenant's New Work Initial Plans and the New Work Final Plans to Landlord at the Building, Attention: Property Manager and (y) one (1) copy of Tenant's New Work Initial Plans and the New Work Final Plans to Landlord, c/o Vornado Office Management LLC, 888 Seventh Avenue, 44th Floor, New York, New York 10019, Attention: Steve Sonitis and (II) cause Tenant's New Work Initial Plans and the New Work Final Plans to be clearly labeled in large, bold, capitalized font on the exterior thereof **"TENANT'S PLANS ENCLOSED- TIME SENSITIVE".**

(E) Landlord shall perform Landlord's New Work in a good and workmanlike manner. Landlord shall perform Landlord's New Work in accordance with all applicable Requirements.

(F) On or prior to five (5) Business Days after Landlord's rendition of a statement therefor, Tenant shall pay Landlord for Landlord's actual, out-of-pocket costs to perform any Tenant New Extra Work, which statement shall have annexed thereto documentation that reasonably substantiates the charges set forth thereon. For purposes hereof, the term "Tenant New Extra Work" shall mean collectively, (i) any above Building Standard Installations (to the extent the hard and soft costs incurred in connection with performing the applicable portion of Landlord's New Work in connection therewith exceed the hard and soft costs which Landlord would have incurred in performing such portion of Landlord's New Work using Building Standard Installations), and/or (ii) any portion of Landlord's New Work that is denoted on the New Work Final Plans (including, without limitation, the "Note" and "Legends" sections of the New Work Final Plans) as "Alternate Pricing", "Alt. Pricing" or similar language denoting any alternatives from the New Work Final Space Plan. The cost for performing any Tenant New Extra Work shall be determined in accordance with Landlord's standard bidding procedure. Notwithstanding the foregoing to the contrary, Landlord shall have the right to let the construction contract to the lowest responsible bidder without taking into account the cost of any items of Tenant New Extra Work (with the understanding that Landlord shall have the right to exercise Landlord's reasonable business judgment in selecting the form of contractual arrangement for the construction contract). Landlord shall notify Tenant pursuant to Paragraph 8(K) hereof as promptly as reasonably practicable after Landlord's bidding procedure is completed of the estimated price for each item of Tenant New Extra Work. On or prior to five

(5) Business Days after Landlord gives Tenant notice of such estimated price, Tenant shall notify Landlord if Tenant (w) elects for Landlord to perform such items of Tenant New Extra Work, (x) elects for Landlord not to perform a particular item of Tenant New Extra Work and instead elects to have Landlord perform the particular item of work at Landlord's cost using a Building Standard Installation (if such item is capable of being replaced with a Building Standard Installation), (y) elects to choose a finish or specification that costs less than the original estimated price given by Landlord to Tenant but for which Tenant would pay Landlord pursuant to the terms of this Paragraph 8(F), or (z) elects, at Tenant's cost and expense, to perform such item of Tenant New Extra Work itself, in which event Tenant shall perform such item as an Alteration; provided, however, Landlord shall be permitted to install a Building Standard Installation or otherwise in lieu of any such item if Tenant's delay in performing such item would delay Landlord's New Work. If Tenant elects the immediately preceding clause (z), then such item of work shall be performed by Tenant as an Alteration, in accordance with the applicable terms and provisions of the Lease, as amended hereby, governing Alterations except that such item of work shall be deemed to be approved by Landlord to the extent Tenant performs such item or work in accordance with the New Work Final Plans; it being understood, however, that Landlord shall be deemed to have Substantially Completed Landlord's New Work even if certain items are incomplete as a result of Tenant's failure to complete any portion of Tenant New Extra Work. In the event that any item of Tenant New Extra Work creates a field condition that requires a change to Landlord's New Work resulting in an increase of the cost of Landlord's New Work Landlord shall have the right before proceeding with such change to require Tenant (x) to agree in writing to such increase in cost within two (2) Business Days from the date of Landlord's request (which request may be verbal) for Tenant's agreement and (y) to

pay such increase within five (5) Business Days of Landlord's invoice therefor; it being understood, however, that Landlord shall not have the aforesaid right unless such field condition arises as a result of any item of Tenant New Extra Work. If Tenant shall fail or refuse to so agree to and/or pay for such increase then Landlord shall have the right (but not the obligation) to either refuse to perform such Tenant New Extra Work, and continue the performance of Landlord's New Work without making the changes thereto contemplated by such Tenant New Extra Work or to revise the scope of Landlord's New Work so as not to require a change resulting from a field condition.

(G) Landlord shall have the right to delegate Landlord's obligations to perform all or any portion of Landlord's New Work to an affiliate of Landlord (it being understood, however, that Landlord's delegating such obligations to an affiliate of Landlord shall not diminish Landlord's liability for the performance of Landlord's New Work in accordance with the terms of this Paragraph 8). Landlord shall also have the right to assign to such affiliate of Landlord the rights of Landlord hereunder to receive from Tenant the payments for the performance of the portions of Landlord's New Work pursuant to Paragraph 8(F) hereof (it being understood that if (i) Landlord so assigns such rights to such affiliate of Landlord, and (ii) Landlord gives Tenant notice thereof, then Tenant shall pay directly to such affiliate any such amounts otherwise due and payable to Landlord hereunder). Landlord shall not be required to maintain or repair during the Term any items of Landlord's New Work except as otherwise expressly provided in the Lease, as amended hereby, it being agreed that Landlord shall make available to Tenant all guaranties or warranties received by Landlord in connection with Landlord's New Work to the extent such guaranties and warranties shall not be rendered invalid thereby.

(H) The following terms shall have the following meanings:

(i) The term "Long Lead Work" shall mean any item which is not a stock item and must be specially manufactured, fabricated or installed or is of such an unusual, delicate or fragile nature that there is a substantial risk that (i) there will be a delay in its manufacture, fabrication, delivery or installation, or (ii) after delivery of such item will need to be reshipped or redelivered or repaired so that, in Landlord's reasonable judgment, the item in question cannot be completed when the standard items are completed even though the items of Long Lead Work in question are (1) ordered together with the other items required and (2) installed or performed (after the manufacture or fabrication thereof) in order and sequence that such Long Lead Work and other items are normally installed or performed in accordance with good construction practice. In addition, Long Lead Work shall include any standard item, which in accordance with good construction practice should be completed after the completion of any item of work in the nature of the items described in the immediately preceding sentence. Landlord shall notify Tenant in accordance with Paragraph 8(K) hereof, if any items on the New Work Final Plans constitute items of Long Lead Work and advise Tenant of the reasonably anticipated time period for the delivery of such items, and subject to the terms hereof, Tenant shall have two (2) Business Days from receipt of such notice to revise such plans to change or remove such items; provided, however, in such event, to the extent Tenant revises the New Work Final Plans, any period beyond such two (2) Business Day period shall constitute a Tenant Work Delay, subject to the terms of Paragraph 8(H)(ii) hereof.

(ii) The term "Tenant New Work Delays" shall mean Tenant's acts or omissions (including, without limitation, (w) changes or change orders to plans or finishes, (x) the failure to deliver or cause Architect to deliver Tenant's New Work Initial Plans to Landlord on or prior to the Plan Deadline, and/or the failure to deliver or cause Architect to deliver the New Work Final Plans to Landlord on or prior to the Revision Deadline, in either case in compliance with the Plan Requirements and in accordance with the provisions of Paragraph 8(D) hereof, (y) delays or failures to notify or respond to requests of Landlord and/or (z) the failure to make any of the payments required by Paragraph 8(F) hereof within the time periods specified therein) that delay Landlord in the performance of Landlord's New Work.

(I) Notwithstanding the provisions of Paragraph 5(A) hereof to the contrary, in the event that Substantial Completion of Landlord's New Work shall be delayed by reason of any Tenant New Work Delays and/or items of Long Lead Work, then only for purposes of determining the date on which the New Premises Rent Commencement Date shall occur, the New Premises Commencement Date and the Substantial Completion of Landlord's New Work shall each be deemed to have occurred on the date the same would have otherwise occurred but for such Tenant New Work Delays and/or such items of Long Lead Work, notwithstanding that Landlord has not yet delivered possession of the New Premises to Tenant.

(J) Tenant during the Term, shall not remove Landlord's New Work or any portion thereof (or Alterations that replace Landlord's New Work (or such portion thereof) unless Tenant replaces Landlord's New Work (or such portion thereof), or such Alterations, as the case may be, with Alterations that have a fair value that is equal to or greater than such portion of Landlord's New Work (it being understood that such Alterations that Tenant performs to replace Landlord's New Work (or such portion thereof), or such other Alterations, as the case may be, shall constitute the property of Landlord as contemplated by this Paragraph 8(J).

(K) Notwithstanding the provisions of Article 27 of the Lease, as amended hereby to the contrary, any notices required to be given pursuant to this Paragraph 8 shall be deemed given if sent to Tenant via electronic mail to the attention of Tom Biancardi at tom.biancardi@ophthotech.com.

9. Tenant's Early Termination Right. (A) Subject to the terms of this Paragraph 9, Tenant shall have the one-time only right to terminate the Lease, as amended hereby ("Tenant's Termination Right"), effective as of the last day of the month in which the day immediately preceding the date that is four (4) years after the New Premises Rent Commencement Date occurs (such last day of the month in which the day immediately preceding the date that is four (4) years after the New Premises Rent Commencement Date occurs being referred to herein as the "Tenant's Termination Date") provided that (i) no Event of Default has occurred and is then continuing on the date that Tenant gives Landlord the Tenant's Termination Notice and (ii) Ophthotech Corporation is the Tenant hereunder on the date that Tenant gives Landlord the Tenant's Termination Notice (as hereinafter defined). Tenant shall have the right to exercise Tenant's Termination Right effective as of Tenant's Termination Date only by giving notice thereof (a "Tenant's Termination Notice") to Landlord not later than the date which is three hundred sixty-five (365) days prior to the Tenant's Termination Date (as to which date time shall be of the essence). Tenant's exercise of Tenant's right to terminate the Lease, as amended hereby, as provided in this Paragraph 9 shall be ineffective unless Tenant pays to Landlord, on the date that Tenant gives the Termination Notice to Landlord, an amount equal to the Termination Payment (as hereinafter defined), as additional rent. If Tenant effectively exercises

Tenant's right to terminate the Lease, as amended hereby, as of Tenant's Termination Date as provided in this Paragraph 9, then Tenant, on Tenant's Termination Date, shall vacate the Premises and surrender the Premises to Landlord in accordance with the terms of this Lease, as amended hereby, that govern Tenant's obligations upon the expiration or earlier termination of the Term.

(B) The term "Termination Payment" shall mean an amount equal to Two Hundred Fifty-Four Thousand Eight Hundred Twenty-Seven and 24/100 Dollars ($254,827.24) which amount represents the sum of (I) the cost of Landlord's New Work, the free rent to which Tenant is entitled pursuant to this Amendment, and the brokerage commission that Landlord pays in connection with this Amendment, to the extent that such amount remains unamortized as of the Tenant's Termination Date (assuming that such amount is amortized, in equal monthly installments, over the period from the date that Landlord incurs the applicable cost to the New Expiration Date, with an interest factor equal to eight percent (8%)) plus (II) an amount equal to the product obtained by multiplying (x) the Fixed Rent due hereunder for the calendar month immediately preceding the calendar month during which Tenant's Termination Date occurs (without taking into account any abatement or credit to which Tenant may be entitled during such month hereunder), by (y) three (3).

10. Use of Freight Elevator During Overtime Periods. Notwithstanding the provisions of Section 4.2(B) of the Lease to the contrary, Tenant shall not be required to pay for the first ten (10) hours of Tenant's overtime use of the freight elevator only for Tenant's initial move from the Original Premises into the New Premises (but not for purposes associated with the ordinary conduct of Tenant's business).

11. Liability of Landlord. The obligations of Landlord under the Lease, as amended by this Amendment, shall not be binding upon the Person that constitutes Landlord initially after the sale, conveyance, assignment or transfer by such Person of its interest in the Building or the Real Property, as the case may be (or upon any other Person that constitutes Landlord after the sale, conveyance, assignment or transfer by such Person of its interest in the Building or the Real Property, as the case may be), to the extent such obligations accrue from and after the date of such sale, conveyance, assignment or transfer. The members, managers, partners, shareholders, directors, officers and principals, direct and indirect, comprising Landlord (collectively, the "Parties") shall not be liable for the performance of Landlord's obligations under the Lease, as amended by this Amendment. Tenant shall look solely to Landlord to enforce Landlord's obligations under the Lease, as amended by this Amendment and shall not seek any damages against any of the Parties. The liability of Landlord for Landlord's obligations under the Lease, as amended by this Amendment, shall be limited to Landlord's interest in the Real Property and the proceeds thereof. Tenant shall not look to any property or assets of Landlord (other than Landlord's interest in the Real Property and the proceeds thereof) in seeking either to enforce Landlord's obligations under the Lease, as amended hereby, or to satisfy a judgment for Landlord's failure to perform such obligations.

12. Brokerage.

(A) Tenant represents and warrants to Landlord that it has not dealt with any broker, finder or like agent in connection with this Amendment other than CBRE Inc. ("Broker"). Tenant does hereby indemnify and hold Landlord harmless of and from any and all loss, costs, damage or expense (including, without limitation, attorneys' fees and disbursements) incurred by Landlord by reason of any claim of or liability to any broker, finder or like agent other than Broker who shall claim to have dealt with Tenant in connection herewith.

(B) Landlord represents and warrants to Tenant that it has not dealt with any broker, finder or like agent in connection with this Amendment other than Broker. Landlord does hereby indemnify and hold Tenant harmless of and from any and all loss, costs, damage or expense (including, without limitation, attorneys' fees and disbursements) incurred by Tenant by reason of any claim of or liability to any broker, finder or like agent, including Broker, who shall claim to have dealt with Landlord in connection herewith. Landlord shall pay a commission to Broker in connection with this amendment pursuant to a separate agreement between Broker and Landlord.

(C) The provisions of this Paragraph 12 shall survive the expiration or termination of the Lease, as amended by this Amendment.

12. Authorization. Tenant represents and warrants to Landlord that its execution and delivery of this Amendment has been duly authorized and that the person executing this Amendment on behalf of Tenant has been duly authorized to do so, and that no other action or approval is required with respect to this transaction. Landlord represents and warrants to Tenant that its execution and delivery of this Amendment has been duly authorized and that the person executing this Amendment on behalf of Landlord has been duly authorized to do so, and that no other action or approval is required with respect to this transaction.

13. Full Force and Effect of Lease. Except as modified by this Amendment, the Lease and all covenants, agreements, terms and conditions thereof shall remain in full force and effect and are hereby in all respects ratified and confirmed.

14. Entire Agreement. The Lease, as amended by this Amendment, constitutes the entire understanding between the parties hereto with respect to the Premises thereunder and may not be changed orally but only by an agreement in writing signed by the party against whom enforcement of any waiver, change, modification or discharge is sought.

15. Enforceability. This Amendment shall not be binding upon or enforceable against either Landlord or Tenant unless, and until, Landlord and Tenant, each in its sole discretion, shall have executed and unconditionally delivered to the other an executed counterpart of this Amendment.

16. Counterparts. This Amendment may be executed in one or more counterparts each of which when taken together shall constitute but one original.

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IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the date first above written.

ONE PENN PLAZA LLC, Landlord

By: Vornado Realty L.P., sole member

By: Vornado Realty Trust, general partner

By: /s/ David R. Greenbaum
David R. Greenbaum
President - New York Division

OPHTHOTECH CORPORATION. Tenant

By: _____
Name:
Title:

TENANT'S EIN#: _____

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the date first above written.

ONE PENN PLAZA LLC, Landlord

By: Vornado Realty L.P., sole member

By: Vornado Realty Trust, general partner

By: _____
David R. Greenbaum
President - New York Division

OPHTHOTECH CORPORATION. Tenant

By: /s/ Thomas Biancardi
Name: Thomas Biancardi
Title: VP Finance

TENANT'S EIN#: 20 818 5347

UNIFORM FORM CERTIFICATE OF ACKNOWLEDGMENT
(Within New York State)

STATE OF _____)
: ss.:
COUNTY OF _____)

On the __ day of _____, in the year 2013, before me, the undersigned personally appeared _____, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

_____
Notary Public

UNIFORM FORM CERTIFICATE OF ACKNOWLEDGMENT
(Outside of New York State)

STATE OF NJ)
: ss.:
COUNTY OF Mercer)

On the 27 day of August, in the year 2013, before me, the undersigned, personally appeared Tom Biancarcli, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument, and that such individual made such appearance before the undersigned in the Princeton, NJ (Insert the city or other political subdivision and the state or country or other place the acknowledgement was taken.)

/s/ Melanie Rice
Melanie J. Rice
A NOTARY PUBLIC OF NEW JERSEY
My Commission Expires June 12, 2017

/s/ Tom Biancardi
(Signature and office of individual
taking acknowledgement)

Exhibit “A”

New Premises

One Penn Plaza (N001)
Floor 19

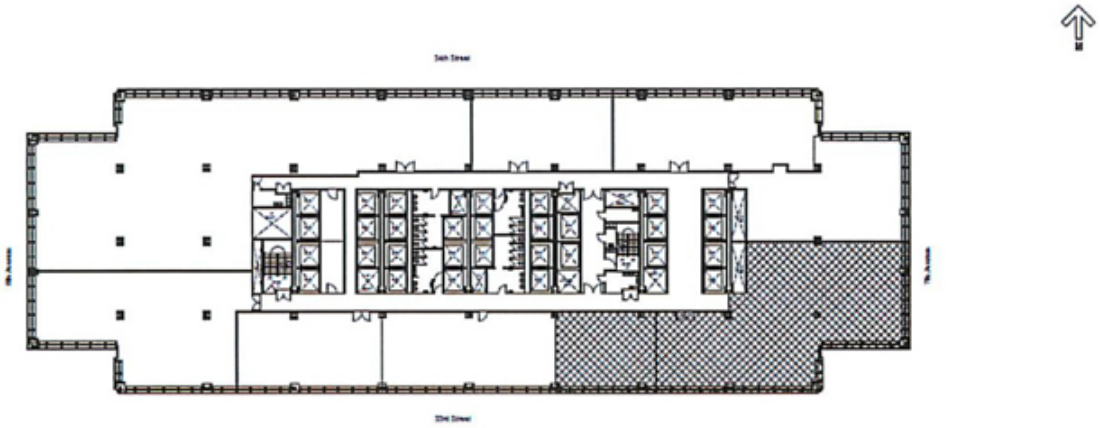


Exhibit "B

New Lease Sections 2.5, 2.6, 2.7, 2.8 and 2.9

2.5. Operating Expense Definitions.

(A) The term "Base Operating Expenses" shall mean the Operating Expenses for the Base Operating Expense Year.

(B) The term "Base Operating Expense Year" shall mean the 2014 calendar year.

(C) The term "GAAP" shall mean generally accepted accounting principles, consistently applied, except that if, at any time from and after the date hereof, the American Institute of Certified Public Accountants adopts international financial reporting standards as the basis for financial reporting in the United States, then references in this Lease to GAAP shall be deemed to be references to such international financial reporting standards, consistently applied.

(D) The term "Operating Expenses" shall mean, subject to the terms of this Section 2.5 and to Section 2.6(C) hereof, the expenses paid or incurred by or on behalf of Landlord in insuring, maintaining, repairing, managing and operating the Real Property (and employing personnel therefor) as reflected on Landlord's books (which Landlord shall keep in accordance with GAAP). Landlord shall have the right to include in Operating Expenses for a particular Operating Expense Year a property management charge in an amount equal to the product obtained by multiplying (i) three percent (3%), by (ii) the gross rents that Landlord collects from Tenant and the other tenants in the Building during such Operating Expense Year (such amount being referred to herein as the "Property Management Charge"). Operating Expenses shall exclude:

(1) Taxes,

(2) Excluded Amounts,

(3) subject to Section 2.6(C) hereof, payments of interest or principal in respect of Landlord's debt (including, without limitation, any debt that is secured by Mortgages),

(4) expenses that relate to leasing space in the Building (including, without limitation, the cost of tenant improvements (or allowances that Landlord provides to a tenant therefor), the cost of performing improvements to prepare a particular portion of the Building for occupancy by a tenant, the cost of rent concessions, advertising expenses, leasing commissions and the cost of lease buy-outs),

(5) expenses that Landlord incurs in selling, purchasing, financing or refinancing the Real Property,

(6) the cost of any repairs, replacements or improvements to the Building that are required to be capitalized by GAAP (including, without limitation, lease obligations that are required to be capitalized under GAAP) (except in each case as otherwise provided in Section 2.6(C) hereof),

(7) depreciation or amortization expense (subject, however, to Section 2.6(C) hereof),

(8) the cost of electricity that is furnished to the portions of the Building that Landlord has leased, that Landlord is offering for lease, or that otherwise constitutes leasable space that is not used for the general benefit of the occupants the Building (it being understood that Operating Expenses shall include the cost of electricity that is required to operate the Building Systems as provided in Section 2.6(B) hereof),

(9) salaries and the cost of benefits in either case for personnel above the grade of building manager,

(10) charges for the general overhead costs that Landlord incurs in managing, operating, maintaining, or staffing its offices that are not located at the Building,

(11) rent paid or payable under Superior Leases (except to the extent that (I) such rent that is paid or payable under Superior Lease is for Taxes or Operating Expenses, and (II) Landlord has not otherwise included such Taxes or Operating Expenses in the calculation of the Tax Payment or the Operating Expense Payment, as the case may be, under this Article 2),

(12) subject to Section 2.6 hereof, any expense for which Landlord is otherwise compensated, whether by virtue of insurance proceeds, condemnation proceeds, claims under warranties, Tenant or other tenants in the Building making payment directly to Landlord for Landlord's services in the Building or otherwise (other than by virtue of other tenants in the Building making payments to Landlord for Operating Expenses as escalation rental),

(13) the cost of providing any level of service that exceeds the level of service that Landlord furnishes to Tenant hereunder,

(14) legal or arbitration fees and disbursements that are paid or incurred in connection with the negotiation of, or disputes arising out of, any lease for space in the Real Property,

(15) costs that Landlord incurs in restoring the Building after the occurrence of a fire or other casualty or after a partial condemnation thereof,

(16) advertising, entertainment and promotional costs that are paid or incurred for the Building,

(17) management fees that Landlord pays to a property manager (it being understood, however, that nothing in this clause (17) limits Landlord's right to include in Operating Expenses the Property Management Charge),

(18) the expenses paid or incurred by or on behalf of Landlord in owning, maintaining, repairing, managing and operating the portion of the Real Property that is used for retail purposes,

(19) any fee or expenditure that is paid or payable to any Affiliate of Landlord to the extent that such fee or expenditure exceeds the amount that would be reasonably expected to be paid in the absence of such relationship,

(20) interest, penalties and late charges that in either case are paid or incurred as a result of late payments made by Landlord or by reason of Landlord's failure to comply with Requirements (to the extent that Landlord is required to comply with such Requirements pursuant to the terms hereof),

(21) costs incurred in operating any sign or other similar device designed principally for advertising or promotion to the extent that Landlord leases or licenses to a third party such sign or device, or the portion of the Building where such sign or device is installed,

(22) the cost of any judgment, settlement, or arbitration award resulting from any liability of Landlord (other than liability for amounts otherwise includible in Operating Expenses hereunder) and all expenses incurred in connection therewith,

(23) amounts payable by Landlord for withdrawal liability or unfunded pension liability to a multi-employer pension plan (under Title IV of the Employee Retirement Income Security Act of 1974, as amended),

(24) costs incurred by Landlord which result from Landlord's breach of this Lease or Landlord's negligence or willful misconduct,

(25) costs that Landlord incurs to correct a representation made by Landlord in this Lease,

(26) fines or penalties that are assessed against Landlord by a Governmental Authority by virtue of violations at the Building of applicable Requirements,

(27) fees, dues or contributions that Landlord pays voluntarily to civic organizations, charities, political parties or political action committees,

(28) the cost of providing HVAC during Overtime Periods to portions of the Building that Landlord has leased, that Landlord is offering for lease, or that otherwise constitutes leasable space that is not used for the general benefit of the occupants the Building (except that Landlord shall have the right to include in Operating Expenses the cost of providing HVAC during Overtime Periods that Landlord ordinarily supplies to the Building generally in accordance with good management practices),

(29) the cost of providing freight elevator or loading dock service during Overtime Periods (except that Landlord shall have the right to include in Operating Expenses the cost of providing freight elevator or loading dock service during Overtime Periods that Landlord ordinarily supplies to the Building generally in accordance with good management practices),

(30) the cost of objects of fine art that Landlord installs in the Building (with the understanding, however, that (x) Landlord shall have the right to include in Operating Expenses the cost of fine art that Landlord installs in the Building to the extent that such installation is required by applicable Requirements (subject, however, to Section 2.6(C) hereof), and (y) nothing contained in this clause (30) precludes Landlord from including in Operating Expenses the cost of maintaining and repairing objects of fine art that Landlord installs in the common areas of the Building),

(31) costs associated with the construction, installation, repair or operation of any broadcasting facility, conference center, luncheon club, athletic facility, child care facility, auditorium, cafeteria, or any other similar specialty facility, except to the extent that any such facility exists in the Building as of the date hereof for the general benefit of tenants in the Building,

(32) costs that Landlord incurs in operating an ancillary service in the Building in respect of which users pay a separate charge (such as a shoe shine stand, a newsstand, a stationery store or a parking facility),

(33) costs that are duplicative of any other cost that is included in Operating Expenses,

(34) costs that Landlord incurs in organizing or maintaining in good standing the entity that constitutes Landlord, or in authorizing Landlord to do business in the jurisdiction where the Building is located,

(35) the portion of any costs that are properly allocable to any building other than Building,

(36) costs incurred in connection with the acquisition or sale of air rights, transferable development rights, easements or other real property interests, and

(37) costs incurred in connection with expanding the Rentable Area of the Building.

(E) The term "Operating Expense Payment" shall mean, with respect to any Operating Expense Year, the product obtained by multiplying (i) the excess (if any) of (A) the Operating Expenses for such Operating Expense Year, over (B) the Base Operating Expenses, by (ii) Tenant's Operating Expense Share.

(F) The term "Operating Expense Statement" shall mean a statement that shows the Operating Expense Payment for a particular Operating Expense Year.

(G) The term "Operating Expense Year" shall mean the Base Operating Expense Year and each subsequent calendar year.

(H) The term "Tenant's Operating Expense Share" shall mean, subject to the terms hereof, three thousand two hundred ninety-nine ten-thousandths percent (0.3299 %), as the same may be increased or decreased pursuant to the terms of the Lease, as amended hereby, which was calculated using a denominator of two million one hundred twenty-one thousand four hundred thirty-five (2,121,435).

2.6. Calculation of Operating Expenses.

(A)

(1) Subject to the terms of this Section 2.6(A), if the entire Rentable Area of the Building (other than the retail portion thereof) is not occupied by Persons conducting business therein for the entire Operating Expense Year, then, for purposes of calculating the Operating Expense Payment, Landlord shall have the right to increase Operating Expenses that vary based on the extent to which the Building is so occupied by the amount that Landlord would have included in Operating Expenses if the entire Rentable Area of the Real Property (other than the retail portion thereof) was occupied by Persons conducting business therein for the entire Operating Expense Year.

(2) Subject to the terms of this Section 2.6(A), if (i) for any particular period, Landlord performs a particular service or a particular level of service for the benefit of Tenant in operating the Real Property, (ii) Tenant does not otherwise pay to Landlord additional rent for the costs incurred by Landlord in performing such service or such level of service, (iii) Landlord includes the cost of performing such service or such level of service in Operating Expenses for purposes of calculating the Operating Expense Payment for the applicable Operating Expense Year, and (iv) Landlord does not perform such service or such level of service for the benefit of all of the other portions of the Real Property that are occupied by Persons conducting business therein for the applicable period, then, for purposes of calculating the Operating Expense Payment, Landlord shall have the right to increase Operating Expenses that vary based on the extent to which Landlord performs such service or such level of service for the benefit of occupants of the Building by the amount that Landlord would have included in Operating Expenses if Landlord performed such service or such level of service for the entire Rentable Area of the Real Property (other than the retail portion thereof) that is occupied by Persons conducting business therein for the applicable period.

(3) Subject to the terms of this Section 2.6(A), if Landlord does not collect rents for all or any portion of the leasable space in the Building for any particular Operating Expense Year (or a portion thereof), then Landlord shall have the right to increase Operating Expenses to reflect the Property Management Charge that Landlord would have incurred if Landlord had collected rents for the entire applicable Operating Expense Year for all of the leasable area in the Building. If (x) a lease for the leasable space in the Building (or a portion thereof) is in effect, and (y) Landlord does not collect rent therefor for any reason (including, without limitation, the effectiveness of a rent abatement or the tenant's default under the applicable lease), then Landlord shall calculate the Property Management Charge as provided in this Section 2.6(A)(3) at the rental rate that applies thereunder (it being understood that if a rental abatement is in effect, then the Property Management Charge shall be calculated at the rental rate that applies immediately after the last day of the abatement period). If a lease for the leasable space in the Building (or a portion thereof) is not in effect, then Landlord shall calculate the Property Management Charge as provided in this Section 2.6(A)(3) at the then market rental rate.

(4) Subject to the terms of this Section 2.6(A), if Landlord, during a particular Operating Expense Year (or a portion thereof), does not perform repair and maintenance on a particular element of the Building because such element of the Building is out of service or not fully in use, then Landlord shall have the right to increase Operating Expenses to reflect the amount of expenses that Landlord would have incurred if Landlord had performed such repair and maintenance for the entire Operating Expense Year. Accordingly, if, for example, during a particular Operating Expense Year, Landlord does not incur costs to repair and maintain the finishes in the lobby of the Building because the lobby is not in service for such Operating Expense Year, then Landlord shall have the right to include in Operating Expenses for such Operating Expense Year the costs that Landlord would have incurred in repairing and maintaining the finishes in the lobby of the Building for the entire Operating Expense Year.

(5) In the event that Landlord increases the Operating Expenses for a particular Operating Expense Year as contemplated by subsections (1)-(4) of this Section 2.6(A), Landlord shall increase the Operating Expenses for the Base Operating Expense Year as described in subsections (1)-(4) of this Section 2.6(A). For purposes of calculating the Operating

Expenses for the Base Operating Expense Year, any fee or expenditure that otherwise constitutes an Operating Expense and that is paid or payable to any Affiliate of Landlord shall not be less than the amount that would be reasonably expected to be paid in the absence of such relationship.

(B) Landlord shall have the right to include in Operating Expenses (and Landlord shall include in Base Operating Expenses), for the electricity supplied to the Building Systems and other common elements of the Building, an amount equal to one hundred five percent (105%) of the sum of:

(1) the product obtained by multiplying (i) the Average Cost per Peak Demand Kilowatt, by (ii) the number of kilowatts that constituted the peak demand for electricity for the Building Systems and the other common elements of the Building for the applicable period (as registered on a submeter or submeters, or, at Landlord's option, as determined from time to time by a survey prepared by an independent and reputable electrical consultant) (it being understood that such number of kilowatts as described in clause (ii) above shall not include the number of kilowatts that are attributable to the operation of the Building Systems to the extent that Tenant (or other tenants in the Building) make separate payment to Landlord therefor), and

(2) the product obtained by multiplying (i) the Average Cost per Kilowatt Hour, by (ii) the number of kilowatt hours of electricity used by the Building Systems and the other common elements of the Building for the applicable period (as registered on a submeter or submeters, or, at Landlord's option, as determined by a survey prepared by an independent and reputable electrical consultant) (it being understood that such number of kilowatt hours as described in clause (ii) above shall not include the number of kilowatt hours that are attributable to the operation of the Building Systems to the extent that Tenant (or other tenants in the Building) make separate payment to Landlord therefor).

(C) If (i) Landlord makes an improvement to the Real Property or a replacement of equipment at the Real Property in either case in connection with the maintenance, repair, management or operation thereof, (ii) GAAP requires Landlord to capitalize the cost of such improvement or such replacement, and (iii) such improvement or replacement is made (a) to comply with a Requirement, (b) in lieu of repairs, or (c) for the purpose of saving or reducing Operating Expenses (such as, for example, an improvement that reduces labor costs or an improvement that saves energy costs), then Landlord shall have the right to include in Operating Expenses for each Operating Expense Year the amount that amortizes the cost of such improvement or such replacement, together with interest on the unamortized portion thereof that is calculated at two hundred (200) basis points in excess of the Base Rate, in equal annual installments over the useful life of such improvement or such equipment as determined in accordance with GAAP (until the cost of such improvement or such equipment is amortized fully); provided, however, that (I) for any such improvement or replacement that Landlord makes for the purpose of saving or reducing Operating Expenses, Landlord shall have the right to include in Operating Expenses for each Operating Expense Year the amount that amortizes the cost of such improvement or such replacement, together with interest on the unamortized portion of the cost of such improvement or replacement that is calculated at two hundred (200) basis points in excess of the Base Rate, in equal annual installments over the period that Landlord reasonably determines that the cost of such improvement or replacement (and such interest) will

equal the aggregate amount of the reduction in other Operating Expenses for each Operating Expense Year that derives from such improvement or such replacement (with the understanding, however, that such period shall in no event exceed the useful life of such improvement or replacement as determined in accordance with GAAP), and (II) for any such improvement or replacement that Landlord makes in lieu of a repair (and that Landlord does not make to comply with a Requirement or for the purpose of saving or reducing Operating Expenses), the aforesaid amount that Landlord includes in Operating Expenses for any particular Operating Expense Year shall not exceed the cost of the repairs that Landlord would have otherwise made if Landlord did not make such improvement or replacement.

2.7. Operating Expense Payment.

(A) Tenant shall pay the Operating Expense Payment to Landlord in accordance with the terms of this Section 2.7.

(B) Landlord shall have the right to give a statement to Tenant from time to time pursuant to which Landlord sets forth Landlord's good faith estimate of the Operating Expense Payment for a particular Operating Expense Year (any such statement that Landlord gives to Tenant being referred to herein as a "Prospective Operating Expense Statement"; one-twelfth (1/12th) of the Operating Expense Payment shown on a Prospective Operating Expense Statement being referred to herein as the "Monthly Operating Expense Payment Amount"). If Landlord gives to Tenant a Prospective Operating Expense Statement (or Landlord is deemed to have given to Tenant a Prospective Operating Expense Statement pursuant to Section 2.7(C) hereof), then Tenant shall pay to Landlord, as additional rent, on account of the Operating Expense Payment due hereunder for such Operating Expense Year, the Monthly Operating Expense Payment Amount, on the first (1st) day of each subsequent calendar month for the remainder of such Operating Expense Year, in the same manner as the monthly installments of the Fixed Rent hereunder (it being understood that Tenant shall not be required to commence such payments of the Monthly Operating Expense Payment Amount (x) before the first (1st) day of the Operating Expense Year to which relates the applicable Monthly Operating Expense Payment Amount, or (y) earlier than the thirtieth (30th) day after the date that Landlord gives the Prospective Operating Expense Statement to Tenant). If Landlord gives (or is deemed to have given) to Tenant a Prospective Operating Expense Statement after the first (1st) day of the applicable Operating Expense Year, then Tenant shall also pay to Landlord, within thirty (30) days after the date that Landlord gives the Prospective Operating Expense Statement to Tenant, an amount equal to the excess of (I) the product obtained by multiplying (x) the Monthly Operating Expense Payment Amount, by (y) the number of calendar months that have theretofore elapsed during such Operating Expense Year, over (II) the aggregate amount theretofore paid by Tenant to Landlord on account of the Operating Expense Payment for such Operating Expense Year. If Landlord gives (or is deemed to have given) to Tenant a Prospective Operating Expense Statement for a particular Operating Expense Year, then Landlord shall also provide to Tenant, within two hundred seventy (270) days after the last day of such Operating Expense Year, an Operating Expense Statement for such Operating Expense Year.

(C) Tenant shall pay to Landlord an amount equal to the excess (if any) of (i) the Operating Expense Payment as reflected on an Operating Expense Statement that Landlord gives to Tenant, over (ii) the aggregate amount that Tenant has theretofore paid to Landlord on

account of the Operating Expense Payment (if any) as contemplated by Section 2.7(B) hereof, within thirty (30) days after the date that Landlord gives such Operating Expense Statement to Tenant. Tenant shall have the right to credit against the Rental thereafter coming due hereunder an amount equal to the excess (if any) of (i) the aggregate amount that Tenant has theretofore paid to Landlord on account of the Operating Expense Payment as contemplated by Section 2.7(B) hereof, over (ii) the Operating Expense Payment as reflected on such Operating Expense Statement; provided, however, that if the Expiration Date occurs prior to the date that such credit is exhausted, then Landlord shall pay to Tenant the unused portion of such credit on or prior to the thirtieth (30th) day after the Expiration Date (it being understood that Landlord's obligation to make such payment to Tenant shall survive the Expiration Date). If Landlord gives Tenant an Operating Expense Statement, then, unless Landlord otherwise specifies in such Operating Expense Statement, Landlord shall be deemed to have given to Tenant a Prospective Operating Expense Statement for the Operating Expense Year immediately succeeding the Operating Expense Year that is covered by such Operating Expense Statement, that reflects an Operating Expense Payment for such immediately succeeding Operating Expense Year in an amount equal to the Operating Expense Payment for such Operating Expense Year that is covered by such Operating Expense Statement.

(D) If the New Premises Rent Commencement Date (as such term is defined in the Amendment) occurs later than the first (1st) day of the Operating Expense Year that immediately succeeds the Base Operating Expense Year, then the Operating Expense Payment for the Operating Expense Year during which the New Premises Rent Commencement Date occurs shall be an amount equal to the product obtained by multiplying (X) the Operating Expense Payment that would have been due hereunder if the New Premises Rent Commencement Date was the first (1st) day of such Operating Expense Year, by (Y) a fraction, the numerator of which is the number of days in the period beginning on the New Premises Rent Commencement Date and ending on the last day of such Operating Expense Year, and the denominator of which is three hundred sixty-five (365) (or three hundred sixty-six (366), if such Operating Expense Year is a leap year).

(E) If the Expiration Date is not the last day of an Operating Expense Year, then the Operating Expense Payment for the Operating Expense Year during which the Expiration Date occurs shall be an amount equal to the product obtained by multiplying (X) the Operating Expense Payment that would have been due hereunder if the Expiration Date was the last day of such Operating Expense Year, by (Y) a fraction, the numerator of which is the number of days in the period beginning on the first (1st) day of such calendar year and ending on the Expiration Date, and the denominator of which is three hundred sixty-five (365) (or three hundred sixty-six (366), if such Operating Expense Year is a leap year).

(F) Landlord's failure to give Tenant an Operating Expense Statement or a Prospective Operating Expense Statement for any Operating Expense Year shall not impair Landlord's right to give Tenant an Operating Expense Statement or a Prospective Operating Expense Statement for any other Operating Expense Year.

(G) Landlord shall have the right to give to Tenant an Operating Expense Statement at any time after the last day of the Base Operating Expense Year that reflects the Base Operating Expenses (regardless of whether such Operating Expense Statement reflects a payment that is due from Tenant on account of the Operating Expense Payment).

(H) If the Operating Expenses for the Base Operating Expense Year are redetermined at any time after the date that Landlord gives an Operating Expense Statement to Tenant for an Operating Expense Year, then Landlord shall give to Tenant a revised Operating Expense Statement that recalculates the Operating Expense Payment for an Operating Expense Year (using the Operating Expenses that reflects such redetermination for the Base Operating Expense Year). If such revised Operating Expense Statements indicates that Tenant has underpaid the Operating Expense Payment for any Operating Expense Year, then Tenant shall pay to Landlord an amount equal to the amount of such underpayment within thirty (30) days after Landlord gives such revised Operating Expense Statement to Tenant. If such revised Operating Expense Statement indicates that Tenant has overpaid the Operating Expense Payment for any Operating Expense Year, then Tenant shall have the right to credit against the Rental thereafter coming due hereunder an amount equal to the amount of such overpayment; provided, however, that if the Expiration Date occurs prior to the date that such credit is exhausted, then Landlord shall pay to Tenant the unused portion of such credit on or prior to the thirtieth (30th) day after the Expiration Date (it being understood that (I) Landlord's obligation to make such payment to Tenant shall survive the Expiration Date, and (II) nothing contained in this Section 2.7(H) limits Tenant's rights under Section 2.8 hereof).

(I) If, during any particular Operating Expense Year, Landlord receives a reimbursement, rebate or refund of an Operating Expense that Landlord incurred in a prior Operating Expense Year that occurs after the Base Operating Expense Year, then Landlord shall (x) adjust the Operating Expenses for such Operating Expense Year retroactively, and (y) give promptly to Tenant a revised Operating Expense Statement for such Operating Expense Year. If such revised Operating Expense Statement indicates that Tenant overpaid the Operating Expense Payment for such Operating Expense Year, then Tenant shall be entitled to credit the amount of such overpayment of the Operating Expense Payment against the Rental thereafter coming due hereunder, together with interest thereon calculated at the Base Rate from the date that Tenant paid such overpayment to Landlord to the date that Tenant uses such credit. If (x) Tenant is entitled to a credit against Rental pursuant to this Section 2.7(I), and (y) the Expiration Date occurs prior to the date that such credit is exhausted, then Landlord shall pay to Tenant the unused portion of such credit on or prior to the thirtieth (30th) day after the Expiration Date (and Landlord's obligation to make such payment shall survive the Expiration Date).

2.8. Auditing of Operating Expense Statements.

(A) Any Operating Expense Statement that Landlord gives to Tenant shall be binding upon Tenant conclusively unless, within ninety (90) days after the date that Landlord gives Tenant such Operating Expense Statement, Tenant gives a notice to Landlord objecting to such Operating Expense Statement. Tenant's right to give such notice (and conduct the audit contemplated by this Section 2.8(A)) shall survive the Expiration Date (to the extent that the Expiration Date occurs earlier than the ninetieth (90th) day after the date that Landlord gives the applicable Operating Expense Statement to Tenant). Tenant shall have the right to audit the Base Operating Expenses as contemplated by this Section 2.8(A) only after receiving the first Operating Expense Statement that sets forth the Base Operating Expenses (including, without

limitation, an Operating Expense Statement that Landlord gives to Tenant as described in Section 2.7(G) hereof), and, accordingly, once Tenant's right to so audit Base Operating Expenses lapses, Tenant shall not have the right to thereafter audit Base Operating Expenses, notwithstanding that Base Operating Expenses is included in the calculation of the Operating Expense Payment for subsequent Operating Expense Years). If Tenant gives such notice to Landlord, then, subject to the terms of this Section 2.8(A), Tenant may examine Landlord's books and records relating to such Operating Expense Statement to determine the accuracy thereof, provided that Tenant uses Tenant's diligent efforts to consummate such examination within a reasonable period after the date that Tenant gives such notice to Landlord. Tenant may perform such examination on reasonable advance notice to Landlord, at reasonable times, in Landlord's office or, at Landlord's option, at the office of Landlord's managing agent or accountants. Tenant shall not have the right to conduct an audit of Landlord's books and records as described in this Section 2.8 during the period that an Event of Default has occurred and is continuing. Tenant shall have the right to conduct such examination using Tenant's own employees. Tenant, in performing such examination, shall also have the right to be accompanied by a certified public accountant from a reputable firm that is reasonably acceptable to Landlord; provided, however, that Tenant shall not be entitled to be so accompanied by any certified public accountant unless Tenant and such certified public accountant certify to Landlord in a written instrument that is reasonably satisfactory to Landlord that the compensation being paid by Tenant to such certified public accountant is not conditioned or otherwise contingent (in whole or in part) on the extent of any reduction in the Operating Expense Payment that derives from such examination. Tenant shall not have the right to conduct any such audit unless Tenant delivers to Landlord a statement, in a form reasonably designated by Landlord, signed by Tenant and Tenant's certified public accountant to which such books and records are proposed to be disclosed, pursuant to which Tenant and such certified public accountants agree to maintain the information obtained from such examination in confidence (subject, however, to the disclosure of the information that Tenant or Tenant's certified public accountant derive from such examination as required by law or to Tenant's counsel or other professional advisors that in either case agree to maintain such information in confidence).

(B) If it is determined ultimately that (i) Landlord, in an Operating Expense Statement, overstated the Operating Expense Payment, and (ii) Tenant overpaid the Operating Expense Payment for a particular Operating Expense Year, then Tenant shall be entitled to credit the amount of such overpayment of the Operating Expense Payment against the Rental thereafter coming due hereunder. If (x) Tenant is entitled to a credit against Rental pursuant to this Section 2.8(B), and (y) the Expiration Date occurs prior to the date that such credit is exhausted, then Landlord shall pay to Tenant the unused portion of such credit on or prior to the thirtieth (30th) day after the Expiration Date (and Landlord's obligation to make such payment shall survive the Expiration Date).

(C) Nothing contained in this Section 2.8 shall constitute an extension of the date by which Tenant is required to pay the Operating Expense Payment to Landlord hereunder.

2.9. Building Additions.

If Landlord makes improvements to the Building to expand the Rentable Area thereof, then, with respect to the period from and after the date that such improvements are Substantially

Completed, (I) Tenant's Operating Expense Share shall be recalculated as of the date that such improvements are Substantially Completed as the quotient (expressed as a percentage) that is obtained by dividing (x) the number of square feet of Rentable Area in the Premises, by (y) the number of square feet of Rentable Area in the Building (other than any retail portion thereof) (after taking such expansion into account) and (II) Base Operating Expenses shall be deemed to be an amount equal to the product obtained by multiplying (x) Base Operating Expenses prior to the date that such improvements are Substantially Completed, by (y) a fraction, the numerator of which is the Operating Expenses for the Building (after such improvements are Substantially Completed), and the denominator of which is the Operating Expenses for the Building (prior to such improvements being Substantially Completed).

Exhibit “C”

The Designated Shaftway

One Penn Plaza (N001) - Floor 19 - Occupancy

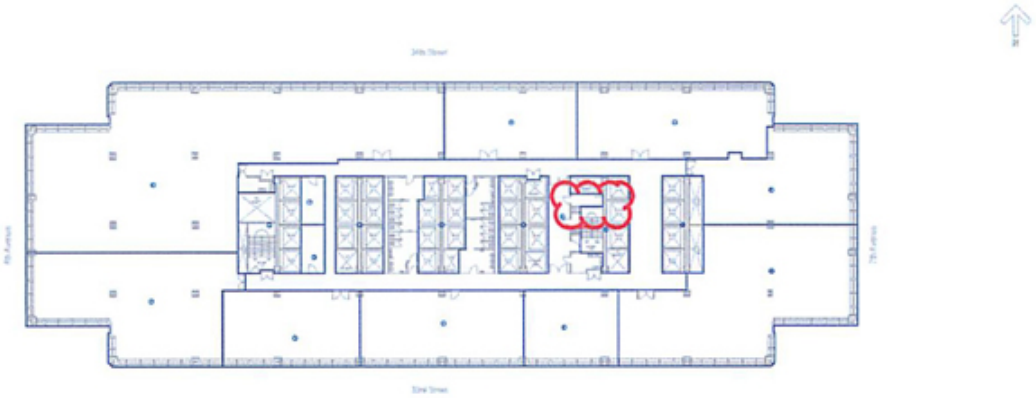
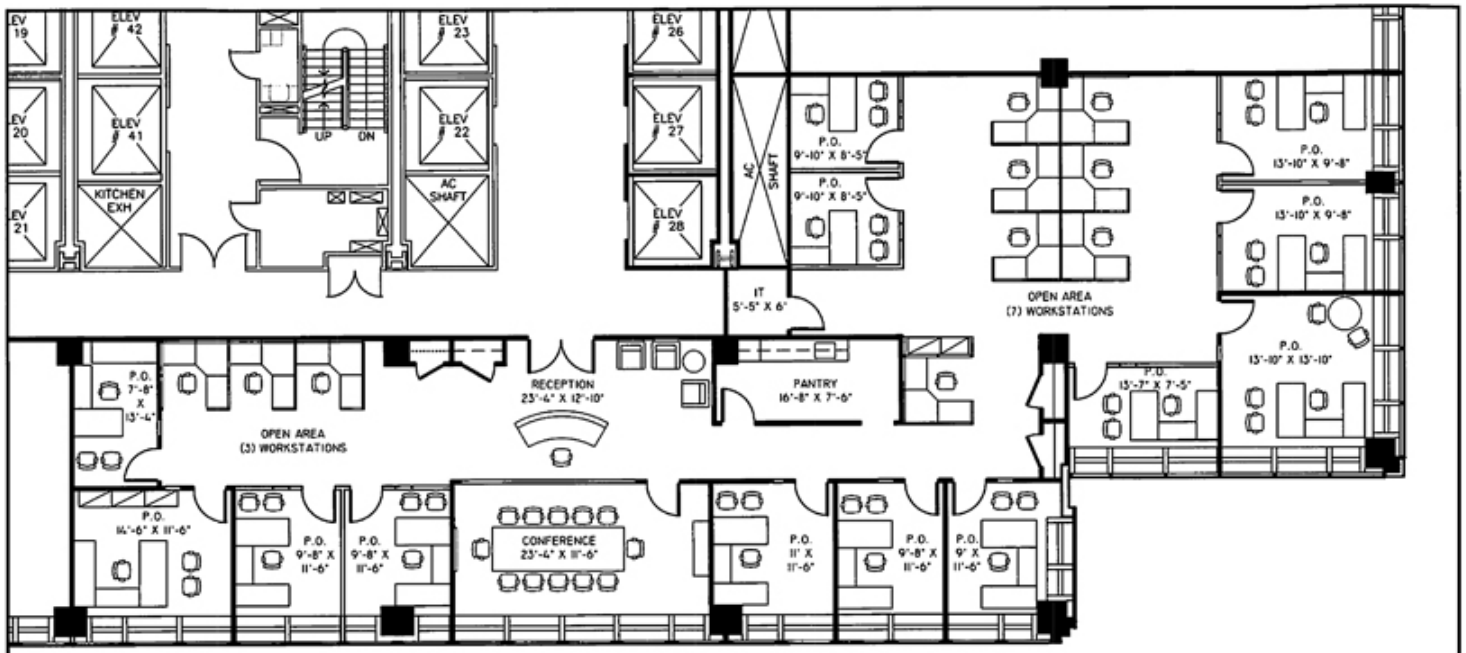


Exhibit “D”

New Work Final Space Plan

(See Attached)



33RD STREET

SPIN DESIGN, INC.
7 PENN PLAZA, SUITE 1710
NEW YORK, N.Y. 10001
T 212 629 8900
F 212 629 6901

ORTHOTECH

I PENN PLAZA
NEW YORK, NY

SPACE PLAN

SCALE 1" = 1'-0"	DRAWN BY LHR	FLOOR NO 19
JOB NO. -	DESIGNED BY -	
DATE 5-10-13	REVISION DATE -	DRAWING NO SP-1

Confidential Materials omitted and filed separately with the
Securities and Exchange Commission. Double asterisks denote omissions.

LICENSE, MANUFACTURING AND SUPPLY AGREEMENT

This Agreement ("AGREEMENT") is made and entered into effective as of September 30, 2006 ("EFFECTIVE DATE") by and between:

1. **NEKTAR THERAPEUTICS AL, CORPORATION**, an Alabama corporation ("NEKTAR AL"), having its principal place of business at 490 Discovery Drive, Huntsville, Alabama, 35806, U.S.A.; and

2. **(OSI) EYETECH, INC.**, (formerly known as Eyetech Pharmaceuticals, Inc.) a Delaware corporation and wholly-owned subsidiary of OSI Pharmaceuticals, Inc. (together with its Affiliates, "OSI"), having offices at 3 Times Square, 12th Floor, New York, New York, 10036, U.S.A.

WHEREAS

A. OSI is the owner of Macugen®, an anti-VEGF aptamer product approved for therapeutic use and is in the business of developing pharmaceutical products, including in particular a pegylated anti-PDGF aptamer designated as El0030, as defined below.

B. NEKTAR AL has PEGylation technology, including in particular the LICENSED TECHNOLOGY, for the formulation of pharmaceutical products for the treatment of human and animal disease, which can have, among other benefits, increased circulating lifetimes and enhanced therapeutic utility.

C. NEKTAR AL has certain rights and rights to sublicense under ENZON PATENTS to make, have made, use, offer for sale, sell, have sold and import products pursuant to a Cross-License Agreement ("CROSS-LICENSE AGREEMENT") entered into with Enzon, Inc. ("ENZON'') on January 7, 2002.

D. OSI wishes to use the LICENSED TECHNOLOGY and may wish to practice technology covered by NEKTAR AL's rights under the CROSS-LICENSE AGREEMENT in order to apply the REAGENT to the THERAPEUTIC AGENT to produce the formulation of the PRODUCT.

E. OSI desires to obtain an exclusive license to the LICENSED TECHNOLOGY from NEKTAR AL to develop, manufacture, market and sell the PRODUCT throughout the TERRITORY, and NEKTAR AL desires to grant such license to OSI under the terms and conditions specified herein.

F. Furthermore, NEKTAR AL is also engaged in the business of manufacturing bulk quantities of pharmaceutical raw materials, and possesses the requisite plant, equipment and personnel to produce the REAGENT in accordance with the SPECIFICATIONS and all applicable governmental regulations, including, without limitation, U.S. Food and Drug Administration regulations.

G. OSI desires NEKTAR AL to manufacture and supply bulk quantities of the REAGENT to OSI for the sole purpose of permitting OSI to make, use, import, offer for sale and sell the

PRODUCT, and NEKTAR AL agrees to undertake the manufacture and supply of the REAGENT specified under this AGREEMENT in accordance with the terms and conditions specified under this AGREEMENT.

AGREEMENT

1. Definitions.

1.1. “ACTIVE MOLECULE” shall mean any molecule that has not been conjugated to polyethylene glycol, and that has potential or actual preventive or therapeutic activity.

1.2. “AFFILIATE” shall mean, with respect to any PERSON, any other PERSON which controls, is controlled by, or is under common control with, such PERSON. A PERSON shall be regarded as in “control” of another PERSON (for purposes of this definition only) if it owns, or controls, at least fifty percent (50%) of the voting stock or other ownership interest of the other PERSON, or if it possesses the power to direct or cause the direction of the management and policies of the other PERSON by any means whatsoever.

1.3. “AFFIRMATIVE DECISION” shall have the meaning set forth in Section 3.3.1.

1.4. “BATCH” or “BATCHES” shall mean, as of the EFFECTIVE DATE, approximately [**] gram lots of REAGENT, and thereafter, such other quantities as may be determined and adopted pursuant to the QUALITY AGREEMENT.

1.5. “CALENDAR QUARTER” shall mean any period of three (3) consecutive calendar months beginning on January l, April], July l or October l.

1.6. “CEILING RATE” shall have the meaning and value given in SCHEDULE VI.

1.7. “COMMERCIALLY REASONABLE EFFORTS” shall mean a level of effort in performing and carrying out OSI’s obligations and activities under this AGREEMENT that is consistent with the level of effort that OSI would use in carrying out similar obligations and activities for its or its AFFILIATES’ products other than PRODUCT, but in no event a level less than those that a leading biopharmaceutical company in a similar position as OSI (or, for any SUBLICENSEE with greater expertise and resources than OSI, such SUBLICENSEE) with expertise in the development, manufacture and commercialization of biopharmaceutical products would devote to a product at a similar state in its development or product life, as applicable, which product is of similar market potential, taking into account efficacy, safety, the competitiveness of alternative products in the marketplace, the patent and other proprietary positions of the product, the likelihood of regulatory approval and the profit margin and/or return on investment from pursuing such product, provided that OSI shall not be required to: (a) act in a manner inconsistent with OSI’s overall business strategy; (b) take action which results in a material adverse change to this AGREEMENT; (c) act in a manner contrary to its normal commercial practices; or (d) commence any litigation.

1.8. “CONFIDENTIAL INFORMATION” shall have the meaning set forth in Section 9.1.

1.9. “CONTRACT MANUFACTURER” shall have the meaning set forth in Section 4.8.

1.10. “CONTROLLED” shall mean having ownership of or licenses to intellectual property or data and the ability to grant a license or sublicense to such intellectual property or data as contemplated in this AGREEMENT without violating the terms of any agreement or other arrangement with any THIRD PARTY.

1.11. “CROSS LICENSE AGREEMENT” shall have the meaning set forth in the Recitals.

1.12. “DISCLOSER” shall have the meaning set forth in Section 9.1.

1.13. “DOLLARS” shall mean U.S. dollars.

1.14. “EMEA’’ shall mean the European Medicines Agency, and any successor agency thereto, having the administrative authority to regulate the marketing of human pharmaceutical products or biological therapeutic products, delivery systems and devices in the European Union.

1.15. “ENZON” shall have the meaning set forth in the Recitals.

1.16. “ENZON AFFILIATES” shall have the meaning set forth in Section 1.16.

1.17. “ENZON PATENTS” shall mean [**]. The ENZON PATENTS include those listed on SCHEDULE V.

1.18. “FAILURE” shall have the meaning set forth in Section 4.8.1.

1.19. “FDA” shall mean the U.S. Food and Drug Administration, and any successor agency thereto, having the administrative authority to regulate the marketing of human pharmaceutical products or biological therapeutic products, delivery systems and devices in the United States.

1.20. “FIRST COMMERCIAL SALE” shall mean, with respect to any PRODUCT, the first sale for use or consumption by or administration to end-users of such PRODUCT in the applicable jurisdiction(s). A transfer of the PRODUCT by OSI, its AFFILIATES or its SUBLICENSEES (a) solely for research and development purposes and for the purpose of directly enabling OSI, its AFFILIATES and its permitted SUBLICENSEES to research and develop PRODUCTS under this AGREEMENT and (b) prior to approval of a NDA from the FDA (or from the governing health authority of any other country), shall not be considered a FIRST COMMERCIAL SALE, except in the case of (b) to the extent such PRODUCT is purchased for sale to a THIRD PARTY end user after such NDA approval is obtained.

1.21. “FLOOR RATE” shall have the meaning and value given in SCHEDULE VI.

1.22. “GOOD MANUFACTURING PRACTICES” or “GMP” shall mean the current good manufacturing practices required by the FDA and set forth in the Guidance for Industry, Q7A Good Manufacturing Practice Guidance for Active Pharmaceutical Ingredients, Section

XIX and all subsections thereunder, as developed within the Expert Working Group ("Q7A") of the International Conference on Harmonization ("ICH") and the requirements thereunder imposed by the FDA, to the extent applicable to the manufacture of pharmaceutical raw materials.

1.23. "ICH" shall have the meaning set forth in Section 1.12.

1.24. "INDEMNIFIED PARTY" shall have the meaning set forth in Section 10.2.

1.25. "INDEMNIFYING PARTY" shall have the meaning set forth in Section 10.2.

1.26. "INDEPENDENT COUNSEL" shall have the meaning set forth in Section 3.3.1.

1.27. "INQUIRIES" shall have the meaning set forth in Section 15.3.

1.28. "INVENTION" shall have the meaning set forth in Section 4.10.

1.29. "INVENTION IP" shall have the meaning set forth in Section 4.10.

1.30. "JOINT INVENTIONS" shall have the meaning set forth in Section 4.10.3.

1.31. "KNOW-HOW" means know-how, trade secrets, discoveries, methods, inventions and techniques, in each case that are not inventions claimed by a PATENT or a pending PATENT APPLICATION.

1.32. "LAW" means any local, state or federal rule, regulation, statute or law in any jurisdiction relevant to the activities undertaken pursuant to this AGREEMENT or applicable to either of the PARTIES with respect to any matters set forth in this AGREEMENT.

1.33. "LICENSES" shall mean the licenses granted by NEKTAR AL to OSI pursuant to Sections 3.1.1, 3.1.2, 3.1.3 and 3.1.4.

1.34. "LICENSED TECHNOLOGY" shall mean, collectively, the NEKTAR AL PATENT RIGHTS and the NEKTAR AL KNOW-HOW.

1.35. "MAJOR MARKET(S)" means the United States, Japan, United Kingdom, France, Germany, Italy and Spain.

1.36. "MSDS" shall have the meaning set forth in Section 15.2.

1.37. "NDA'' shall mean a New Drug Application filing with the FDA, a marketing authorization application filing with the European Medicines Agency, or any equivalent filed with the regulatory authorities in any other jurisdiction to obtain approval for marketing PRODUCT in such country or territory, but excluding any pricing or reimbursement approvals.

1.38. "NEKTAR AL CORE TECHNOLOGY" shall mean: (i) the composition of PEG reagents (including the REAGENT); (ii) methods of using PEG reagents (including the REAGENT) by themselves or in combination with other PEG reagents or other substances; (iii) methods of making, processing, analyzing or characterizing PEG reagents (including the REAGENT); (iv) methods of attaching one or more PEG reagents (including the REAGENT) to

or associating one or more PEG reagents (including the REAGENT) with or to any therapeutic agent (including the THERAPEUTIC AGENT); (v) methods of directing or determining the point of attachment of one or more PEG reagents (including the REAGENT) to or associating one or more PEG reagents (including the REAGENT) with any therapeutic agent (including the THERAPEUTIC AGENT); (vi) the composition or formulation of any product (other than the PRODUCT) obtained by attaching or associating one or more PEG reagents (including the REAGENT and including by PEGYLATION) to or with any therapeutic agent (excluding PEGYLATION of the THERAPEUTIC AGENT with the REAGENT); and (vi) methods of making, formulating, combining, processing, using, analyzing or characterizing two (2) or more PEG reagents (including the REAGENT) in combination.

1.39. "NEKTAR AL CORE TECHNOLOGY INVENTIONS" shall have the meaning set forth in Section 4.10.1.

1.40. "NEKTAR AL KNOW-HOW" shall mean all KNOW-HOW CONTROLLED by NEKTAR AL that (i) pertains to either or both of the REAGENT and PEGYLATION of the THERAPEUTIC AGENT with the REAGENT, and (ii) is necessary or useful for OSI to develop, make, have made, use, offer for sale, sell, have sold and import the PRODUCT pursuant to the LICENSE. NEKTAR AL PATENT RIGHTS are excluded from the definition of NEKTAR AL KNOW-HOW.

1.41. "NEKTAR AL PATENT RIGHTS" shall mean all of the PATENTS and PATENT APPLICATIONS CONTROLLED by NEKTAR AL that pertain to PEGYLATION and that, but for the grant of the LICENSES, would necessarily be infringed by the manufacture (including the use of the REAGENT therefor), use, import, offer for sale or sale of the PRODUCT. SCHEDULE IV sets forth the status of the PATENTS included in the NEKTAR AL PATENT RIGHTS as of the EFFECTIVE DATE. SCHEDULE IV may be updated from time to time to list any other PATENTS or PATENT APPLICATIONS which become included in the NEKTAR AL PATENT RIGHTS.

1.42. "NET INVOICED SALES" means the actual amount invoiced for PRODUCT sold by OSI or its AFFILIATES or SUBLICENSEES, less the following (a) standard quantity discounts actually allowed and taken in such amounts as are customary in the trade; (b) commissions or rebates paid or allowed in compliance with LAW to distributors and agents who are independent THIRD PARTIES; (c) amounts repaid or credited by reason of timely rejection returns or retroactive price reductions; (d) transportation, insurance and delivery charges (to the extent separately stated on the invoice and billed to the purchaser); (e) applicable taxes (other than franchise or income taxes on the income of OSI) and other customs and duties assessed directly on sales of the PRODUCT to the extent identified specifically on the invoice, and (f) cost of insurance billed to and paid by THIRD PARTY purchasers. In addition, NET INVOICED SALES are subject to the following:

1.42.1 In the case of pharmacy incentive programs, hospital performance incentive program charge backs, disease management programs, similar programs or discounts on "bundles" of products, each of which must be in compliance with LAW, all discounts and the like shall be allocated among products on the basis on which such discounts and the like were accrued, or if such basis cannot be determined, proportionately to the list prices of such products;

1.42.2 In the case of any sale or other disposal of PRODUCT by OSI to an AFFILIATE, for resale, the NET INVOICED SALES shall be calculated as above on the value charged or invoiced on the first arm's length sale to a THIRD PARTY other than a SUBLICENSEE);

1.42.3. [**]

1.42.4. [**].

1.43. "NET SALES" shall mean the aggregate of the NET INVOICED SALES of all PRODUCT sold by or on behalf of OSI, its AFFILIATES and SUBLICENSEES to THIRD PARTIES (other than SUBLICENSEES).

1.44. "OSI INVENTIONS" shall have the meaning set forth in Section 4.10.2.

1.45. “PARTNERING REVENUES” means any and all of the following that OSI, its AFFILIATES, or its SUBLICENSEES (other than the SUBLICENSEE paying such revenues) receive in consideration of a PARTNERING TRANSACTION (including without limitation pursuant to any agreements or contracts entered into in connection with such PARTNERING TRANSACTION): up-front or initial license fees or other payments, license renewal, maintenance or similar payments, milestone and success payments, royalties of any kind (including without limitation royalties payable as a percentage of net or gross sales or on a per unit sold basis and annual minimum royalties), any premiums or amounts in excess of fair market value on purchases of securities of EYETECH, its AFFILIATES or SUBLICENSEES (other than the paying SUBLICENSEE) or, as set forth in PARTNERING TRANSACTION documentation, premiums (beyond those standard or reasonable in the industry) over fully burdened full-time equivalent rates or other incurred expenses paid to EYETECH or its AFFILIATES as reimbursements of expenses incurred, and any discounts from fair market value for any loans or credit extended to EYETECH, its AFFILIATES or SUBLICENSEES (other than the paying SUBLICENSEE), and any discounts from fair market value for any purchases of securities of the relevant SUBLICENSEE or its affiliated entities.

1.46. “PARTNERING ROYALTIES” shall mean royalties of any kind (including without limitation royalties payable as a percentage of net or gross sales or on a per unit sold basis and annual minimum royalties) included within PARTNERING REVENUES.

1.47. “PARTNERING TRANSACTION” shall mean, with respect to the PRODUCT, that OSI grants to a SUBLICENSEE a sublicense under the LICENSES to offer for sale, sell and/or otherwise market, promote, distribute or commercialize the PRODUCT in all or part of the TERRITORY or otherwise grants a THIRD PARTY any right(s) to market, promote, distribute, offer for sale and/or sell the PRODUCT.

1.48. “PARTNERING UPFRONT REVENUES” shall mean, with respect to any PARTNERING TRANSACTION, any PARTNERING REVENUES that OSI or its AFFILIATES have the non-contingent right (which include any such rights where the only contingency is the election of OSI or its AFFILIATES) to receive within [**] days of the effective date (or, if later, entry date) of the first definitive agreement that effects such PARTNERING TRANSACTION.

1.49. “PARTY” means either of OSI or NEKTAR AL.

1.50. “PATENT” means: (i) any letters patent and utility models including any extension, substitution, registration, confirmation, reissue, supplemental protection certificate, re-examination or renewal thereof; and (ii) any counterpart in any jurisdiction to (i).

1.51. “PATENT APPLICATION” means an application for a PATENT, including a provisional application, converted provisional application, continuation application, a continued prosecution application, a continuation-in-part application, a divisional application, a re-examination application, and a reissue application (and in each case any foreign counterpart thereto).

1.52. “PEG” shall mean poly (ethylene glycol).

1.53. “PEGYLATION”, with correlative meanings “PEGYLATED” or to “PEGYLATE”, means covalent chemical bonding of any poly (ethylene glycol) reagent (including the REAGENT and including covalent chemical bonding through linking groups) with or to another material or materials. Such materials include, without limitation, proteins, peptides, oligonucleotides, other biomolecules, small molecules, therapeutic agents (including the THERAPEUTIC AGENT), diagnostic agents, imaging agents and detectable labels. Additional materials that may be PEGYLATED include without limitation, polymers, liposomes, films, chemical separation and purification surfaces, solid supports, metal/metal oxide surfaces and other surfaces such as, by way of example but not limitation, those on implanted devices, and equipment, where a poly (ethylene glycol) reagent (including the REAGENT) is covalently chemically bonded to one or more reactive molecules on the surface of such device or equipment. “PEGYLATION” shall include the synthesis, derivatization, characterization, and modification of PEG for such purposes, together with the synthesis, derivatization, characterization, and modification of the raw materials and intermediates for the manufacture of poly (ethylene glycol) reagents (including the REAGENT) or products (including the PRODUCT) incorporating such poly (ethylene glycol) reagent by means of covalent chemical bonding, and all methods of making and using each and all of the foregoing.

1.54. “PERSON” shall mean an individual, corporation, partnership, limited liability company, trust, business trust, association, joint stock company, joint venture, pool, syndicate, sole proprietorship, unincorporated organization, governmental authority, or any other form of entity not specifically listed in this definition.

1.55. “PPI” shall have the meaning set forth in Section 7.5.2.

1.56. “PRIOR AGREEMENT” shall mean the License, Manufacturing and Supply Agreement by and between OSI (as successor in interest to Eyetech Pharmaceuticals, Inc.) and Nektar dated as of February 5, 2002 as amended

1.57. “PRODUCT” shall mean OSI’s lead compound known as of the Effective Date as El0030, the structure of which is set forth in Schedule II and which is, a product produced by linking the THERAPEUTIC AGENT to the REAGENT by means of PEGYLATION.

1.58. “PURCHASE PRICE” shall have the meaning set forth in Section 7.5.1.

1.59. “Q7A” shall have the meaning set forth in Section 1.20.

1.60. “QUALITY AGREEMENT” means that quality agreement entered into by the PARTIES January 23, 2006 as amended.

1.61. “REAGENT” shall mean N-Hydroxysuccinimide ester of bis-(Methoxypoly(ethylene glycol) MW 20,0000)-modified lysine (mPEG2NHS 40K).

1.62. “REAGENT WARRANTIES” shall mean the warranties for the REAGENT set forth in Section 5.2.

1.63. “RECIPIENT” shall have the meaning set forth in Section 9.1.

1.64. “ROYALTY TERM” shall mean, with respect to the PRODUCT in each country in the TERRITORY, the period from the FIRST COMMERCIAL SALE in such country until the later of (a) [**], or (b) ten (10) years from the date of the FIRST COMMERCIAL SALE in such country with respect to licenses granted under 3.1.1, or (c) the expiration of the last to expire NEKTAR AL PATENT RIGHTS containing a VALID PATENT CLAIM that, but for the LICENSES, would be infringed by the manufacture, use, import, offer for sale or sale of the PRODUCT by OSI in that country.

1.65. “SPECIFICATIONS” shall mean the specifications of the REAGENT and test methods therefor set forth in the QUALITY AGREEMENT. For convenience, such specifications as of the EFFECTIVE DATE are set forth in Schedule I, which the parties may update from time to time when such specifications change in the QUALITY AGREEMENT.

1.66. “SUBLICENSEE” shall mean any PERSON to which OSI grants a sublicense to develop, make, have made, use, import, export, offer for sale and/or sell the PRODUCT. SUBLICENSEE shall not include distributors or other PERSONS to which OSI sells the PRODUCT in the ordinary course of business, or manufacturers or contract synthesis facilities which produce the ACTIVE MOLECULE in the THERAPEUTIC AGENT for OSI.

1.67. “TERRITORY” shall mean the world.

1.68. “THERAPEUTIC AGENT” shall mean OSI’s proprietary anti-PDGF aptamer E10030 in non-pegylated form.

1.69. “THIRD PARTY” shall mean any PERSON other than NEKTAR AL, OSI, and their respective AFFILIATES.

1.70. “VALID PATENT CLAIM” shall mean either: (a) a claim of an issued and unexpired PATENT covering the manufacture, use, import or sale of REAGENT or the PRODUCT, that is a NEKTAR AL PATENT RIGHT, an ENZON PATENT, or is a PATENT owned or CONTROLLED jointly by NEKTAR AL and OSI and has not (i) expired or been canceled, (ii) been declared invalid by an unreversed and unappealable decision of a court or other appropriate body of competent jurisdiction, (iii) been admitted to be invalid or unenforceable through reissue, disclaimer, or otherwise, or (iv) been abandoned; or (b) a claim covering the manufacture, use, import or sale of the PRODUCT in any PATENT APPLICATION pending for [**] years or less from its earliest claimed priority date that is a NEKTAR AL PATENT RIGHT, an ENZON PATENT, or is a PATENT or PATENT APPLICATION owned or CONTROLLED jointly by NEKTAR AL and OSI.

1.71. The following schedules are attached hereto and incorporated in and are deemed to be an integral part of this AGREEMENT:

Schedule I	THE SPECIFICATIONS
Schedule II	PRODUCT CHEMICAL NAME
Schedule III	NON-ROYALTY REMUNERATION AND INITIAL FORECAST

Schedule IV	NEKTAR AL PATENT RIGHTS
Schedule V	ENZON PATENTS
Schedule VI	ROYALTY, FLOOR, AND CEILING RATES

2. Representations and Warranties

2.1. By Both Parties. Each PARTY represents and warrants to the other that: (a) it has the full right, power and authority to enter into and perform this AGREEMENT; (b) this AGREEMENT constitutes its legal, valid and binding obligation; (c) to the best of its knowledge, there are no agreements or arrangements between such PARTY and any THIRD PARTY which could prevent it from, or conflict with such PARTY's carrying out all of its obligations under this AGREEMENT, including (without limitation), in the case of NEKTAR AL, its grant to OSI of the LICENSES; (d) to the best of its knowledge, it has sufficient legal and/or beneficial title under its intellectual property rights to grant the licenses that it grants pursuant to this AGREEMENT; (e) all of its employees, officers and consultants (and, in the case of OSI, its AFFILIATES, SUBLICENSEES, agents and contractors) have entered into or, prior to performing activities with respect to this AGREEMENT, will enter into, binding agreements requiring assignment to the PARTY of all inventions made during the course of and as a result of their association with such PARTY and obligating the individual to maintain as confidential the CONFIDENTIAL INFORMATION of such PARTY, as set forth in Article 9. Moreover, OSI represents and warrants that its AFFILIATES, SUBLICENSEES, agents and contractors shall be subject to the following provisions of this AGREEMENT to the same extent as OSI: Sections 3.6 and Article 9.

2.2. By NEKTAR AL. In addition to the REAGENT WARRANTIES, NEKTAR AL represents and warrants to OSI that:

2.2.1. As of the EFFECTIVE DATE, NEKTAR AL is not aware of any existing and pending THIRD PARTY CLAIMS alleging that the practice of the inventions described in the NEKTAR AL PATENT RIGHTS would infringe the PATENTS or misappropriate the trade secrets of a THIRD PARTY; or

2.2.2. NEKTAR AL has made or will make available to OSI all material technical information in its possession of which it is aware that pertains to the development or manufacture of the PRODUCT, and substantially useful or necessary to enable OSI to exploit the LICENSED TECHNOLOGY under this AGREEMENT; provided however that NEKTAR AL's failure to meet the obligation set forth in this Section 2.2.2 shall not be deemed a breach of this AGREEMENT unless OSI can prove such failure was due to bad faith on the part of NEKTAR AL.

2.3. Limitation of Liability. Except for indemnity obligations pursuant to Section 10.1.1, in no event shall NEKTAR AL's liability to OSI arising out of the manufacture, testing, supply, shipment, use or sale or of a quantity of REAGENT or PRODUCT, exceed the total PURCHASE PRICE that OSI pays to NEKTAR AL under this AGREEMENT for the purchase of such quantity of REAGENT or the amount of REAGENT used by OSI to manufacture such quantity of PRODUCT.

2.4. Exclusion of Damages. Except as expressly provided in this AGREEMENT other than in this Section 2.4, neither PARTY shall be liable to the other for special, indirect,

incidental, consequential, punitive or exemplary damages (including without limitation, damages resulting from loss of use, loss of profits, interruption or loss of business or other economic loss) arising out of any of the performance or non-performance under this AGREEMENT, [**], and provided that nothing in this Section 2.4 shall, or is intended to, limit either PARTY's obligations under Article 10.

2.5. Applicability. The limitation on liability and exclusion of damages under Sections 2.3 and 2.4: (i) apply even if a PARTY had or should have had knowledge, actual or constructive, of the possibility of such damages; (ii) are a fundamental element of the basis of the bargain between the PARTIES, and the PARTIES would not enter into this AGREEMENT without such limitations and exclusions and (iii) shall apply whether a claim is based on breach of contract, breach of warranty, tort (including negligence), product liability, strict liability or otherwise, and notwithstanding any failure of essential purpose of any limited remedy in this AGREEMENT. Moreover, the remedies under this AGREEMENT are intended to be exclusive, and the limitation on liability and exclusion of damages under Sections 2.3 and 2.4 are intended to apply even if there is a total and fundamental breach of this AGREEMENT, and the essential purpose of these provisions is to limit the PARTIES' respective liabilities under this AGREEMENT.

2.6. Disclaimer. Except as expressly set forth in Sections 2.1 and 2.2 , Nektar and OSI disclaim all other warranties, express, implied, statutory or otherwise, including, without limitation, the implied warranties of merchantability, fitness for a particular purpose and non-infringement.

3. Grant of Licenses

3.1. Grants.

3.1.1. Subject to the terms and conditions of this AGREEMENT, NEKTAR AL hereby grants to OSI, for the term of this AGREEMENT, an exclusive license (with the right to grant sublicenses as set forth in Section 3.2) under the LICENSED TECHNOLOGY to make and have made (including through use of the REAGENT), develop, use, import, offer for sale and sell the PRODUCT in the TERRITORY.

3.1.2 Subject to the terms and conditions of this AGREEMENT, NEKTAR AL shall grant to OSI, until the last-to-expire VALID PATENT CLAIM of [**], a sole license (with the right to grant sublicenses as set forth in Section 3.2) under those rights NEKTAR AL has to the [**], solely to develop, make, have made, use, import, offer for sale and sell in the TERRITORY that version of the PRODUCT that incorporates REAGENT as [**] to the THERAPEUTIC AGENT and has a [**]. Such license shall be subject to the retained rights of [**] and the [**] to practice all the inventions described and claimed in the [**] for the conduct of research and development (such purposes not including in connection with human clinical trials) of pharmaceutical products that it is developing either itself, with its [**], or in conjunction with a THIRD PARTY.

3.1.3 Subject to the terms and conditions of this AGREEMENT, NEKTAR AL shall grant to OSI, for the sole purpose of, and with respect to and only with respect to, the manufacture, use, sale, offer for sale, and importation in the TERRITORY of that version of the PRODUCT that uses REAGENT to [**] to the ACTIVE MOLECULE in the THERAPEUTIC AGENT and has a [**], a non-exclusive license under those rights NEKTAR AL has:

(a) to PATENTS or PATENT APPLICATIONS (other than the [**]) owned or CONTROLLED by [**] or the [**]; and

(b) all patent claims owned or CONTROLLED by [**] or the [**] that (x) are not within the [**] or the PATENTS in Section 3.1.3(a); (y) issue from any PATENT APPLICATION filed after January 7, 2002; and (z) claim the composition, manufacture, or use of that version of the PRODUCT that uses REAGENT to [**] to the ACTIVE MOLECULE in the THERAPEUTIC AGENT and has a [**].

The LICENSE under this Section 3.1.3 excludes patent claims owned or CONTROLLED by [**] or the [**] that claim the composition of matter of an un-PEGYLATED ACTIVE MOLECULE, methods of making an un-PEGYLATED ACTIVE MOLECULE, or methods of using an un-PEGYLATED ACTIVE MOLECULE (other than a claim to a method of PEGYLATING an unPEGYLATED ACTIVE MOLECULE), even if such ACTIVE MOLECULE is contained in or is part of the PRODUCT. The LICENSE under this Section 3.1.3 shall remain in effect on a country-by-country basis until the longer of (1) the twelfth (12th) anniversary of the FIRST COMMERCIAL SALE of the PRODUCT in a particular country, or (2) the expiration of the last-to-expire VALID PATENT CLAIM of the [**] claiming the composition, manufacture, or use of such PRODUCT in such country.

3.1.4. Notwithstanding anything to the contrary in this AGREEMENT and without limiting any other retained rights, the LICENSES shall be subject to the retained rights of NEKTAR AL and its AFFILIATES: (a) to practice the LICENSED TECHNOLOGY for the conduct of research and development of products that they are developing either themselves or with others, and in connection with the sale of PEG reagents through NEKTAR AL's catalog for research purposes; (b) to develop, make, have made, use, sell, offer for sale, import and license products other than the PRODUCT or the THERAPEUTIC AGENT, including products containing REAGENT; and (c) to perform their respective obligations to THIRD PARTIES set forth in agreements existing as of the EFFECTIVE DATE.

3.2. Sublicenses.

3.2.1. OSI shall have the right to grant sublicenses under the LICENSES to any SUBLICENSEE or any AFFILIATE, provided that, under each sublicense, each such SUBLICENSEE or AFFILIATE shall be subject to terms and conditions that are consistent with the terms and conditions of this AGREEMENT as applicable; provided, however, that (a) each sublicense shall, at NEKTAR AL's option, terminate upon the termination or expiration of this AGREEMENT, provided further, however, that at OSI's request during the term of this AGREEMENT, NEKTAR AL shall use commercially reasonable efforts to negotiate with a SUBLICENSEE a commercially reasonable stand-by license agreement pursuant to which upon termination of this AGREEMENT for a material breach by OSI, such SUBLICENSEE would receive the same or similar license as OSI had pursuant to Section 3.1 on the condition that such SUBLICENSEE cures such material breach by OSI and takes on OSI's obligations as they existed under this AGREEMENT, (b) OSI's grant of any sublicense shall not relieve OSI from any of its obligations under this AGREEMENT, (c) OSI shall remain jointly and severally liable for any breach of this AGREEMENT caused by a SUBLICENSEE, and (d) promptly after entering into any sublicense agreement with a SUBLICENSEE, OSI shall promptly provide NEKTAR AL with a true, complete and correct unredacted copy of such sublicense agreement and any agreements into which OSI or its AFFILIATES enters into with such SUBLICENSEE or its AFFILIATES in connection with such sublicense agreement.

3.2.2. Notwithstanding the provisions of Section 3.2.1, OSI may not sublicense any LICENSED TECHNOLOGY to a PERSON that has a significant or material business (as determined from the perspective of a reasonable competitor in such business) in either or both: (a) manufacturing or supplying PEG or PEG derivatives; and (b) attaching PEG or PEG derivatives to pharmaceutical or biotechnology products, including licensing intellectual property or technology pertaining to attachment of PEG or PEG derivatives to pharmaceutical or biotechnology products.

3.3. [**]

3.3.1. OSI agrees and acknowledges that the availability of the LICENSES under Sections 3.1.2 and 3.1.3 are subject to the following condition precedent: OSI must provide a THIRD PARTY agent identified by NEKTAR AL ("INDEPENDENT COUNSEL") with the following information on OSI's PRODUCT: [**]. If, at any time during the term of this AGREEMENT, OSI wishes to make, use, import, export, offer for sale and sell in the TERRITORY a version of the PRODUCT that uses a different [**] than described in Section 3.3.1, and OSI maintains exclusive rights to the ACTIVE MOLECULE, then OSI shall supply NEKTAR AL with sufficient information to forward on to the INDEPENDENT COUNSEL to allow INDEPENDENT COUNSEL to make a determination of whether or not [**] the PARTIES will negotiate in good faith on license terms for such new version of PRODUCT based on those terms provided in this AGREEMENT.

3.3.2. OSI agrees and acknowledges that any LICENSES under Sections 3.1.2 and 3.1.3 are subject to the following limitations and conditions:

(a) Such licenses shall not be granted if OSI is a party to a then-pending action for infringement of a patent owned or controlled by [**];

(b) Such licenses shall not be granted if OSI is in negotiations with [**] for a license under the [**] with respect to the THERAPEUTIC AGENT;

(c) Such licenses shall not be granted if INDEPENDENT COUNSEL determines that the PRODUCT contains the same ACTIVE MOLECULE as a product being developed by [**];

(d) Such licenses shall not be granted if INDEPENDENT COUNSEL determines that [**] has previously granted a license under the [**] to a THIRD PARTY to make, have made, use, sell or have sold a product with the same ACTIVE MOLECULE as the THERAPEUTIC AGENT, and such license is still in effect;

(e) Such licenses shall not be granted if INDEPENDENT COUNSEL determines the PRODUCT [**];

(f) Such licenses shall not be granted [**];

(g) OSI shall place appropriate patent and/or patent pending markings for the [**] on the PRODUCT, or if such marking cannot be affixed to the PRODUCT itself, on the packaging for such PRODUCT, the content, form, size, location and language to be in accordance with the laws and practices of the country where such markings are required;

(h) OSI shall have no enforcement rights with respect to the [**];

(i) Subject to any prior termination, such licenses shall remain in effect until the expiration of the last-to-expire VALID PATENT CLAIM of the [**]; and

(j) Such licenses shall terminate if [**].

3.4. NEKTAR AL Covenants. During the term of this AGREEMENT, NEKTAR AL will not grant any THIRD PARTY a license under the LICENSED TECHNOLOGY or its rights under the ENZON PATENTS to, and shall not itself, make, use, import, offer for sale, or sell the PRODUCT in the TERRITORY, provided, however, that any agreement existing as of the EFFECTIVE DATE between NEKTAR AL and a THIRD PARTY, under which NEKTAR AL grants a license, a license option or other rights under LICENSED TECHNOLOGY, is not subject to, and does not constitute a breach of, such covenants.

3.5. OSI Covenants.

3.5.1. [**].

3.5.2. OSI will not judicially challenge the validity or enforceability of any NEKTAR AL PATENT RIGHTS and will contractually restrict its AFFILIATES and SUBLICENSEES from judicially challenging the validity or enforceability of the NEKTAR AL PATENT RIGHTS. If OSI, its AFFILIATES or its SUBLICENSEES judicially challenge the NEKTAR AL PATENT RIGHTS: (a) OSI shall pay for all attorney's fees, costs of suit, and other out-of-pocket expenses incurred by NEKTAR AL in resisting or opposing such challenge if such challenge is not successful; and (b) the LICENSES and EYETECH'S AFFILIATES' and SUBLICENSEES' sublicense rights under such LICENSES shall automatically terminate.

3.6. No Implied Rights or Licenses; No Reverse Engineering. Neither PARTY grants to the other any rights or licenses, including without limitation to any LICENSED TECHNOLOGY or other intellectual property rights, whether by implication, estoppel or otherwise, except to the extent expressly provided for under this AGREEMENT. Other than as expressly provided for in this AGREEMENT, OSI may not develop, make, have made, use, import, offer for sale, or sell the REAGENT, nor may OSI copy, distribute, reverse engineer (by way of example but not limitation, by performing tests such as HPLC, gas chromatography or x-ray crystallography), sell, lease, license or otherwise transfer, modify, adapt or create derivatives of the REAGENT. OSI shall ensure all of its AFFILIATES, SUBLICENSEES, contractors,

agents and employees are subject to the same restrictions and limitations with respect to the REAGENT as set forth in this Section 3.6. OSI may transfer quantities of REAGENT to THIRD PARTIES in connection with the performance by such THIRD PARTIES of research and development activities on behalf of OSI; provided, however, that (1) any such transfer shall be subject to the applicable terms and conditions of this AGREEMENT including without limitation this Section 3.6, Section 4.6 and Article 9, (2) no such transfer shall relieve OSI of its obligations under this AGREEMENT, and (3) OSI shall be jointly and severally liable with any THIRD PARTY for any acts or omissions by a THIRD PARTY that receives any REAGENT supplied or produced under this AGREEMENT.

3.7. Diligence Obligations. OSI will use its COMMERCIALLY REASONABLE EFFORTS to seek approval of NDAs (or its equivalent) in the MAJOR MARKETS, and to develop, commercialize and market, and achieve FIRST COMMERCIAL SALE of the PRODUCT in the first MAJOR MARKET country on or before [**]. If OSI reasonably and in good faith believes that it cannot, within the exercise of reasonable business judgment, commercialize the PRODUCT in one or more MAJOR MARKET countries in the TERRITORY by [**], then, provided OSI has exercised COMMERCIALLY REASONABLE EFFORTS as required in this Section 3.7, OSI may request from NEKTAR AL an extension of time, and the PARTIES shall negotiate in good faith to determine a time extension that is mutually acceptable. If OSI does not use COMMERCIALLY REASONABLE EFFORTS in this regard, then, NEKTAR AL may, at its sole option and by giving written notice to OSI, either convert the LICENSE to be non-exclusive in the country or countries of the MAJOR MARKETS in the TERRITORY in which such default occurs or terminate this AGREEMENT with respect to the country or countries of the MAJOR MARKETS in the TERRITORY in which such default occurs (in which latter case the TERRITORY shall no longer include such country or countries). If the LICENSE becomes non-exclusive in one or more countries of the TERRITORY as provided for in the immediately preceding sentence, OSI's obligations to pay milestones and royalties to NEKTAR AL, as provided for in this AGREEMENT, shall continue. Notwithstanding the preceding provisions of this Section 3.7, if OSI does not (a) use at least COMMERCIALLY REASONABLE EFFORTS to develop the PRODUCT file and seek approval of NDAs, on a schedule permitting achievement of the following clause (b), (b) make the FIRST COMMERCIAL SALE of the PRODUCT in [**] or more MAJOR MARKET countries on or before [**], and (c) thereafter use at least COMMERCIALLY REASONABLE EFFORTS to continue to commercialize and market the PRODUCT in such MAJOR MARKET COUNTRIES, it shall be deemed a material breach of this AGREEMENT by OSI, and NEKTAR AL may terminate this AGREEMENT under Section 11.4 as its sole and exclusive remedy with respect to such breach of this Section 3.7.

4. Manufacture and Supply of the Reagent

4.1. Exclusivity. NEKTAR AL will manufacture and supply one hundred percent (100%) of OSI's, its AFFILIATES' and SUBLICENSEES' purchase requirements of the REAGENT for the manufacturing of the PRODUCT, to the extent such quantities are properly forecasted and ordered in compliance with this AGREEMENT. OSI, its AFFILIATES and SUBLICENSEES will purchase the REAGENT exclusively from NEKTAR AL for the manufacture of the PRODUCT, subject to Sections 4.7 and 4.8.

4.2. Audit. During the term of this AGREEMENT, the only persons or entities to which NEKTAR AL shall supply REAGENT for the purpose of manufacturing PRODUCT shall be OSI, its AFFILIATES, and SUBLICENSEES. Upon reasonable advance notice, OSI shall grant to NEKTAR AL reasonable access to OSI's books and records during normal business hours for the purpose of verifying OSI's compliance with the purchase requirement in Section 4.1.

4.3. Manufacture. Supply and Purchase of REAGENT. The manufacture, supply and purchase provisions of Sections 4.3 through 4 .8 of the PRIOR AGREEMENT shall govern the manufacture, supply and purchase of REAGENT under this AGREEMENT (except as set forth in Section 4.4) and solely for such purposes, such provisions of the PRIOR AGREEMENT shall survive its expiration or termination for the remainder of the term of this AGREEMENT.

4.4. Additional Terms for Manufacture, Supply and Purchase of REAGENT.

4.4.1. The definition of BATCH under this AGREEMENT shall apply to the terms "BATCH" and "batch" under the PRIOR AGREEMENT.

4.4.2. Each shipment of REAGENT as of delivery shall have at least [**]% of its initial shelf-life as of the completion of its manufacture remaining.

4.4.3. OSI shall send all purchase orders under this AGREEMENT and the PRIOR AGREEMENT pursuant to Section 13 (but omitting the copy to Nektar Therapeutics' general counsel).

4.5. Fulfillment. Intentionally left blank.

4.6. Intellectual Property. Ownership of any invention, improvement, modification, application, know-how, discovery or development that is made, conceived, reduced to practice, discovered or developed either solely or jointly by any of a PARTY or its AFFILIATES during the term of this AGREEMENT and in connection with performance of activities under this AGREEMENT (including without limitation in the course of the manufacture (including through use of the REAGENT) of the PRODUCT, but not in the course of the manufacture of the THERAPEUTIC AGENT alone), a SUBLICENSEE during or in connection with its performance of activities under a sublicense under the LICENSE, or a CONTRACT MANUFACTURER during or in connection with its performance of activities under a license under Section 4.8 of the PRIOR AGREEMENT (collectively, "INVENTIONS") and all patents, trade secrets and other intellectual property rights that have been or may be obtained therein, including without limitation enforcement rights ("INVENTION IP") shall be allocated as follows:

4.6.1. NEKTAR AL shall solely own all right, title and interest in and to INVENTIONS that relate to NEKTAR AL CORE TECHNOLOGY and INVENTION IP therein ("NEKTAR AL CORE TECHNOLOGY INVENTIONS"). OSI transfer and assigns, and shall require any CONTRACT MANUFACTURER, AFFILIATES and SUBLICENSEES to assign, in each case without additional consideration, to NEKTAR AL all of their respective right, title and interest in and to such NEKTAR AL CORE TECHNOLOGY INVENTIONS and INVENTION IP therein. Such NEKTAR AL CORE TECHNOLOGY INVENTIONS shall be

included in the LICENSED TECHNOLOGY and subject to the LICENSES granted to OSI pursuant to this AGREEMENT.

4.6.2. OSI shall solely own any and all right, title and interest in and to INVENTIONS that relate solely to the THERAPEUTIC AGENT, do not relate to NEKTAR AL CORE TECHNOLOGY, and are not included in NEKTAR AL CORE TECHNOLOGY INVENTIONS ("OSI INVENTIONS") and INVENTION IP therein. NEKTAR AL transfers and assigns, and shall cause its AFFILIATES to transfer and assign, in each case without additional consideration, to OSI all of their respective right, title and interest such OSI INVENTIONS and INVENTION IP therein.

4.6.3. Except as otherwise provided in Sections 4.6.1 and 4.6.2, (a) each PARTY shall solely own all right, title and interest in and to INVENTIONS made, conceived, reduced to practice, discovered or developed solely by employees of a PARTY or its AFFILIATES (or, in the case of OSI, SUBLICENSEES) and all INVENTION IP therein, and (b) subject to Section 4.6.4, the PARTIES shall each own an undivided one-half (1/2) interest in, and have the right to freely exploit and license without a duty of accounting to or need to obtain consent from the other PARTY, all INVENTIONS made, conceived, reduced to practice, discovered or developed, in each case jointly by employees of a PARTY or its AFFILIATES (or, in the case of OSI, including SUBLICENSEES) ("JOINT INVENTIONS") and all INVENTION IP therein

4.6.4. Each PARTY shall have the sole right at its discretion and at its sole expense, to prepare, file, prosecute, maintain and defend foreign and domestic patent applications and patents within INVENTION IP that it solely owns, and the other PARTY shall, and shall cause its AFFILIATES (and, in the case of OSI, any CONTRACT MANUFACTURER and SUBLICENSEES) to, reasonably cooperate with the first PARTY in such activities at the first PARTY's expense. With respect to patent applications on a JOINT INVENTION, the PARTIES shall determine which PARTY shall be responsible for preparing, filing, prosecuting, maintaining and defending patent applications and patents on behalf of both PARTIES, based on a good faith determination of the relative contributions of the PARTIES to the invention and the relative level of interest of the PARTIES in the invention. The costs of such activities shall be borne equally by the PARTIES, and the PARTY that is not responsible for such activities shall, and shall cause its AFFILIATES (and, in the case of OSI, any CONTRACT MANUFACTURER and SUBLICENSEES) to, reasonably cooperate with the other PARTY in such activities.

4.7. Compliance. NEKTAR AL shall comply with all applicable present and future LAWS applicable to its transportation, storage, use handling and disposal of hazardous materials under this AGREEMENT. NEKTAR AL will maintain during the term of this AGREEMENT all government permits, including without limitation health, safety and environmental permits necessary for the conduct of the activities that NEKTAR AL undertakes pursuant to this AGREEMENT.

5. Specifications, GMP and Manufacturing Process

To the extent that the provisions of this Section 5 are not consistent with the provisions of Section 6 or other parts of the PRIOR AGREEMENT, this Section 5 shall control with respect to BATCHES of REAGENT.

5.1. Specifications. The SPECIFICATIONS for the REAGENT that NEKTAR AL will supply are set forth in the QUALITY AGREEMENT.

5.2. Warranties. NEKTAR AL warrants that

5.2.1. the REAGENT will be manufactured in compliance with GMP; and

5.2.2. the REAGENT will, upon delivery, conform to the SPECIFICATIONS. OSI's sole remedy and NEKTAR AL's liability for breach of the REAGENT WARRANTIES shall be limited to the PARTIES' respective rights and obligations pursuant to Sections 4.7 and 4.8 of the PRIOR AGREEMENT and Article 6 of this AGREEMENT.

5.3. Modifications. Either PARTY may propose to the other PARTY potential changes to the SPECIFICATIONS, for evaluation taking into consideration the relative costs and benefits and the PARTIES' technical ability to make such change. Neither PARTY shall modify the SPECIFICATIONS without the prior written approval of the other PARTY, not to be unreasonably withheld and as outlined in the QUALITY AGREEMENT. OSI shall bear any and all costs of developing and implementing revised SPECIFICATIONS.

6. Quality and Complaints

To the extent that the provisions of this Section 6 are not consistent with the provisions of Section 6 or other parts of the PRIOR AGREEMENT, this Section 6 shall control with respect to BATCHES of REAGENT.

6.1. Analysis. Promptly after arrival of a shipment of the REAGENT at OSI, OSI shall analyze the REAGENT using methods approved by both PARTIES for the analytical procedures in Schedule I.

6.2. Complaints. If OSI determines through its testing pursuant to Section 6.1 that a BATCH of REAGENT does not comply with the REAGENT WARRANTIES, then within [**] days of arrival of the BATCH OSI may provide NEKTAR AL with a written complaint notice that includes full details of such non-compliance, including supporting data, sufficient to permit NEKTAR AL to consider and verify the complaint. If OSI does not provide NEKTAR AL with a written complaint notice for a BATCH of REAGENT pursuant to Section 6.2 within [**] days after arrival of the BATCH, OSI will be deemed to have accepted the BATCH, which shall conclusively be presumed to be without defect and to meet all SPECIFICATIONS and the REAGENT WARRANTIES.

6.3. Complaints Procedure. If NEKTAR AL receives a complaint notice under Section 6.2:

6.3.1. If OSI so requests, then within [**] days from the date on which NEKTAR AL receives OSI's written complaint notice, NEKTAR AL shall supply OSI the replacement quantity of the REAGENT that was allegedly missing or defective from the original shipment, provided that, if the necessary quantity of REAGENT is not then available, then NEKTAR AL shall supply such quantities as soon as they are available (which shall not be later than [**] days after NEKTAR AL's receipt of OSI's written complaint notice);

6.3.2. If NEKTAR AL accepts that the BATCH was non-compliant with the REAGENT WARRANTIES as set forth in OSI's written complaint notice, NEKTAR AL shall provide the replacement material described in Section 6.3.1 to OSI [**], or if no such replacement material is requested, NEKTAR AL shall issue OSI a credit for such non-compliant BATCH.

6.3.3. If NEKTAR AL does not accept that the BATCH was non-compliant with the REAGENT WARRANTIES as set forth in OSI's written complaint notice, then within [**] days from NEKTAR AL's receipt of OSI's written complaint notice, the PARTIES will agree on and appoint an independent scientific and technical expert to review the PARTIES' supporting data for their assertions of compliance or non-compliance with the REAGENT WARRANTIES. The findings of the expert shall be final and conclusively binding on the PARTIES as to whether a BATCH of REAGENT complies with the REAGENT WARRANTIES. If expert's analysis does not confirm OSI's complaint, OSI shall pay for any replacement quantities shipped by NEKTAR AL. If the expert holds that the REAGENT does not comply with the REAGENT WARRANTIES, all the fees of the expert and the laboratory shall be paid by NEKTAR AL and OSI shall have no obligation to pay for the quantities of defective REAGENT, but shall be responsible for payment of replacement quantities which are in conformance with the REAGENT WARRANTIES within [**] days after OSI's receipt of such replacement shipment. On the other hand, if the expert does not confirm OSI's complaint, all of the fees of the laboratory and the expert will be paid by OSI, OSI shall be obligated to pay for any replacement quantities shipped by NEKTAR AL in addition to the original quantities shipped, and OSI shall be considered to have finally and completely accepted such allegedly defective shipment of the REAGENT. The PARTY whose results are not upheld by such expert shall bear the costs and expenses of such expert.

6.4. Compliance. NEKTAR AL will perform regular self-inspections in order to assure compliance with GMP and submit to inspections by OSI and/or regulatory authorities such as the FDA. Quality audits will be handled as outlined in the QUALITY AGREEMENT. If NEKTAR AL becomes aware that any shipment of the REAGENT to OSI does not comply with the REAGENT WARRANTIES, NEKTAR AL will promptly notify OSI.

7. Remuneration

7.1. Milestone Payments. OSI will pay to NEKTAR AL non-creditable, non-refundable milestone payments in accordance with and at the times set out in SCHEDULE III herein, [**] if OSI has made such milestone payment. Such payments shall be in addition to any royalty or other payments due under this AGREEMENT.

7.2. Royalties. During the ROYALTY TERM and for any CALENDAR QUARTER prior to or during which OSI was not party to a PARTNERING TRANSACTION for all or part of the TERRITORY, OSI shall pay NEKTAR AL on a CALENDAR QUARTER basis nonrefundable, non-creditable royalties equal to the applicable ROYALTY RATE under SCHEDULE VI, Section A, multiplied by the aggregate NET SALES of the PRODUCT during such calendar term, on a country by country basis for countries not included in any such PARTNERING TRANSACTION.

7.2.1. During the ROYALTY TERM and for any CALENDAR QUARTER during which or after OSI has entered into a PARTNERING TRANSACTION for all or part of the TERRITORY, OSI shall pay NEKTAR AL on a CALENDAR QUARTER basis [**] percent ([**]%) of all amounts payable in respect of sales of PRODUCT (whether on the basis of a percentage of net or gross sales or on a per unit basis) payable to OSI by such SUBLICENSEE for countries of the TERRITORY that are the subject of the PARTNERING TRANSACTION, provided, however, that such ROYALTIES for any such country shall not be either (a) less than the applicable FLOOR RATE under SCHEDULE VI, Section B, multiplied by the aggregate NET SALES of the PRODUCT during such CALENDAR QUARTER in that country, or (b) greater than the applicable CEILING RATE under SCHEDULE VI, Section B, multiplied by the aggregate NET SALES of the PRODUCT during such CALENDAR QUARTER in that country.

7.3. Accrual of Royalties. No royalties shall be payable on a PRODUCT distributed to THIRD PARTIES solely for marketing and advertising purposes or as a sample for testing or evaluation purposes. No royalties shall be payable on sales among OSI, its AFFILIATES and its SUBLICENSEES, but royalties shall be payable on subsequent sales by OSI, its AFFILIATES or its SUBLICENSEES to a THIRD PARTY other than a SUBLICENSEE. No multiple royalty shall be payable on a PRODUCT because the manufacture, use, import, offer for sale or sale of such PRODUCT by OSI in a country would, but for the LICENSES, either (a) infringe VALID PATENT CLAIMS of more than one NEKTAR AL PATENT RIGHT or ENZON PATENT or (b) infringe one or more VALID PATENT CLAIMS and such PRODUCT or its manufacture, use or sale also exploits NEKTAR AL KNOW-HOW.

7.4. Third Party Royalties. If OSI is required to pay royalties to any THIRD PARTY because the manufacture, use, import, offer for sale or sale of the PRODUCT infringes any patent rights of such THIRD PARTY in any country of the TERRITORY (but only in instances where such infringement is due solely to the composition of matter or the method of manufacture of the REAGENT), [**]. The foregoing shall be NEKTAR AL's sole liability, and OSI's sole remedy, for any potential or actual infringement of any THIRD PARTY intellectual property (including patents) as a result of the manufacture (including through use of the REAGENT), use, import or sale of PRODUCT.

7.5. Manufacturing and Supply of the REAGENT.

The provisions of this Section 7.5 shall apply to all REAGENT manufactured, supplied and purchased under this AGREEMENT or the PRIOR AGREEMENT.

7.5.1. OSI shall pay to NEKTAR AL for the supply of the REAGENT complying with the SPECIFICATIONS and GMP, the prices in DOLLARS per unit of REAGENT set forth in SCHEDULE III ("PURCHASE PRICE"). The amounts of REAGENT ordered under this Agreement shall be additive with amounts of REAGENT ordered under the License, Manufacturing and Supply Agreement by and between OSI and Nektar dated as of February 5, 2002 in determining the Total Amount of REAGENT for the pricing set forth in SCHEDULE III.

7.5.2. The price of the REAGENT set forth in SCHEDULE III will remain in effect for a period ending on the last day of the calendar year in which the EFFECTIVE DATE

occurs. Thereafter, NEKTAR may, at its election, adjust the price at which OSI purchases the REAGENT from NEKTAR in each succeeding [**] period in accordance with the Chemical Manufacturing Series Producer Price Index. NEKTAR will make any such adjustment by [**]; however, in no event will the price for REAGENT fall below that set forth in SCHEDULE III.

7.5.3. If NEKTAR performs development work for OSI (to which the PARTIES agree in writing) during the period between the EFFECTIVE DATE and February 5, 2007, and such development work results in a decrease in BATCH failures of the REAGENT due to the endotoxin specification, then the PARTIES will discuss in good faith whether and the extent to which the price of the REAGENT will be subject to change during that period.

7.5.4. In addition to the amounts due and owing under Sections 7.5.1, 7.5.2 and 7.5.3, OSI shall pay to NEKTAR AL fees for services at NEKTAR AL's then-current rates, which rates shall be provided to OSI prior to NEKTAR AL commencing any such services. In general, such fees shall cover NEKTAR AL's performance of those activities reasonably deemed necessary by NEKTAR AL for the development, scale-up and validation of the manufacture of REAGENT. Specifically, such fees shall cover, among other things:

(a) improvements to and expansion of facilities, analytical method development, analytical method validation, cleaning method validation, process validation, reprocessing, supporting documentation including, but not limited to, the preparation, filing and maintenance of Drug Master Files and other regulatory filings;

(b) NEKTAR AL's generating and providing information or performing work pursuant to any governmental or regulatory agency requests for information or work (including any testing) regarding REAGENT or its manufacturing process; scale-up; and

(c) installation, qualification and validation needed for REAGENT including

(d) any other services requested by OSI from time to time.

7.5.5. OSI shall also reimburse NEKTAR AL for NEKTAR AL's reasonable expenses incurred in connection with (i) the purchase of pre-approved capital equipment in connection with the activities described in Section 7.5.4(a)-(d), and (ii) travel at OSI's request, such reimbursement to be made within [**] days after the date of NEKTAR AL's invoice therefor.

8. Royalty Reports and Accounting

8.1. Reports, Exchange Rates. OSI shall notify NEKTAR AL in writing promptly upon the FIRST COMMERCIAL SALE of PRODUCT by OSI, its AFFILIATES or its SUBLICENSEES. During the portion of the term of this AGREEMENT following the FIRST COMMERCIAL SALE of PRODUCT, OSI shall furnish to NEKTAR AL a CALENDAR QUARTER written report showing in reasonably specific detail, on a country by country basis: (a) the gross sales of each PRODUCT sold by OSI, its AFFILIATES and its SUBLICENSEES during the CALENDAR QUARTER covered and the amounts deducted therefrom to determine NET INVOICED SALES from such gross sales; (b) the royalties payable in DOLLARS, if any,

which shall have accrued under this Agreement for such CALENDAR QUARTER based upon the NET INVOICED SALES of each PRODUCT; (c) the withholding taxes, if any, required by LAW to be deducted in respect of such sales; (d) the date of the FIRST COMMERCIAL SALE of each PRODUCT in each country during the reporting period; and (e) the exchange rates used in determining the amount of DOLLARS. With respect to sales of PRODUCTS invoiced in DOLLARS, the gross sales, NET INVOICED SALES, and royalties payable shall be expressed in DOLLARS. With respect to sales of PRODUCTS invoiced in a currency other than DOLLARS, the gross sales, NET INVOICED SALES and royalties payable shall be expressed in the domestic currency of the PERSON making the sale together with the DOLLAR equivalent of the royalty payable. The DOLLAR equivalent shall be calculated using the average exchange rate (local currency per DOLLAR) published in The Wall Street Journal, Eastern Edition, under the heading "Currency Trading", on the last business day of each month during the applicable CALENDAR QUARTER. Reports shall be due on the [**] day following the close of each CALENDAR QUARTER. OSI, its AFFILIATES and its SUBLICENSEES shall keep complete and accurate records in sufficient detail to properly reflect all gross sales and NET INVOICED SALES of each PRODUCT and to enable the royalties payable under this AGREEMENT to be determined. Notwithstanding any other provision of this Section 8.1, upon the election of NEKTAR AL made in writing not less than [**] days prior to any payment date, OSI shall pay all royalties owing to NEKTAR AL under this AGREEMENT with respect to one or more jurisdictions in the currency in which such royalties accrued, without conversion into DOLLARS.

8.2. Audits.

8.2.1. Upon at least [**] business days written notice from NEKTAR AL, and [**], OSI shall permit an independent certified public accounting firm of nationally recognized standing, selected by NEKTAR AL and reasonably acceptable to OSI, at NEKTAR AL's expense, to have access during normal business hours to such of the records of OSI as may be reasonably necessary to verify the accuracy of the royalty reports under this Agreement for [**]. The accounting firm shall disclose to each PARTY whether the NET INVOICED SALES or NET SALES are correct or incorrect and the specific details concerning any discrepancies. No other information shall be provided to NEKTAR AL.

8.2.2. If such accounting firm concludes that additional royalties were owed during such period, OSI shall pay the additional royalties (plus interest) within [**] days of the date NEKTAR AL delivers to OSI such accounting firm's written report so concluding. The fees charged by such accounting firm shall be paid by NEKTAR AL; provided however, that if the audit discloses that the royalties payable by OSI for the audited period are more than [**] percent ([**]%) of the royalties actually paid for such period, then OSI shall pay the reasonable fees and expenses charged by such accounting firm.

8.2.3. OSI shall include in each sublicense it grants under the LICENSE granted a provision requiring the AFFILIATE or SUBLICENSEE to make reports to OSI, to keep and maintain records of sales made and deductions taken pursuant to such sublicense, and to grant access to such records by NEKTAR AL's independent accountant to the same extent required of OSI under this AGREEMENT. Upon the expiration of [**] months following the end of any

calendar year, the calculation of royalties payable with respect to such calendar year shall be binding and conclusive upon NEKTAR AL and OSI, its AFFILIATES and SUBLICENSEES.

8.3. Payment Terms. Royalties shown to have accrued by each royalty report provided for under Section 8.2 shall be due and payable on the date such royalty report is due. Payment of royalties in whole or in part may be made in advance of such due date.

8.4. Payment Method. Except as provided for in this Section 8.4, all royalty payments by OSI under this AGREEMENT shall be paid in DOLLARS, and all such payments shall be originated from a United States bank located in the United States and made by bank wire transfer in immediately available funds to such account as NEKTAR AL shall designate before such payment is due.

8.5. Exchange Control. If at any time legal restrictions prevent the prompt remittance of part or all royalties with respect to any country of the TERRITORY where the PRODUCT is sold, payment shall be made through such lawful means or methods as NEKTAR AL reasonably shall determine.

8.6. Interest on Late Payments. Any and all amounts past due under this AGREEMENT shall bear interest at the rate of [**] percent ([**]%) per annum, compounded monthly, or the maximum rate allowed under LAW, whichever is less.

9. Confidentiality

9.1. Confidential Information. During the term of this AGREEMENT, and for a period of [**] years following its expiration or earlier termination, each PARTY (as a "RECIPIENT") shall maintain in confidence all information of the other PARTY ("DISCLOSER") (including samples) disclosed by the DISCLOSER and identified in writing as, or acknowledged in writing to be, confidential ("CONFIDENTIAL INFORMATION"), and shall not use, disclose or grant the use of the CONFIDENTIAL INFORMATION except as permitted under this AGREEMENT or necessary to perform its obligations under this AGREEMENT, except on a need-to-know basis to those directors, officers, AFFILIATES, employees, permitted SUBLICENSEES, permitted assignees and agents, the CONTRACT MANUFACTURER, INDEPENDENT COUNSEL, consultants, lawyers, bankers, clinical investigators or contractors, to the extent such disclosure is reasonably necessary in connection with such PARTY's activities as expressly authorized by this AGREEMENT. Each RECIPIENT shall advise the foregoing who have access to the CONFIDENTIAL INFORMATION of its confidential and proprietary nature, and shall ensure the foregoing are subject to binding obligations of non-use and non-disclosure as stated in this Section 9.1. NEKTAR AL KNOW-HOW is hereby deemed to be NEKTAR AL CONFIDENTIAL INFORMATION. OSI KNOW-HOW is hereby deemed to be OSI CONFIDENTIAL INFORMATION. Each RECIPIENT shall notify the other promptly upon discovery of any unauthorized use or disclosure of CONFIDENTIAL INFORMATION.

9.2. Permitted Disclosures.

9.2.1. Notwithstanding Section 9.1, a RECIPIENT may disclose CONFIDENTIAL INFORMATION (a) to the extent and to the third parties as is required by LAW, order, or regulation of a government agency or a court of competent jurisdiction, or by the

rules of a securities exchange; (b) to a patent office for the purposes of filing a patent on RECIPIENT'S method or invention; (c) to any governmental agency for purposes of obtaining approval to test or market a PRODUCT, provided in either case that the RECIPIENT shall provide written notice thereof to the DISCLOSER and sufficient opportunity to object to any such disclosure or to request confidential treatment thereof.

9.2.2. The non-disclosure and non-use obligations contained in Section 9.1 shall not apply to the extent that the RECIPIENT can demonstrate that (a) the disclosed information was public knowledge at the time of such disclosure to the RECIPIENT, or thereafter became public knowledge, other than as a result of action or omission of the RECIPIENT in violation hereof; (b) the disclosed information was rightfully known by the RECIPIENT without the obligation of confidentiality (as shown by its written records) prior to the date of disclosure to the RECIPIENT by the DISCLOSER under this AGREEMENT; (c) the disclosed information was disclosed to the RECIPIENT on an unrestricted basis from a third party not subject to and not in breach of any direct or indirect obligation of confidentiality to the DISCLOSER; or (d) the disclosed information was independently developed by the RECIPIENT (as shown by its written records) without use of CONFIDENTIAL INFORMATION.

9.3. Return of Confidential Information. Within [**] days following the expiration or termination of this AGREEMENT, each RECIPIENT shall deliver to the DISCLOSER or, at the DISCLOSER's election, destroy any and all CONFIDENTIAL INFORMATION, together with any and all copies thereof, provided that each RECIPIENT may keep one copy of such CONFIDENTIAL INFORMATION in its legal archives for purposes of complying with its contractual obligations under this AGREEMENT.

9.4. Terms of this Agreement. Except as otherwise provided in Section 9.2 and subject to either PARTY's reporting obligations under applicable state and federal LAWS, (a) NEKTAR AL and OSI shall not disclose any terms or conditions of this AGREEMENT to any THIRD PARTY without the prior written consent of the other PARTY, such consent not to be unreasonably withheld or delayed, and (b) neither PARTY shall use the other's name in publicity materials without the prior written consent of the other PARTY, such consent not to be unreasonably withheld or delayed. Notwithstanding the foregoing, at a reasonable and mutually agreed time NEKTAR AL and OSI shall prepare and issue a joint press release reasonably acceptable to both PARTIES announcing the relationship created under this AGREEMENT.

9.5. Publication. After an AFFIRMATIVE DETERMINATION by the INDEPENDENT COUNSEL pursuant to Section 3.3.1, it may be to the mutual interest of the PARTIES to publish articles relating to data generated or analyzed as a part of this AGREEMENT. Neither PARTY shall submit for written or oral publication or presentation any manuscript, abstract, writing, printed material or the like which includes data or any other CONFIDENTIAL INFORMATION of the other PARTY without first obtaining the prior written consent of the other PARTY, which consent shall not be unreasonably withheld or delayed; provided however, that valid commercial reasons may exist for withholding such consent. Nothing contained herein shall be construed as precluding either PARTY from making, in its discretion, any disclosures of information of any type which relate to the safety, efficacy, toxicology, or pharmacokinetic characteristics of the PRODUCT to the extent that either PARTY may be required by LAW to make disclosures of such information.

9.6. Data. Any data which arises from testing of the PRODUCT by OSI, its AFFILIATES or its SUBLICENSEES which is reasonably necessary for NEKTAR AL to monitor the quality and/or performance of the REAGENT, including, without limitation, the results of animal studies, toxicological testing and human clinical trials, shall be deemed CONFIDENTIAL INFORMATION and shall be shared with NEKTAR AL, within a reasonable time of OSI receiving or deriving such data.

10. Indemnification

10.1. Indemnity.

10.1.1. By NEKTAR AL. NEKTAR AL shall defend, indemnify and hold OSI, OSI's AFFILIATES, and OSI's directors, officers, employees and agents harmless from and against all claims, actions, losses, liabilities, damages and expenses (including reasonable attorney's fees and costs) resulting from all claims, demands, actions and other proceedings by any THIRD PARTY to the extent arising from (a) the material breach of any representation, warranty or covenant of NEKTAR AL under this AGREEMENT or (b) the gross negligence, recklessness or willful misconduct of NEKTAR AL in the performance of its obligations and its permitted activities under this AGREEMENT, except in each case to the extent that OSI has an obligation of indemnity with respect thereto pursuant to Section 10.1.2.

10.1.2 By OSI. OSI shall defend, indemnify and hold NEKTAR AL, NEKTAR AL's AFFILIATES, and NEKTAR AL's officers, employees and agents harmless from and against all losses, liabilities, damages and expenses (including reasonable attorney's fees and costs) resulting from all claims, demands, actions and other proceedings by any THIRD PARTY to the extent arising from (a) the material breach of any representation, warranty or covenant of OSI under this AGREEMENT, (b) the research, development, manufacturing, commercialization or marketing of the PRODUCT (without regard to culpable conduct), or (c) the gross negligence, recklessness or willful misconduct of OSI or its AFFILIATES or SUBLICENSEES in the performance of its or their obligations and its or their permitted activities under this AGREEMENT, in each case except to the extent that NEKTAR AL has an obligation of indemnity with respect thereto pursuant to Section 10.1.1.

10.2. Indemnification Procedures. A PARTY seeking indemnification under Section 10.1 ("INDEMNIFIED PARTY") shall give prompt notice of the claim to the other PARTY ("INDEMNIFYING PARTY") and, provided that the INDEMNIFYING PARTY is not contesting the indemnity obligation, shall permit the INDEMNIFYING PARTY to control any litigation relating to such claim and disposition of any such claim, provided that the INDEMNIFYING PARTY shall act reasonably and in good faith with respect to all matters relating to the settlement or disposition of any claim as the settlement or disposition relates to the parties being indemnified under Section 10.1, and the INDEMNIFYING PARTY shall not settle or otherwise resolve any claim without prior notice to the INDEMNIFIED PARTY and the consent of the INDEMNIFIED PARTY, if such settlement involves any remedy other than the payment of money by the INDEMNIFYING PARTY. The INDEMNIFIED PARTY shall not settle any claim for which indemnification is sought hereunder without the prior written consent of the INDEMNIFYING PARTY, not to be unreasonably withheld. At the INDEMNIFYING PARTY's expense and reasonable request, the INDEMNIFIED PARTY shall cooperate in the defense of any claim for which indemnification is sought under Section 10.1.

10.3. Insurance. OSI, at its own expense, shall maintain comprehensive general liability insurance, including product liability insurance, against claims regarding the research, development, manufacture, commercialization or marketing of the PRODUCT under this AGREEMENT in the minimum amount of [**] DOLLARS ($[**]) per occurrence, and [**] DOLLARS ($[**]) in the aggregate, with NEKTAR AL named as an additional insured, such policies shall include a provision that coverage will not be terminated or materially changed unless NEKTAR AL has been given at least [**] days written notice. The insurance carrier must be rated A-, VII or better by A.M. Best Company. OSI shall maintain such insurance for so long

as it continues to research, develop, manufacture, commercialize, or market the PRODUCT, and shall from time to time provide copies of certificates of such insurance to NEKTAR AL upon its request. If the insurance policy is written on a claims made basis, then the coverage must be kept in place for at least [**] years after termination of this AGREEMENT.

10.4. NEKTAR AL Insurance. NEKTAR AL, at its own expense, shall maintain comprehensive general liability insurance, including product liability insurance, against claims regarding the REAGENT as it is used in or for the research, development, manufacture, commercialization or marketing of the PRODUCT under this AGREEMENT in the minimum amount of [**] DOLLARS ($[**]) per occurrence, and [**] DOLLARS ($[**]) in the aggregate. NEKTAR AL will ensure that OSI receives at least [**] days written notice of termination, cancellation or non-renewal of such coverage. The insurance carrier must be rated A-, VII or better by A.M. Best Company. NEKTAR AL shall maintain such insurance for so long as it continues to manufacture and supply the REAGENT to OSI pursuant to this AGREEMENT, and shall from time to time provide copies of certificates of such insurance to OSI upon its request. The insurance policy is written on a claims made basis, and the coverage must be kept in place for at least [**] years after termination of this AGREEMENT.

11. Term and Termination

11.1. Expiration. This AGREEMENT comes into effect on the EFFECTIVE DATE and will remain in force until the end of the ROYALTY TERM, unless earlier terminated as provided herein.

11.2. Renewal of Term. At least one hundred twenty (120) days before the expiration this AGREEMENT pursuant to Section 11.1, the PARTIES shall discuss in good faith whether and on what terms to extend the term of this AGREEMENT.

11.3. Termination by OSI. OSI shall have the right to terminate this AGREEMENT in its entirety at any time, without cause, upon sixty (60) days prior written notice to NEKTAR AL, in which case (a) if OSI has not paid NEKTAR AL the first milestone payment in SCHEDULE III, Section A, OSI will pay such amount to NEKTAR prior to the effective date of termination of this AGREEMENT, (b) within [**] days of the effective date of termination of this AGREEMENT, OSI will reimburse NEKTAR AL for its incurred or future non-cancelable costs for manufacture and supply of REAGENT under this AGREEMENT to the extent they were or will be incurred for BATCHES not supplied to OSI due to such termination, (c) prior to the effective date of such termination, OSI will pay NEKTAR AL the amount of [**] dollars ($[**]) to reimburse NEKTAR AL for transactional and administrative costs incurred in connection with this AGREEMENT, and (d) within [**] days of the effective date of such termination, OSI will pay NEKTAR AL an amount equal to one (1) year (or if less, the remaining term of this AGREEMENT had it been allowed to expire) of NEKTAR AL's lost profits as determined based on NEKTAR AL's expected margin on supplies of REAGENT to OSI based on OSI's most recent forecasts for supply of REAGENT made under this AGREEMENT prior to OSI's decision to terminate this AGREEMENT.

11.4. Termination for Cause. Each PARTY shall have the right to terminate this AGREEMENT for a material breach of this AGREEMENT by the other PARTY, provided such breach is not corrected by the failing PARTY within [**] days of written notice of any failure to make timely payment of royalties or any other amount, when due, or within [**] days of receipt of written notice of any other breach from the non-failing PARTY. The right of either PARTY

to terminate this AGREEMENT pursuant to this Section 11.4 shall not be affected in any way by such PARTY's waiver of or failure to take actions with respect to any previous breach.

11.5. Termination by NEKTAR AL. NEKTAR AL may terminate this Agreement on ten (10) days written notice if the INDEPENDENT COUNSEL does not give an AFFIRMATIVE DETERMINATION.

11.6. Effect of Termination.

11.6.1. The provisions of Articles 1, 2, 9, 10, 11.6, 12, 13, 14 and 15 and Sections 3.5, 4.6, 5.2, 8.2 and 8.6 shall survive termination of this AGREEMENT for any reason whatsoever. If the PRIOR AGREEMENT has expired or terminated as of or before the expiration or termination of this AGREEMENT, Section 4.7 of the PRIOR AGREEMENT shall survive the expiration or termination of this AGREEMENT. The LICENSES shall terminate upon expiration or termination of this AGREEMENT.

11.6.2. Expiration or termination of this AGREEMENT shall not affect the accrued rights or obligations of either PARTY.

12. Assignment

12.1. Unless otherwise expressly permitted pursuant to this Section 12.1, except as part of the sale of the entire business of a PARTY to which this AGREEMENT relates, a merger, consolidation, reorganization or other combination of a PARTY with or into another PERSON, or the transfer or assignment to an AFFILIATE, pursuant to which the surviving entity or assignee assumes the assigning or merging parties obligations hereunder, neither PARTY may assign any of its rights or delegate any of its duties under this AGREEMENT unless the other PARTY has given specific written approval thereto, with such approval not to be unreasonably withheld. Any purported assignment not in accordance with this Section 12.1 shall be void and of no effect.

12.2. This AGREEMENT shall not only be binding upon each PARTY signatory hereto but also to its permitted successors by consolidation, combination, acquisition or merger, and permitted assignees.

13. Notices

Any notice or document required or permitted under this AGREEMENT shall be deemed to have been received (a) when personally delivered, (b) when delivered by facsimile transmission with confirmation of successful transmission, (c) five (5) business days after mailing by registered or certified United States mail, postage prepaid, return receipt requested and properly addressed, or (d) on the next business day after sending properly addressed by internationally recognized courier for next business day delivery, with proof of delivery, in each case to the recipient PARTY at the following addresses or facsimile numbers or such alternate addresses or facsimile numbers of which the potential recipient PARTY gives notice pursuant to this Article 13:

If to OSI:

(OSI) Eyetech, Inc.
3 Times Square, 12th Floor

If to NEKTAR AL:

Nektar Therapeutics AL, Corporation
1112 Church Street

New York, NY 10036
Fax: 212 824-3237
Attention: Contracts Management

With a copy to:

OSI Pharmaceuticals, Inc.
41 Pinelawn Road
Melville, NY 11747
Fax: 631 293-2218
Attention: General Counsel

Huntsville, AL 35801
Fax: 256.704.7648
Attention: Contracts Management

With a copy to:

Nektar Therapeutics
150 Industrial Drive
San Carlos, CA 94170
Fax: 650.620.5360
Attention: General Counsel

14. Miscellaneous

14.1. Force Majeure. Neither PARTY shall be held liable or responsible to the other PARTY nor be deemed to have defaulted under or breached this AGREEMENT for failure or delay in fulfilling or performing any term of this AGREEMENT to the extent, and for so long as, such failure or delay is caused by or results from causes beyond the reasonable control of the affected PARTY including but not limited to fire, floods, embargoes, war, acts of war (whether war is declared or not), insurrections, riots, civil commotions, acts of God or acts, omissions or delays in acting by any governmental authority or other PARTY and so long as the PARTY whose performance is prevented or delayed uses and continues to use COMMERCIALLY REASONABLE EFFORTS to overcome such cause; provided, however, that the foregoing shall not be applied to excuse or delay any royalty or other payment obligation of either PARTY under this AGREEMENT. When such circumstances arise, the PARTIES shall discuss what, if any modification of the terms of this AGREEMENT may be required to arrive at an equitable solution.

14.2. Severability. All the terms and provisions of this AGREEMENT are distinct and severable, and if any term or provision is held unenforceable, illegal or void in whole or in part by any court, regulatory authority or other competent authority it shall to that extent be deemed not to form part of this AGREEMENT, and the enforceability, legality and validity of the remainder of this AGREEMENT will not be affected, provided that, in any case where as a result of the operation of this Section 14.2 the rights or obligations of a PARTY are materially altered to the detriment of that PARTY, that PARTY may terminate this AGREEMENT within thirty (30) days from the date of the relevant decision of the relevant court, regulatory authority or other competent authority.

14.3. Variation. This AGREEMENT may not be released, discharged, supplemented, amended, varied or modified in any manner except by an instrument in writing signed by a duly authorized officer or representative of each PARTY.

14.4. Forbearance and Waiver. No waiver by a PARTY in respect of any breach will operate as a waiver in respect of any subsequent breach. No failure or delay by a PARTY in exercising any right or remedy will operate as a waiver thereof, nor will any single or partial exercise or waiver of any right or remedy prejudice its further exercise or the exercise of any other right or remedy.

14.5. Counterparts. This AGREEMENT may be executed in more than one counterpart, each of which constitutes an original and all of which together shall constitute one enforceable agreement.

14.6. No Partnership. The relationship of the PARTIES is that of independent contractors and this AGREEMENT will not operate so as to create a partnership or joint venture of any kind between the PARTIES.

14.7. Construction. The PARTIES have participated jointly in the negotiation and drafting of this AGREEMENT. If an ambiguity or question of intent or interpretation arises, this AGREEMENT shall be construed as if drafted jointly by the PARTIES and no presumption or burden of proof shall arise favoring or disfavoring any PARTY by virtue of the authorship of any of the provisions of this AGREEMENT.

14.8. Entire Agreement. This AGREEMENT (including the Schedules referenced in it) constitutes the entire understanding between the PARTIES and supersedes any prior understanding and agreements between and among them respecting the subject matter of this AGREEMENT. There are no representations, agreements, arrangements or understandings, oral or written, between the PARTIES relating to the subject matter of this AGREEMENT that are not fully expressed in this AGREEMENT.

14.9. Governing Law. This AGREEMENT shall be governed by and construed in accordance with the LAWS of the State of California, U.S.A., without regard to its choice of law rules.

15. Regulatory Matters

15.1. In General. OSI shall research, develop, test, use, manufacture, transport, store, dispose of, commercialize and market PRODUCT in accordance with the practices of a reasonable biopharmaceutical company that has substantial expertise in the field and in strict compliance with all LAWS and, as between the PARTIES, except as specifically provided otherwise in this AGREEMENT, OSI shall bear all costs of doing so. To the extent NEKTAR AL advances or incurs any of the costs contemplated in the preceding sentence, OSI shall reimburse NEKTAR AL for such costs within [**] days after the date of any invoice therefor. Each PARTY shall promptly notify the other in writing of any information that comes to its attention concerning the safety or efficacy of REAGENT and/or PRODUCT, including, without limitation, any threatened or pending action by any regulatory authority with respect thereto.

15.2. Specific Requirements. Without limiting the generality of Article 15, OSI shall learn and verify the hazards involved in using REAGENT, including the Material Safety Data Sheet (“MSDS”) therefor. OSI shall comply with safety instructions provided by NEKTAR AL. OSI shall warn its freight handlers, AFFILIATES, SUBLICENSEES, customers and others who reasonably might be expected to come into contact with REAGENT or PRODUCT of any risks involved in using or handling REAGENT or PRODUCT, including providing them with the MSDS.

15.3. Complaints and Communications. OSI shall be responsible for handling all complaints and communications (including with regulatory authorities) relating to PRODUCT.

In addition to the foregoing, OSI shall promptly notify NEKTAR AL and make NEKTAR AL aware of the nature of any communications with or inspections by regulatory authorities relating to, or which could affect, REAGENT, including any questions, complaints or comments ("INQUIRIES") by regulatory authorities relating to or affecting REAGENT. OSI shall provide NEKTAR AL with copies of any correspondence with regulatory authorities that relate to or could affect REAGENT. OSI shall give NEKTAR AL sufficient opportunity to review and comment on any proposed response to any INQUIRIES prior to filing any such response, and shall give NEKTAR AL a copy of any final response so filed.

15.4. Adverse Reaction Reporting. To the extent permitted by LAW, each PARTY shall notify the other in writing of all information that comes to its attention concerning serious adverse events relating to REAGENT or PRODUCT. Such reports shall be provided to the other PARTY within [**] business days after receipt of the information in the case of any experience coincident with the use of REAGENT or PRODUCT, whether or not considered related to the REAGENT or PRODUCT, that suggests a significant hazard, contraindication, side effect or precaution or results in death, a lifethreatening experience, inpatient hospitalization, prolongation of an existing hospitalization, a persistent or significant disability or incapacity, or a congenital anomaly or birth defect. Information concerning all other adverse events not covered by the preceding sentence (including those covered in summary reports that may be prepared annually by a PARTY covering product complaints and complaint handling) shall be provided on a semi-annual basis by each PARTY to the other.

IN WITNESS WHEREOF, the PARTIES have entered into this AGREEMENT as of the EFFECTIVE DATE by their duly authorized representatives.

NEKTAR THERAPEUTICS AL, CORPORATION

Signature /s/ [**]
Name: [**]
Title: V.P. Business Development

(OSI)EYETECH, INC.

Signature /s/ Paul G. Chaney
Name: Paul G. Chaney
Title: EVP, OSI Pharmaceuticals
President, OSI Eyetech

SCHEDULE I
SPECIFICATIONS

Confidential Materials omitted and filed separately with the Securities and Exchange Commission. A total of one page was omitted.

[**]

SCHEDULE II
CHEMICAL NAME OF PRODUCT

E10030- Chemical Name: [**]

SCHEDULE III
NON-ROYALTY REMUNERATION AND INITIAL FORECAST

A. MILESTONE PAYMENTS. Pursuant to Section 7.1, and until the first PARTNERING TRANSACTION (if any), OSI will pay to NEKTAR AL the following milestone payments for achievement of the corresponding milestone events:

Milestone Event	Milestone Payment (US DOLLARS)
[**]	[**]
[**]	[**]
[**]	[**]
[**]	[**]
[**]	[**]
[**]	[**]

OSI shall pay such milestone payments only once, which shall be upon the first time the corresponding milestone event is achieved. OSI shall make such milestone payments to NEKTAR AL within [**] days of achievement of the corresponding milestone event.

B. SUBLICENSE PAYMENTS. For each PARTNERING TRANSACTION into which OSI enters, OSI shall pay to NEKTAR AL:

1. [**] percent ([**]%) of the PARTNERING UPFRONT REVENUES for such PARTNERING TRANSACTION, less the amount of the initial milestone payment pursuant to Section A if such milestone payment has been paid; and

2. milestone payments for achievement of the corresponding milestone events (which milestone payments will in place of and not in addition to the milestone payments in Section A of this SCHEDULE III), which shall be [**] percent ([**]%) of all PARTNERING REVENUES (other than PARTNERING UPFRONT REVENUES and PARTNERING ROYALTIES) payable to OSI under or with respect to the relevant PARTNERING TRANSACTION(S) prior to or for events occurring at the same time or prior to such milestone event, provided that the aggregate share of all such PARTNERING REVENUES (other than PARTNERING UPFRONT REVENUES and PARTNERING ROYALTIES) payable to NEKTAR AL at the time such milestone payment is due shall be no less than the corresponding Aggregate Floor and no more than the corresponding Aggregate Ceiling, and the applicable milestone payment shall be increased or decreased accordingly:

Milestone Event	Aggregate Floor	Aggregate Ceiling
[**]	[**]	[**]
[**]	[**]	[**]
[**]	[**]	[**]
[**]	[**]	[**]
[**]	[**]	[**]

OSI shall pay such milestone payments only once, which shall be upon the first time the corresponding milestone event is achieved. OSI shall make such milestone payments to NEKTAR AL within [**] days of achievement of the corresponding milestone event.

C. INITIAL REAGENT PRICES. Pursuant to Section 7.S.l, OSI will pay to NEKTAR the following prices for the REAGENT under this AGREEMENT:

Total Amount of REAGENT purchased over calendar year (kg)	Price per Gram (U.S. DOLLARS)
Less than [**] kg	[**]
Equal to or greater than [**] kg and less than [**] kg	[**]
Equal to or greater than [**] kg and less than [**] kg	[**]
Equal to or greater than [**] kg	[**]

The prices in the immediately preceding table shall become effective as of the EFFECTIVE DATE and shall remain in effect, and be subject to increase, as provided for in Section 7.5.2.

SCHEDULE IV
NEKTAR AL PATENT RIGHTS

SC Reference	Patent Number/ Publication Number/ Application Number	Priority Date	Status
[**]	[**]	[**]	[**]
[**]	[**]	[**]	[**]
[**]	[**]	[**]	[**]
[**]	[**]	[**]	[**]
[**]	[**]	[**]	[**]
[**]	[**]	[**]	[**]
[**]	[**]	[**]	[**]
[**]	[**]	[**]	[**]
[**]	[**]	[**]	[**]
[**]	[**]	[**]	[**]
[**]	[**]	[**]	[**]
[**]	[**]	[**]	[**]
[**]	[**]	[**]	[**]
[**]	[**]	[**]	[**]
[**]	[**]	[**]	[**]
[**]	[**]	[**]	[**]
[**]	[**]	[**]	[**]
[**]	[**]	[**]	[**]
[**]	[**]	[**]	[**]
[**]	[**]	[**]	[**]
[**]	[**]	[**]	[**]
[**]	[**]	[**]	[**]
[**]	[**]	[**]	[**]
[**]	[**]	[**]	[**]
[**]	[**]	[**]	[**]

SCHEDULE V
ENZON PATENTS

[**]

SCHEDULE VI
ROYALTY, FLOOR, AND CEILING RATES

A. ROYALTY RATES – BEFORE PARTNERING TRANSACTION. The applicable ROYALTY RATES pursuant to Section 7.2 shall be as set forth in the following table, based on:

1. whether any VALID PATENT CLAIMS exist in the relevant country at any time during the relevant CALENDAR QUARTER, and, if so, whether they include any claims for [**], in addition to VALID PATENT CLAIMS from any NEKTAR AL PATENTS; and

2. the level of Aggregate NET SALES of the PRODUCT in the TERRITORY during the relevant calendar year.

Existence of VALID PATENT CLAIMS in Country during CALENDAR QUARTER	Aggregate Net Sales in Calendar Years	
	Less than $[**]	$[**] or more
VALID PATENT CLAIMS exist that include claims from [**] NEKTAR AL PATENTS	[**]%	[**]%
VALID PATENT CLAIMS exist that include only claims from NEKTAR AL PATENTS	[**]%	[**]%
No VALID PATENT CLAIMS exist	[**]%	[**]%

Royalties shall be cumulattve and not incremental, such that if NET SALES of PRODUCT exceed $[**] DOLLARS in a calendar year, then the ROYALTY RATE for *all* NET SALES of the PRODUCT for that calendar year shall be at the higher of the two rates in the applicable line of the table.

By way of example only and without limitation:

(i) If aggregate NET SALES for the PRODUCT in the TERRITORY for the calendar year in which such CALENDAR QUARTER occurs are [**] dollars ($[**]), the ROYALTY RATE for that CALENDAR QUARTER shall be:

[**]% for all NET SALES in countries where such VALID PATENT CLAIMS that include claims from [**] NEKTAR AL PATENT RIGHTS so exist; and

[**]% for NET SALES in countries in which no VALID PATENT CLAIMS existed for the entirety of that CALENDAR QUARTER

in each case regardless of whether aggregate NET SALES of PRODUCT in the TERRITORY have reached $[**] by the end of that CALENDAR QUARTER.

(ii) If aggregate NET SALES of the PRODUCT in the TERRITORY for the calendar year in which such CALENDAR QUARTER occurs are [**] dollars ($[**]), the ROYALTY RATE for that CALENDAR QUARTER shall be:

[**]% for all NET SALES in countries in which VALID PATENT CLAIMS that include claims from [**] NEKTAR AL PATENTS [**] exist at any time during the relevant CALENDAR QUARTER,

[**]% for all NET SALES in countries in which VALID PATENT CLAIMS that include only claims from NEKTAR AL PATENTS, and not any claims from [**], exist at any time during the relevant CALENDAR QUARTER, and

[**]% for all NET SALES in countries in which no VALID PATENT CLAIMS existed for the entirety of that CALENDAR QUARTER.

B. FLOOR AND CEILING RATES – AFTER PARTNERING TRANSACTION. The applicable FLOOR RATES and CEILING RATES pursuant to Section 7.2.1 shall be as set forth in the following table, based on:

1. whether any VALID PATENT CLAIMS exist in the relevant country at any time during the relevant CALENDAR QUARTER, and, if so, whether they include any claims for any [**], in addition to VALID PATENT CLAIMS from any NEKTAR AL PATENTS; and

2. the level of Aggregate NET SALES of the PRODUCT in the TERRITORY during the relevant calendar year.

	FLOOR RATE		**CEILING RATE**	
	Aggregate Net Sales in Calendar Year			
Existence of VALID PATENT CLAIMS in Country	**Less than $[**]**	**$[**] or More**	**Less than $[**]**	**$[**] or More**
VALID PATENT CLAIMS exist that include claims from [**] NEKTAR AL PATENTS	[**]	[**]	[**]	[**]
VALID PATENT CLAIMS exist that include only claims from NEKTAR AL PATENTS	[**]	[**]	[**]	[**]
No VALID PATENT CLAIMS exist	[**]	[**]	[**]	[**]

Royalties shall be cumulative and not incremental, such that if NET SALES of PRODUCT exceed $[**] DOLLARS in a calendar year, then the ROYALTY RATE for *all* NET SALES of the PRODUCT for that calendar year shall be at the higher of the two rates in the applicable line of the table.

By way of example but not limitation:

(i) If aggregate NET SALES for the PRODUCT in the TERRITORY for the calendar year in which such CALENDAR QUARTER occurs are [**] dollars ($[**]), then for that CALENDAR QUARTER:

the FLOOR RATE shall be [**]% for all NET SALES in countries where VALID PATENT CLAIMS exist during any part of that CALENDAR QUARTER; and [**]% for NET SALES in countries in which no VALID PATENT CLAIMS existed for the entirety of that CALENDAR QUARTER; and

the CEILING RATE shall be [**]% for all NET SALES in countries where VALID PATENT CLAIMS exist during any part of that CALENDAR QUARTER; and [**]% for NET SALES in countries in which no VALID PATENT CLAIMS existed for the entirety of that CALENDAR QUARTER;

in each case regardless of whether aggregate NET SALES of PRODUCT have achieved $[**] by the end of that CALENDAR QUARTER.

(ii) If aggregate NET SALES for the PRODUCT in the TERRITORY for the calendar year in which such CALENDAR QUARTER occurs are [**] dollars ($[**]), then for that CALENDAR QUARTER:

the FLOOR RATE shall be [**]% for all NET SALES in countries where VALID PATENT CLAIMS that include both NEKTAR AL PATENT RIGHTS [**] exist during any part of that CALENDAR QUARTER; [**]% for all NET SALES in countries where VALID PATENT CLAIMS that include only NEKTAR AL PATENT RIGHTS exist during any part of that CALENDAR QUARTER but that for the entirety of that CALENDAR QUARTER do not contain [**]; and [**]% for NET SALES in countries in which no VALID PATENT CLAIMS existed for the entirety of that CALENDAR QUARTER; and the CEILING RATE shall be [**]% for all NET SALES in countries where VALID PATENT CLAIMS exist during any part of that CALENDAR QUARTER; and [**]% for NET SALES in countries in which no VALID PATENT CLAIMS existed for the entirety of that CALENDAR QUARTER.

AMENDMENT NO. 1 TO THE
LICENSE, MANUFACTURING AND SUPPLY AGREEMENT

This Amendment No. 1 to the License, Manufacturing and Supply Agreement (this **"Amendment"**) by and between Nektar Therapeutics, a Delaware corporation with offices at 455 Mission Bay Boulevard South, San Francisco, California 94158 (**"Nektar"**), successor by merger to Nektar Therapeutics AL, Corporation, an Alabama corporation, and Ophthotech Corporation, a Delaware corporation with offices at 5 Vaughn Drive, Suite 106, Princeton, New Jersey 08540 (**"Ophthotech"**) is effective as of April 5, 2012. Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the License, Manufacturing and Supply Agreement (the **"Agreement"**) made effective as of September 30, 2006 (the **"Agreement Effective Date"**) by and between Nektar and (OSI) Eyetech, Inc. ("**OSI**"). All references to Sections in this Amendment refer to Sections of the Agreement.

WHEREAS, on the Agreement Effective Date, Nektar and OSI entered into the Agreement, pursuant to which Nektar granted to OSI licenses under certain patents and technology to develop and commercialize the PRODUCT;

WHEREAS, on July 27, 2007, OSI assigned the Agreement to Ophthotech in connection with OSI's transfer to Ophthotech of all of OSI's right, title and interest in and to certain technology relating to the PRODUCT; and

WHEREAS, the parties hereto desire to amend the Agreement as set forth herein.

NOW, THEREFORE, in consideration of the mutual covenants contained herein, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Parties hereto, intending to be legally bound, hereby agree as follows:

1. Amendments to Agreement.

(a) The Agreement is hereby amended by replacing each reference to OSI, (OSI) Eyetech or Eyetech in the Agreement with a reference to Ophthotech.

(b) Introductory clause 2 is hereby amended to read in its entirety as follows:

"2. (OSI) EYETECH, INC. (formerly known as Eyetech Pharmaceuticals, Inc.), a Delaware corporation and wholly owned subsidiary of OSI Pharmaceuticals, Inc. (together with its Affiliates, "OSI"), having offices at 3 Times Square, 12th Floor, New York, New York, 10036, U.S.A., the predecessor-in-interest to Ophthotech Corporation ("OPHTHOTECH") under this Agreement."

(c) WHEREAS clause A is hereby amended to read in its entirety as follows:

"A. OPHTHOTECH is in the business of developing pharmaceutical products, including in particular a pegylated anti-PDGF aptamer designated as E10030, as defined below."

(d) Section 1.19.1 is hereby inserted to read as follows:

"1.19.1 "FIRST AMENDMENT DATE" means April 5, 2012."

(e) Section 1.56 is hereby amended to read in its entirety as "RESERVED."

(f) Section 1.59 is hereby amended by changing the reference to "Section 1.20" to "Section 1.22".

(g) Section 1.60 is hereby amended to read in its entirety as follows:

"1.60 "QUALITY AGREEMENT" means that quality agreement entered into by the PARTIES and dated as of the FIRST AMENDMENT DATE."

(h) Section 1.65 is hereby amended by deleting the second sentence thereof.

(i) Section 3.7 is hereby amended by replacing each of the two occurrences of "[**]" with "[**]", and by replacing "[**]" with "December 31, 2017".

(j) Section 4.3 is hereby amended to read in its entirety as follows:

"4.3 Minimum Purchases and Rolling Forecast. As soon as practicable after the FIRST AMENDMENT DATE the PARTIES shall mutually agree upon the minimum purchase requirements of OPHTHOTECH for the REAGENT for the [**] CALENDAR QUARTERS immediately following the FIRST AMENDMENT DATE. OPHTHOTECH shall, at least [**] days prior to the commencement of the third and each CALENDAR QUARTER following the FIRST AMENDMENT DATE, furnish NEKTAR with a rolling forecast of its requirements of the REAGENT during the forthcoming [**] CALENDAR QUARTERS, with the required quantities for the first [**] CALENDAR QUARTERS to be a binding order for supply of the REAGENT and the forecast for the remaining [**] CALENDAR QUARTERS to be an estimate only. These quantities shall be in full batch allocations, such full batches contain approximately [**] grams. Notwithstanding the foregoing, (a) NEKTAR shall only be bound to supply up to [**] percent ([**]%) of the initial forecast for any CALENDAR QUARTER. In the event that OPHTHOTECH's forecast exceeds [**] percent ([**]%) of the initial forecast for any CALENDAR QUARTER, then the PARTIES will meet in good faith to discuss how NEKTAR can meet the revised forecast, and (b) in no event shall OPHTHOTECH purchase less than [**] percent ([**]%) of the initial forecast for any CALENDAR QUARTER."

(k) Sections 4.4 and 4.5 are each hereby deleted in their entirety.

(l) Section 4.6 is hereby amended by deleting the phrase "of the PRIOR AGREEMENT".

(m) Sections 4.6 and 4.7 are hereby renumbered to be Sections 4.10 and 4.11, respectively, and all references to such Sections or any subsection thereof are hereby amended to reflect such renumbering.

(n) Sections 4.4 through 4.9 are hereby inserted to read as follows:

"4.4 Purchase Orders. OPHTHOTECH will order the REAGENT from NEKTAR by means of a standard OPHTHOTECH purchase order and NEKTAR shall ship or cause the REAGENT to be shipped pursuant to its standard shipping documents; provided, however, that all terms and conditions respecting any orders of REAGENT other than quantity and delivery dates shall be governed exclusively by the terms of this AGREEMENT. Such OPHTHOTECH purchase order shall specify the quantity and delivery date of the REAGENT. However, in case of inconsistency between the purchase order or the standard shipping documents and the terms and conditions of this AGREEMENT, the terms and conditions of this AGREEMENT or any modification of this AGREEMENT agreed to in writing by the parties shall govern as to matters dealt with in this AGREEMENT, any such inconsistent terms in such purchase order or shipping documents are hereby expressly rejected. OPHTHOTECH shall, at least [**] days prior to the commencement of the third and each successive CALENDAR QUARTER following the EFFECTIVE DATE, provide NEKTAR with a written purchase order for such CALENDAR QUARTER. Any such purchase order shall be sent to NEKTAR'S facility at 1112 Church Street, Huntsville, Alabama 35806, to the attention of the individual of which NEKTAR shall notify OPHTHOTECH in writing from time to time pursuant to Section 13.

"4.5 Fulfillment. To the extent that any orders for REAGENT do not exceed [**] percent ([**]%) of OPHTHOTECH's initial forecast for a respective CALENDAR QUARTER, and to the extent forecasts and purchase orders are submitted as provided hereunder, NEKTAR shall commence fulfilling these orders no later than: (a) [**] months after the date an order is placed; or (b) any other mutually agreed upon delivery date. If NEKTAR determines that it cannot commence fulfilling an order by the later of [**] months of the date an order is placed or any other agreed upon delivery date, then NEKTAR will promptly notify OPHTHOTECH in writing within [**] business days of such determination. To the extent that such order for REAGENT does not exceed [**] percent ([**]%) of OPHTHOTECH's forecast for a respective CALENDAR QUARTER, and to the extent that such purchase order is submitted as provided hereunder, the provisions of Section 4.7 apply. Each shipment of REAGENT as of delivery shall have at least [**]% of its initial shelf-life as of the completion of its manufacture remaining."

"4.6 Shipment; Payment of Invoices.

NEKTAR shall send invoices to OPHTHOTECH for the REAGENT shipped to OPHTHOTECH no earlier than the date on which the REAGENT is placed aboard the carrier at the point of shipment from the place of manufacture or storage owned or controlled by NEKTAR. All shipments of REAGENT will be delivered to the address set forth in the applicable purchase order. All REAGENT supplied to OPHTHOTECH hereunder shall be delivered to OPHTHOTECH EX WORKS (INCOTERMS 2010) NEKTAR's manufacturing or storage facility. OPHTHOTECH shall pay all shipping, customs, duties, taxes, freight and insurance charges associated with shipments of REAGENT. All invoices will be in DOLLARS, payable to NEKTAR, at the address provided above or such other address as NEKTAR may from time to time advise OPHTHOTECH. Payment will be due [**] days from receipt of invoice unless acceptance is delayed pursuant to Sections 6.2, 6.3 and 6.4, in which case they shall be due as provided thereunder. Amounts past due shall bear interest at the rate of [**] percent ([**]%) per month, compounded daily, or the maximum rate allowed under law, whichever is less."

"4.7 Failure to Supply. Subject to Section 14.1, if NEKTAR cannot supply at least [**] percent ([**]%) of the amount of the REAGENT consistent with and at the times specified by Sections 4.3 and 4.4 and does not cure the deficiency within [**] days after OPHTHOTECH so notifies NEKTAR in writing that a portion of the REAGENT due for delivery has not been delivered, after using all reasonable efforts, then NEKTAR will be considered as being unable to manufacture and sell to OPHTHOTECH the REAGENT under this AGREEMENT ("FAILURE"). In the case of a FAILURE for any reason, NEKTAR shall, subject to this Section 4.7, immediately work with OPHTHOTECH and grant to one THIRD PARTY contract manufacturer (the "CONTRACT MANUFACTURER" such CONTRACT MANUFACTURER being subject to approval by both OPHTHOTECH and NEKTAR, such approval to not be unreasonably withheld by either party) a personal, non-assignable, non-exclusive right and license under the LICENSED TECHNOLOGY to make the amount of REAGENT, for the sole purpose of OPHTHOTECH producing the PRODUCT, in accordance with OPHTHOTECH's order for the relevant CALENDAR QUARTER as well as during the following [**] CALENDAR QUARTERS [**]. Such FAILURE by NEKTAR to supply OPHTHOTECH with the REAGENT will not be taken as a refusal by NEKTAR to supply OPHTHOTECH with the REAGENT for subsequent CALENDAR QUARTERS unless NEKTAR so indicates. With respect to such subsequent CALENDAR QUARTERS, if NEKTAR has demonstrated that it has the ability to supply all of OPHTHOTECH's REAGENT requirements hereunder, OPHTHOTECH will resume purchases of the REAGENT from NEKTAR in the manner provided for by this AGREEMENT. Payments made by OPHTHOTECH to the CONTRACT MANUFACTURER for REAGENT supplied during a

FAILURE shall be recognized by NEKTAR, and NEKTAR shall not seek payment for such supply. Notwithstanding the foregoing, all of OPHTHOTECH's milestone and royalty obligations shall remain in effect during the period of any FAILURE. [**]."

"4.8 Technology Transfer. In the event that NEKTAR grants to the CONTRACT MANUFACTURER, as contemplated in Section 4.7, a personal, non-assignable, non-exclusive right and license under the LICENSED TECHNOLOGY to make, have made and use the REAGENT for the sole purpose of manufacturing for OPHTHOTECH the PRODUCT, NEKTAR shall, at its expense, transfer sufficient of its technology, including required NEKTAR KNOW-HOW and training of personnel, to enable the CONTRACT MANUFACTURER to manufacture the REAGENT for the sole purpose of OPHTHOTECH producing the PRODUCT. Such CONTRACT MANUFACTURER shall be bound to treat all such NEKTAR KNOW-HOW as NEKTAR CONFIDENTIAL INFORMATION, subject to the obligations of Section 9."

"4.9 RESERVED."

(o) Section 5.2 is hereby amended by deleting the phrase "of the PRIOR AGREEMENT".

(p) Sections 5, 6 and 7.5 are each hereby amended by deleting from each section the first sentence appearing immediately beneath the corresponding section heading.

(q) Section 7.5.1 is hereby amended by deleting the second sentence thereof.

(r) Section 11.5 is hereby amended to read in its entirety as "RESERVED."

(s) Section 11.6.1 is hereby amended by deleting the second sentence thereof.

(t) Section 13 is hereby amended by deleting the OSI and NEKTAR addresses and fax numbers and replacing them with the following:

"If to OPHTHOTECH:

Ophthotech Corporation
5 Vaughn Drive
Suite 106
Princeton, New Jersey 08540
Fax: 609-452-7435
Attention: Chief Executive Officer

If to NEKTAR:

Nektar Therapeutics
455 Mission Bay Boulevard South
San Francisco, California 94158
Fax: 415-339-5322
Attention: General Counsel”

(u) Schedule I is hereby amended to read in its entirety as follows: “Please see Attachment A to the QUALITY AGREEMENT.”

2. Miscellaneous. The parties hereto hereby confirm and agree that, except as amended hereby, the Agreement remains in full force and effect and is a binding obligation of the parties hereto. This Amendment may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

[Signature page follows]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed by their duly authorized representatives.

OPHTHOTECH CORPORATION		**NEKTAR THERAPEUTICS**	
By:	/s/ Bruce A. Peacock	By:	/s/ [**]
Name:	Bruce A. Peacock	Name:	[**]
Title:	Chief Business Officer	Title:	Sr. V.P., Pharm. Dev. & Mfg. Ops.

One Penn Plaza, 35th Floor, New York, NY 10119
Phone: 212-845-8200 Fax: 212-845-8250

June 20, 2013

Nektar Therapeutics
Attn.: General Counsel
455 Mission Bay Boulevard South
San Francisco, California 94158

Re: Ophthotech/Nektar License, Manufacturing and Supply Agreement

Dear Sirs:

Reference is hereby made to the License, Manufacturing and Supply Agreement entered into as of September 30, 2006 (as amended, the "License and Supply Agreement"), by and between Ophthotech Corporation, a Delaware corporation ("Ophthotech") and Nektar Therapeutics, a Delaware Corporation (successor by merger to Therapeutics Al, Corporation, an Alabama corporation) ("Nektar").

On May 23, 2013, Ophthotech entered into a Purchase and Sale Agreement with Novo A/S pursuant to which Novo A/S has agreed to provide Ophthotech with funding for clinical trials of Ophthotech's Fovista™ product, which is a Product under the License and Supply Agreement, in exchange for royalties on Fovista™ sales. Ophthotech's press release announcing the transaction can be found at: http://www.ophthotech.com/ophthotech-raises-175-million/.

Under the terms of Ophthotech's agreement with Novo A/S, Ophthotech has granted Novo A/S a security interest in Ophthotech's Fovista™-related intellectual property assets, including Ophthotech's rights in its Fovista™-related license and supply agreements, to Novo A/S, to the extent Ophthotech is legally able to do so, in order to secure the performance of Ophthotech's obligations under its agreement with Novo A/S.

Ophthotech hereby requests that Nektar consent to Ophthotech's grant to Novo A/S of a security interest in Ophthotech's rights in the License and Supply Agreement, to the extent such consent may be necessary to permit such grant and without prejudice to Ophthotech's right to contest the necessity of such consent, in order to secure the performance of Ophthotech's obligations under its agreement with Novo A/S.

In addition, Ophthotech hereby requests that Nektar extend Ophthotech's deadline for achieving a first commercial sale of a Product in the first major market country as specified in Section 3.7 of the License and Supply Agreement from [**] to December 31, 2017 (and, upon such extension,

One Penn Plaza, 35th Floor, New York, NY 10119
Phone: 212-845-8200 Fax: 212-845-8250

Nektar's agreement that Section 3.7 of the License and Supply Agreement hereby be amended by replacing "[**]" with "December 31, 2017" in both places where such phrase occurs therein).

Ophthotech agrees to indemnify Nektar for any out-of-pocket costs reasonably incurred by Nektar due to any of the following: (a) activities undertaken by Ophthotech or Novo A/S to perfect the security interest granted by Ophthotech to Novo A/S described above; or (b) any action or claim by Ophthotech or its affiliates, Novo A/S or its affiliates, or any third party brought under or relating to the security interest described above or the collateral that causes Nektar to incur out-of-pocket costs (such as, by way of example and not by way of limitation, out-of-pocket costs incurred by Nektar, such as attorneys' fees and travel costs, in complying with third party discovery requests or demands directed at Nektar).

Please indicate Nektar's consent and agreement to the above by countersigning below and returning a copy of this consent and agreement to Ophthotech at its notice address under the License and Supply Agreement.

Thank you for your attention to this request.

Very truly yours,

OPHTHOTECH CORPORATION

By: /s/ Bruce A. Peacock

Name: Bruce A. Peacock

Title: Chief Business Officer

Consent and Agreement:

NEKTAR THERAPEUTICS

By: _____

Name: _____

Title: _____

Exhibit 10.14

OPHTHOTECH CORPORATION
One Penn Plaza
35th Floor
New York, NY 10119
(212) 845-8200

April 26, 2013

Dr. David Guyer

Dear David:

It is my pleasure to extend to you this offer of employment with Ophthotech Corporation (the "Company"), subject to your acceptance of the terms hereof and approval by the Company's Board of Directors (the "Board"). On behalf of the Company, I set forth below the proposed terms of your employment:

1. **Employment.** You will be employed to serve on a full-time basis as the Company's Chief Executive Officer, effective April 26, 2013. As the Company's Chief Executive Officer, you will report to the Board and you shall have the duties, responsibilities and authority commensurate with your position in companies of similar type and size. The Company acknowledges that upon the effective date of your employment you shall remain as a member of the Board. All employees shall report to you or your designee. You agree to devote your full business time, efforts, skill, knowledge, attention and energies to the advancement of the Company's business and interests and to the performance of your duties and responsibilities as an employee of the Company. Notwithstanding the foregoing, you shall be permitted to continue serving on the boards of directors of three other companies, initially PanOptica, Inc., Allocure, Inc. and Imagen Biotech Inc., provided that such service does not entail an operating role, does not materially interfere with the performance of your duties and responsibilities to the Company and does not compete with the Company and your role as provided in Section 16. For purposes hereof, a business will be deemed to be competitive with the Company if it engages in the research, development or commercialization of pharmaceutical or diagnostic products for ocular diseases whose primary mechanism of action is directed at the pdgf molecule and/or its receptor or the C5 molecule and/or its receptor. On or prior to the closing of the Company's initial public offering of its common stock, you shall reduce the number of boards of directors (other than the Board) on which you serve to no more than two, provided that the Board would consider permitting you to serve on a third board of directors in its discretion. In addition, you shall be permitted to provide *de minimis* consulting services, initially to Rapid Pathogen Screening, Inc., Aerpio Therapeutics, Inc., Sensimed AG, Neurotech Pharmaceuticals, Inc. and Kala Pharmaceuticals, Inc. You agree to maintain a log of the time you spend providing service as a consultant and to furnish such log to the Board upon request. You further agree to abide by the rules, regulations, instructions, personnel practices and policies of the Company and any changes therein not inconsistent with this letter that may be adopted from time to time by the Company.

2. **Base Salary.** Your base salary will be at the rate of $43,333.33 per monthly pay period (which if annualized equals $520,000), less all applicable taxes and withholdings, to be paid in installments in accordance with the Company's regular payroll practices.

3. **Discretionary Bonus.** Following the end of each calendar year and subject to the approval of the Board, you will be eligible for a performance bonus of up to 60% of your annualized base salary, based on your personal performance and the Company's performance during the applicable calendar year, as determined by the Board in its sole discretion. In any event, you must be an active employee of the Company on the date the bonus is distributed in order to be eligible for and to earn any bonus award, as it also serves as an incentive to remain employed by the Company, except as otherwise provided herein. Any bonus would be pro-rated for the 2013 calendar year.

4. **Equity.** Subject to your execution of the Company's standard form of stock option agreement, you are being granted options to purchase an aggregate of 3,982,258 shares of the Company's common stock, which equals approximately 3.1% of the Company's fully diluted capital stock on an as-converted to common stock basis (calculated assuming the issuance of up to 20,000,000 shares in connection with the proposed Series C preferred stock financing contemplated by the term sheet previously executed by the Company and Novo A/S (the "Series C Financing")). For purposes of clarity, such options would be in addition to any stock awards previously granted to you, including the 750,000 shares of common stock granted to you and the 750,000 shares of common stock granted to The Guyer Family Irrevocable Trust. Such options would be issued with an exercise price, based on fair market value, of $1.70 per share and would vest in 48 equal monthly installments over the four-year period beginning on the effective date of your employment, pursuant to the terms of the stock option agreement and subject to your continued employment with the Company. Notwithstanding the time based vesting provided for above, an aggregate of 620,000 shares subject to such options (the "Contingent Option Shares") shall only vest subject to the issuance and sale by the Company of shares in the Series C Financing. Upon each issuance of shares in the Series C Financing (each, a "Series C Closing"), a number of Contingent Option Shares equal to 3.1% of the number of shares issued at such Series C Closing shall vest, subject to any remaining time based vesting conditions. Upon the consummation of a Change in Control Event (as defined in the Company's Amended and Restated 2007 Stock Incentive Plan) on or following the date that is six months after the effective date of your employment and subject to your continued employment with the Company as of such time or your termination by the Company without Cause within seventy-five (75) days prior to (and in contemplation of) such Change in Control Event, such options shall become immediately exercisable in full with respect to all unvested shares subject to such options (other than any Contingent Option Shares the vesting of which has not been triggered as a result of a Series C Closing). Upon the consummation of a Change in Control Event prior to the date that is six months after

the effective date of your employment and subject to your continued employment with the Company as of such time or your termination by the Company without Cause within seventy-five (75) days prior to (and in contemplation of) such Change in Control Event, such options shall become immediately exercisable with respect to 66.7% of the unvested shares subject to such options (other than any Contingent Option Shares the vesting of which has not been triggered as a result of a Series C Closing) and the options shall terminate and expire with respect to the remaining 33.3% of such unvested shares. Upon the consummation of a Change in Control Event, such options shall terminate and expire with respect to any Contingent Option Shares the vesting of which has not been triggered as a result of a Series C Closing.

As an example, if the first Series C Closing occurs on the date that is one month after the effective date of your employment and 6,666,667 shares are issued at such Series C Closing, then 206,667 Contingent Option Shares would vest, subject to the remaining time based vesting. If a Change in Control Event is then consummated on the date that is four months after the effective date of your employment without any additional Series C Closing having occurred, then (i) your options would terminate and expire with respect to an aggregate of 1,502,747 shares, comprised of (A) the remaining 413,333 Contingent Option Shares the vesting of which was not triggered and (B) 1,089,414 shares, which equals 33.3% of the unvested shares subject to such options (other than the Contingent Option Shares the vesting of which was not triggered) and (ii) your options would be immediately exercisable for an aggregate of 2,479,511 shares, comprised of (A) 297,410 shares previously vested based on time based vesting and (B) 2,182,101 shares, which equals 66.7% of the unvested shares subject to such options (other than the Contingent Option Shares the vesting of which was not triggered).

5. **Benefits.** You may participate in any and all benefit programs that the Company establishes and makes available to its employees from time to time, provided that you are eligible under (and subject to all provisions of) the plan documents that govern those programs. Benefits are subject to change at any time in the Company's sole discretion.

6. **Severance.** If your employment is terminated by the Company without Cause or by you for Good Reason, then (subject to your executing (and not revoking) a separation agreement as described below) the Company will (i) pay you an amount equal to twelve (12) months of your base salary, less standard employment-related withholdings and deductions, which amount shall be paid to you in a lump sum on the Payment Date (as defined below), (ii) pay you a pro-rated portion of the bonus to which you would otherwise be entitled pursuant to Section 3 hereof for the year in which your employment terminates, less standard employment-related withholdings and deductions, which amount shall be paid to you at the same time bonuses for other executives are paid for such year, and (iii) provide for continued coverage, at the Company's expense, under the Company's medical and dental benefit plans to the extent permitted under such plans for a period of twelve (12) months immediately following the date of the termination of your employment. The Company shall not be obligated to pay to you the severance payments provided for herein unless you have

timely executed (and not revoked) a separation agreement in substantially the form attached hereto. Such separation agreement must be executed and become binding and enforceable within sixty (60) calendar days after the effective date of your termination of employment (such 60th day, the "Payment Date"); *provided*, *however*, that if the 60th day following the date of termination occurs in the next calendar year following the date of termination, then the Payment Date shall be no earlier than January 1 of such following calendar year.

For purposes hereof, "Cause" shall mean that: (i) you failed to attempt in good faith, refused or willfully neglected to perform and discharge your material duties and responsibilities; (ii) you have been convicted of, or pled *nolo contendere* to, a felony or other crime involving fraud or moral turpitude; (iii) you breached your fiduciary duty or loyalty to the Company, or acted fraudulently or with material dishonesty in discharging your duties to the Company; (iv) you undertook an intentional act or omission of misconduct that materially harmed or was reasonably likely to materially harm the business, interests, or reputation of the Company; (v) you materially breached any material provision hereof; or (vi) you materially breached any material provision of any Company code of conduct or ethics policy. Notwithstanding the foregoing, "Cause" shall not be deemed to have occurred unless: (A) the Company provides you with written notice that it intends to terminate your employment hereunder for one of the grounds set forth in subsections (i), (v) or (vi) within sixty (60) days of such reason(s) occurring, (B) if such ground is capable of being cured, you have failed to cure such ground within a period of thirty (30) days from the date of such written notice, and (C) the Company terminates your employment within six (6) months from the date that Cause first occurs.

For purposes hereof, "Good Reason" shall mean, without your written consent: (i) any change in your position, title or reporting relationship with the Company that diminishes in any material respect your title, authority, duties or responsibilities, including your removal as a member of the Board; *provided*, *however*, that (A) a change in your title or reporting relationship solely due to the Company becoming a division, subsidiary or other similar part of a larger organization, or your removal as a member of the Board, following a Change of Control Event shall not by itself constitute Good Reason until the first anniversary of the Change in Control Event and (B) your ceasing to serve as Chairman of the Board shall not by itself constitute Good Reason if you are still serving as a member of the Board; (ii) any material reduction in your base compensation; (iii) a material change in the geographic location at which services are to be performed by you; or (iv) a material breach of any provision hereof by the Company or any successor or assign. Notwithstanding the foregoing, "Good Reason" shall not be deemed to have occurred unless: (A) you provide the Company with written notice that you intend to terminate your employment hereunder for one of the grounds set forth in subsections (i), (ii), (iii) or (iv) within sixty (60) days of such reason(s) occurring, (B) if such ground is capable of being cured, the Company has failed to cure such ground within a period of thirty (30) days from the date of such written notice, and (C) you terminate your employment within six (6) months from the date that Good Reason first occurs. For purposes of clarification, the above-listed conditions shall apply separately to each occurrence of Good Reason and failure to adhere to such conditions in the event of Good Reason shall not disqualify you from asserting Good Reason for any subsequent occurrence of Good Reason.

7. **Gross-Up.** (a) If it shall be determined that any payment, benefit or distribution (or combination thereof) by the Company or any of its affiliates, to you or for your benefit, whether paid, payable, distributed, distributable or provided pursuant hereto or otherwise, including any payment, benefit or other right that constitutes a "parachute payment" (a "Payment") within the meaning of Section 280G of the Internal Revenue Code of 1986, as amended (the "Code"), that is paid or payable to you or for your benefit during the term of this letter would be subject to the excise tax imposed by Section 4999 of the Code, together with any interest or penalties imposed with respect to such tax (the "Excise Tax"), you shall be entitled to receive an additional payment (a "280G Gross-Up Payment") in an amount such that, after payment by you of all taxes (and any interest or penalties imposed with respect to such taxes), including any income and employment taxes and Excise Taxes imposed upon the 280G Gross-Up Payment, you retain an amount of the 280G Gross-Up Payment equal to the Excise Tax imposed upon such Payments.

(b) Subject to the provisions of Section 7(c), all determinations required to be made under this Section 7, including whether and when a 280G Gross-Up Payment is required, the amount of such 280G Gross-Up Payment and the assumptions to be utilized in arriving at such determination, shall be made in accordance with the terms of this Section 7 by a nationally recognized certified public accounting firm, other than the Company's regular auditor, or by the Company's outside legal counsel, in each case that shall be selected by the Company and shall be reasonably acceptable to you (the "Accounting Firm"). The Company shall direct the Accounting Firm to provide detailed supporting calculations to both the Company and you within 15 Business Days after the receipt of notice from you that there has been a Payment or such earlier time as is requested by the Company. All fees and expenses of the Accounting Firm shall be borne by the Company. Any 280G Gross-Up Payment, as determined pursuant to this Section 7, shall be paid by the Company to you within five Business Days after the receipt of the Accounting Firm's determination (but in all events no later than the end of the taxable year following the taxable year in which any tax is remitted to the relevant taxing authority). The Company shall instruct the Accounting Firm to inform you in writing if the Accounting Firm determines that no Excise Tax is payable by you. Any determination by the Accounting Firm shall be binding upon the Company and you. As a result of the uncertainty in the application of the Excise Tax, at the time of the initial determination by the Accounting Firm hereunder, it is possible that the amount of the 280G Gross-Up Payment determined by the Accounting Firm to be due to you, consistent with the calculations required to be made hereunder, will be lower than the amount actually due, including any interest and penalties (an "Underpayment") or higher than the amount actually due, including any interest and penalties (an "Overpayment"). If the Company exhausts its remedies pursuant to Section 7(c) and you thereafter are required to make a payment of any Excise Tax, the Accounting Firm shall determine the amount of the Underpayment that has occurred and any such Underpayment shall be paid by the Company to you within five Business Days after the receipt of the Accounting Firm's determination. Within 15 Business

Days after you files his income tax returns for any year in which the Company makes a 280G Gross-Up Payment, you shall submit true and complete copies thereof to the Accounting Firm for purposes of determining if there has been an Overpayment. The Accounting Firm shall be instructed to make such determination within 20 Business Days. If the Accounting Firm determines that the Company has made an Overpayment to you, then within ten Business Days you shall repay to the Company the amount of such Overpayment.

(c) You shall notify the Company of any written claim by the Internal Revenue Service (the "IRS") that, if successful, would require the payment by the Company of a 280G Gross-Up Payment. Such notification shall be given as soon as practicable, but no later than ten Business Days after you are informed in writing of such claim. Failure to give timely notice shall not prejudice your right to 280G Gross-Up Payments and rights of indemnity under this Section 7. You shall apprise the Company of the nature of such claim and the date the IRS specifies as the due date for payment of such claim. You shall not pay such claim prior to the expiration of the 30-day period following the date on which you give such notice to the Company (or such shorter period ending on the date that any payment of taxes with respect to such claim is due). If the Company notifies you in writing prior to the expiration of such period that the Company desires to contest such claim, you shall (i) give the Company any information reasonably requested by the Company relating to such claim, (ii) take such action in connection with contesting such claim as the Company shall reasonably request in writing from time to time, including accepting legal representation with respect to such claim by an attorney reasonably selected by the Company, (iii) cooperate with the Company in good faith in order effectively to contest such claim and (iv) permit the Company to participate in any proceedings relating to such claim; provided, however, that the Company shall bear and pay directly all costs and expenses (including additional income taxes, interest and penalties) incurred in connection with such contest, and shall indemnify and hold you harmless, on an after-tax basis, for any Excise Tax or any other tax (including interest or penalties) imposed as a result of such representation and payment of costs and expenses. Without limitation on the foregoing provisions of this Section 7(c), the Company shall control all proceedings taken in connection with such contest, and, at its sole discretion, may pursue or forgo any and all administrative appeals, proceedings, hearings and conferences with the applicable taxing authority in respect of such claim and may, at its sole discretion, either direct the Executive to pay the tax claimed and sue for a refund or contest the claim in any permissible manner, and you agree to prosecute such contest to a determination before any administrative tribunal, in a court of initial jurisdiction and in one or more appellate courts, as the Company shall determine; *provided, however,* that (A) if the Company directs you to pay such claim and sue for a refund, the Company shall advance the amount of such payment to you, on an interest-free basis, and shall indemnify and hold you harmless, on an after-tax basis, from any Excise Tax or income tax (including interest or penalties) imposed with respect to such advance or with respect to any imputed income in connection with such advance and (B) if such contest results in any extension of the statute of limitations relating to payment of taxes for your taxable year with respect to which such contested amount is claimed to be due, such extension must be limited solely to such contested amount. Furthermore, the

Company's control of the contest shall be limited to issues with respect to which the 280G Gross-Up Payment would be payable hereunder, and you shall be entitled to settle or contest, as the case may be, any other issue raised by the IRS or any other taxing authority.

(d) If, after the receipt by you of an amount advanced by the Company pursuant to Section 7(c), you become entitled to receive any refund with respect to such claim, you shall (subject to the Company's complying with the requirements of Section 7(c)) promptly pay to the Company the amount of such refund received (together with any interest paid or credited thereon after taxes applicable thereto). If, after the receipt by you of an amount advanced by the Company pursuant to Section 7(c), a determination is made that you shall not be entitled to any refund with respect to such claim and the Company does not notify you in writing of its intent to contest such denial of refund prior to the expiration of the 30-day period after such determination, then such advance shall be forgiven and shall not be required to be repaid and the amount of such advance shall offset, to the extent thereof, the amount of 280G Gross-Up Payment required to be paid.

(e) As used in this Section 7, "Business Day" means a day other than a Saturday, Sunday or other day on which commercial banks in the State of New York are authorized of required by law or executive order to remain closed.

(f) No provision of this Section 7 is intended to violate the provisions of the Sarbanes-Oxley Act of 2002 with regard to loans and, to the extent such would be applicable and any amount would be deemed a loan thereunder, such amount shall be deemed to be a nonrepayable payment to you.

8. **Vacation.** You will be eligible for four (4) weeks of paid vacation per calendar year to be taken at such times as are commensurate with your duties.

9. **Invention, Non-Disclosure, Non-Competition and Non-Solicitation Agreement.** As a condition of employment, you will be required to execute the attached Invention, Non-Disclosure, Non-Competition and Non-Solicitation Agreement (the "Non-Competition Agreement").

10. **No Conflict.** You represent that you are not bound by any employment contract, restrictive covenant or other restriction preventing you from entering into employment with or carrying out your responsibilities for the Company, or which is in any way inconsistent with the terms of this offer letter.

11. **Proof of Legal Right to Work.** You agree to provide to the Company, within three (3) days of your date of hire, documentation proving your eligibility to work in the United States, as required by the Immigration Reform and Control Act of 1986. You may need a work visa in order to be eligible to work in the United States. If that is the case, your employment with the Company will be conditioned upon your obtaining a work visa in a timely manner as determined by the Company.

12. **At-Will Employment.** This letter shall not be construed as an agreement, either express or implied, to employ you for any stated term, and shall in no way alter the Company's policy of employment at-will, under which both the Company and you remain free to end the employment relationship for any reason, at any time, with or without cause or notice. Although your job duties, title, compensation and benefits, as well as the Company's personnel policies and procedures, may change from time to time, the "at-will" nature of your employment may only be changed by a written agreement signed by you and an authorized representative of the Company that expressly states the intention to modify the at-will nature of your employment. Similarly, nothing in this letter shall be construed as an agreement, either express or implied, to pay you any compensation or grant you any benefit beyond the end of your employment with the Company. This letter supersedes all prior understandings, whether written or oral, relating to the terms of your employment. In addition, the Independent Contractor Agreement between you and the Company dated December 10, 2009 shall terminate upon the effective date of your employment.

13. **Successors and Assigns.** The terms of this letter shall be binding upon and inure to the benefit of you and the Company and their respective successors and assigns, including any corporation with which, or into which, the Company may be merged or which may succeed to the Company's assets or business; *provided*, *however*, that your obligations are personal and may not be assigned by you. You expressly consent to be bound by the provisions hereof for the benefit of the Company or any subsidiary or affiliate thereof to whose employ you may be transferred without the necessity that this letter be re-signed at the time of such transfer.

14. **Governing Law.** This letter shall be governed by and construed in accordance with the laws of the State of New York (without reference to the conflicts of laws provisions thereof). Any action, suit, or other legal proceeding which is commenced to resolve any matter arising under or relating to any provision of this letter shall be commenced only in a court of the State of New York (or, if appropriate, a federal court located within New York), and the Company and you each consents to the jurisdiction of such a court. The Company and you each hereby irrevocably waive any right to a trial by jury in any action, suit or other legal proceeding arising under or relating to any provision hereof.

15. **Attorneys' Fees.** The Company shall pay your reasonable attorneys' fees and expenses in connection with reviewing and negotiating the terms hereof in an amount not to exceed $7,500.

16. **Position at SV Life Sciences.** You shall be permitted to maintain the title of Venture Partner at SV Life Sciences, provided that (i) you are serving only in an advisory capacity for businesses that do not compete with the Company as set forth in Section 1 hereof and (ii) you do not have any responsibility for operating or investing matters beyond your service on the boards of directors of other companies as permitted by Section 1 hereof. You may retain all amounts and benefits you receive as a result of the foregoing.

17. **Code Section 409A**. The intent of the parties is that payments and benefits under this letter comply with, or be exempt from, Internal Revenue Code Section 409A and the regulations and guidance promulgated thereunder (collectively "Code Section 409A") and, accordingly, to the maximum extent permitted, this Agreement shall be interpreted to be in compliance therewith. With regard to any provision herein that provides for reimbursement of costs and expenses or in-kind benefits, except as permitted by Code Section 409A, (i) the right to reimbursement or in-kind benefits shall not be subject to liquidation or exchange for another benefit, (ii) the amount of expenses eligible for reimbursement, or in-kind benefits, provided during any taxable year shall not affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other taxable year, provided that this clause (ii) shall not be violated with regard to expenses reimbursed under any arrangement covered by Code Section 105(a) solely because such expenses are subject to a limit related to the period the arrangement is in effect, and (iii) such payments shall be made on or before the last day of your taxable year following the taxable year in which the expense occurred, provided that any tax gross-ups may be reimbursed by the end of the calendar year following the calendar year in which such taxes are remitted to the taxing authorities. For purposes of Code Section 409A, your right to receive any installment payments pursuant to this Agreement shall be treated as a right to receive a series of separate and distinct payments. In no event may you, directly or indirectly, designate the calendar year of any payment to be made under this Agreement that is considered nonqualified deferred compensation. Termination of employment as used herein shall mean separation from service within the meaning of Code Section 409A. In the event at the time of any separation from service you are a "specified employee" within the meaning of Code Section 409A, any deferred compensation subject to Code Section 409A payable as a result of such termination shall not be paid prior to the earlier of six (6) months after such termination and your death and shall be paid immediately thereafter.

* * *

If this letter correctly sets forth the terms under which you will be employed by the Company, please sign the enclosed duplicate of this letter in the space provided below and return it to me, along with a signed copy of the Non-Competition Agreement. The terms of employment set forth herein shall become binding upon you and the Company upon approval by the Board and your execution of this letter; *provided*, *however*, that if you do not accept this offer by 5:00 p.m. on Friday, April 26, 2013, the offer will be deemed withdrawn.

Sincerely,

By: /s/ Nicholas Galakatos
Nicholas Galakatos
Chairman, Compensation Committee
Ophthotech Corporation

The foregoing correctly sets forth the terms of my at-will employment with Ophthotech Corporation. I am not relying on any representations other than those set forth above.

/s/ David R. Guyer	4/16/2013
David Guyer	Date

SEPARATION AGREEMENT AND RELEASE OF CLAIMS

Ophthotech Corporation, a Delaware corporation (the "Company"), and David Guyer (the "Employee") (together, the "Parties"), entered into a letter agreement dated April 26, 2013 (the "Offer Letter"). Any capitalized terms not defined herein shall have the meanings ascribed to them in the Offer Letter. This is the release by Employee of all claims against the Releasees (as defined below) arising out of the Employee's employment with or separation from the Company (the "Release"). The consideration for the Employee's agreement to this Release consists of the severance payments set forth in Section 6 of the Offer Letter, which are conditioned on, among other things, termination of the Employee's employment by the Company without Cause or by the Employee for Good Reason and effectiveness of this Release based on the Employee's timely execution and nonrevocation hereof.

1. Tender of Release. This Release is automatically tendered to the Employee upon the termination of the Employee's employment by the Company without Cause or by the Employee with Good Reason.

2. Release of Claims. The Employee voluntarily, fully, forever, irrevocably and unconditionally releases and discharges the Company, its affiliates, subsidiaries and parent companies and each of their predecessors, successors, assigns, and their current and former members, partners, directors, managers, officers, employees, representatives, attorneys, agents, and all persons acting by, through, under or in concert with any of the foregoing (any and all of whom or which are hereinafter referred to as the "Releasees"), from any and all charges, complaints, claims, liabilities, obligations, promises, agreements, controversies, damages, actions, causes of action, suits, rights, demands, costs, losses, debts and expenses (including attorney's fees and costs actually incurred), of any nature whatsoever, known or unknown that the Employee now has, owns or holds, or claims to have, own, or hold, or that he at any time had, owned, or held, or claimed to have had, owned, or held against any Releasee arising out of the Employee's employment with or separation from the Company (collectively, "Claims"). This release of Claims includes, without implication of limitation, the release of all Claims:

- of breach of contract;
- of retaliation or discrimination under federal, state or local law (including, without limitation, Claims of age discrimination or retaliation under the Age Discrimination in Employment Act, Claims of disability discrimination or retaliation under the Americans with Disabilities Act, Claims of discrimination or retaliation under Title VII of the Civil Rights Act of 1964 and Claims of discrimination or retaliation under state law);
- under any other federal or state statute, to the fullest extent that Claims may be released;
- of defamation or other torts;
- of violation of public policy;
- for wages, salary, bonuses, vacation pay or any other compensation or benefits; and
- for damages or other remedies of any sort, including, without limitation, compensatory damages, punitive damages, injunctive relief and attorney's fees.

Notwithstanding anything to the contrary contained herein, this Release does not apply to or affect (i) the Employee's right to receive the severance payments set forth in Section 6 of the Offer Letter, (ii) the Employee's ownership of, and the Employee's rights by virtue of his ownership of, any capital stock or other securities of the Company or (iii) the Indemnification Agreement between the Company and the Employee dated December 11, 2009, any other rights of indemnification or exculpation of which the Employee is the beneficiary under the corporate charter, bylaws or other charter or organizational instruments or benefit or equity plans of the Company or any other Releasee or at law and rights of coverage to which the Employee may be entitled under any director and officer liability insurance policy of the Company or any other Releasee.

4. Ongoing Obligations of the Employee; Enforcement Rights. The Employee reaffirms his ongoing obligations as well as the Company's enforcement rights provided for in the Invention, Non-Disclosure, Non-Competition and Non-Solicitation Agreement between the Company and the Employee dated April 26, 2013.

5. No Assignment; Representation on Action. The Employee represents that he has not assigned to any other person or entity any Claims against any Releasee. The Employee further represents that he has not filed or reported any Claims against any Releasee with any state, federal or local agency or court.

6. Right to Consider and Revoke Release. The Employee acknowledges that he has been given the opportunity to consider this Release for a period ending twenty one (21) days after the tender of the Release. In the event the Employee executed this Release within less than twenty one (21) days after the tender of the Release, he acknowledges that such decision was entirely voluntary and that he had the opportunity to consider this Release until the end of the twenty one (21) day period. To accept this Release, the Employee shall deliver a signed Release to the Chairman of the Compensation Committee of the Board (the "Chair") within such twenty one (21) day period. For a period of seven (7) days from the date when the Employee executes this Release (the "Revocation Period"), he shall retain the right to revoke this Release by written notice that is received by the Chair on or before the last day of the Revocation Period. This Release shall take effect only if it is executed within the twenty one (21) day period as set forth above and if it is not revoked pursuant to the preceding sentence. If those conditions are satisfied, this Release shall become effective and enforceable on the date immediately following the last day of the Revocation Period.

7. Other Terms.

(a) Legal Representation; Review of Release. The Employee acknowledges that he has been advised to discuss all aspects of this Release with his attorney, that he has carefully read and fully understands all of the provisions of this Release and that he is voluntarily entering into this Release.

(b) Binding Nature of Release. This Release shall be binding upon the Employee and upon his heirs, administrators, representatives and executors.

(c) Modification of Release; Waiver. This Release may be amended, only upon a written agreement executed by the Employee and the Company.

(d) Severability. In the event that at any future time it is determined by an arbitrator or court of competent jurisdiction that any covenant, clause, provision or term of this Release is illegal, invalid or unenforceable, the remaining provisions and terms of this Release shall not be affected thereby and the illegal, invalid or unenforceable term or provision shall be severed from the remainder of this Release. In the event of such severance, the remaining covenants shall be binding and enforceable.

(e) Governing Law and Interpretation. This Release shall be deemed to be made and entered into in the State of New York and shall in all respects be interpreted, enforced and governed under the laws of the State of New York, without giving effect to the conflict of laws provisions of New York law that would require the application of law of any other jurisdiction. The language of all parts of this Release shall in all cases be construed as a whole, according to its fair meaning, and not strictly for or against either of the Parties.

(f) Entire Agreement; Absence of Reliance. The Employee acknowledges that he is not relying on any promises or representations by the Company or its agents, representatives or attorneys of either of them regarding any subject matter addressed in this Release.

So agreed by the Employee:

David Guyer

Date

Exhibit 10.15

EXECUTION COPY

SECOND AMENDED AND RESTATED EMPLOYMENT AGREEMENT

This Second Amended and Restated Employment Agreement (the "Agreement") is made and entered into this August 27th, 2013 (the "Effective Date"), by and between Ophthotech Corporation ("Company"), and Samir Patel, M.D. ("Executive").

WHEREAS, Company wishes to continue to employ Executive as its President pursuant to the terms and conditions set forth herein;

WHEREAS, Company and Executive are party to an Amended and Restated Employment Agreement dated May 28, 2013 (the "Existing Agreement") and desire to amend and restate the Existing Agreement in its entirety;

WHEREAS, Executive possesses the necessary skills to fulfill this position and has agreed to accept such employment on the terms and conditions set forth in this Agreement; and

WHEREAS, Executive and Company desire to enter into a formal agreement to assure the harmonious performance of the affairs of Company.

NOW, THEREFORE, in consideration of the mutual promises, terms, provisions, and conditions contained herein, the parties agree as follows:

1. Duties. Subject to the terms and conditions of this Agreement, Company will continue to employ Executive as its President, reporting directly to the Company's Chief Executive Officer and subject further to the general oversight of the Company's Board of Directors (the "Board"). Executive's primary focus and duties will relate to the Company's clinical operations, clinical strategy and regulatory affairs. Executive shall perform such other duties and have such powers customarily associated with Executive's position in companies of similar type, size and structure as the Company as determined from time to time by the Company's Chief Executive Officer or the Board. Executive accepts such continued employment upon the terms and conditions set forth herein. During Executive's employment, Executive will devote substantially all of his business time to the business and affairs of Company, provided that nothing contained in this Section will prevent or limit Executive's right to manage his personal investments, including, without limitation the right to make passive investments in the securities of: **(a)** any entity which Executive does not control, directly or indirectly, and which does not compete with Company, or **(b)** any publicly held entity so long as Executive's aggregate direct and indirect interest does not exceed two percent (2%) of the issued and outstanding securities of any class of securities of such publicly held entity. Executive may participate in civic and charitable activities so long as such activities do not interfere with Executive's performance of his duties hereunder. The parties acknowledge that, as of the Effective Date, Executive will remain as a director of the Company and as Vice Chairman of the Board, in each case to serve in accordance with the Company's Amended and Restated By-laws, as amended and/or restated from time to time.

2. Term of Employment.

(a) Term. Subject to the terms hereof, Executive's employment will continue until the first anniversary of the Effective Date (the "Initial Term"), provided that on the first and each subsequent anniversary of the Effective Date, the term of Executive's employment hereunder will be automatically extended for an additional period of one year (each a "Subsequent Term") unless either

Executive or Company has given written notice to the other that such automatic extension will not occur (a "Non-Renewal Notice"), which notice is given not less than ninety (90) days prior to the relevant anniversary of the Effective Date. The Initial Term and any Subsequent Term are referred to herein collectively as the "Term."

(b) Termination. Notwithstanding anything else contained in this Agreement, Executive's employment hereunder will terminate upon the earliest to occur of the following:

(i) Expiration of the Term. If a Non-Renewal Notice has been given pursuant to Section 2(a), immediately upon expiration of the Term;

(ii) Death. Immediately upon Executive's death;

(iii) Termination by Company.

(A) If because of Executive's Disability (as defined below), written notice by Company to Executive that Executive's employment is being terminated as a result of Executive's Disability, which termination shall be effective on the date of such notice;

(B) If for Cause (as defined below), written notice by Company to Executive that Executive's employment is being terminated for Cause, which termination shall be effective on the date of such notice or such later date as specified in such notice; or

(C) If by Company for reasons other than under Sections 2(b)(iii)(A) or (B), written notice by Company to Executive that Executive's employment is being terminated, which termination shall be effective on such date specified in the written notice.

(iv) Termination by Executive.

(A) If for Good Reason (as defined below), written notice by Executive to Company that Executive is terminating Executive's employment for Good Reason and that sets forth the factual basis supporting the alleged Good Reason, which termination shall be effective as set forth in the notice described in Section 2(e); or

(B) If without Good Reason, written notice by Executive to Company that Executive is terminating Executive's employment, which termination shall be effective ninety (90) days after the date of such notice, provided that Company may, in its sole discretion, either direct Executive not to come into the office during this 90-day period or pay Executive in lieu of 90 days' notice an amount equal to the Base Salary that would otherwise be payable to him for such period, in which case Executive's employment shall terminate on the date of such payment.

For the avoidance of doubt and notwithstanding anything in this Section 2(b), Company may at any point terminate Executive's employment for Cause prior to the effective date of any other termination contemplated hereunder.

(c) Definition of "Disability". For purposes of this Agreement, "Disability" shall mean Executive's incapacity or inability to further perform Executive's duties and responsibilities as contemplated herein for one hundred twenty (120) days or more within any one (1) year period (cumulative or consecutive), because Executive's physical or mental health has become so impaired as to make it impossible or impractical for Executive to perform the duties and responsibilities contemplated hereunder. Determination of Executive's physical or mental health will be determined by the Board after consultation with a medical expert appointed by mutual agreement between Company and Executive, and Executive hereby consents to such examination and consultation regarding his health and ability to perform as aforesaid.

(d) Definition of "Cause". For purposes of this Agreement, "Cause" shall mean a good faith finding by Company that: **(i)** Executive failed, refused or neglected to perform and discharge diligently or effectively his material duties and responsibilities under this Agreement (including but not limited to those required by the Board from time to time); **(ii)** Executive was convicted of, or pled *nolo contendere* to, a felony or other crime; **(iii)** Executive intentionally and materially breached his fiduciary duty or loyalty to Company, or acted fraudulently or with material dishonesty in discharging his duties to Company; **(iv)** Executive undertook an intentional act or omission that materially harmed or was reasonably likely to materially harm the business, interests, or reputation of Company; **(v)** Executive materially breached any provision of this Agreement; or **(vi)** Executive materially breached any material provision of any Company code of conduct or material ethics policy; provided that with respect to subsections (i), (v) and (vi), to constitute "Cause," the Executive must have failed to cure the circumstances constituting "Cause" within thirty (30) days of written notice of such circumstances from the Company.

(e) Definition of "Good Reason". For the purposes of this Agreement, "Good Reason" shall mean, without Executive's written consent: **(i**) any change in Executive's position, title or reporting relationship with Company that diminishes in any material respect the title, authority, duties or responsibilities of Executive; provided, however, that **(A)** a change in Executive's title or reporting relationship solely due to Company becoming a division, subsidiary or other similar part of a larger organization following a Change of Control (as defined in the Restricted Stock Agreement dated August 9, 2007 between Company and the Executive) shall not by itself constitute Good Reason and **(B)** Executive's ceasing to serve as Vice Chairman of the Board or as a director of the Company for any reason shall not by itself constitute Good Reason; **(ii)** any material reduction in Executive's base compensation; **(iii)** a material change in the geographic location at which services are to be performed by Executive; provided, however, that a relocation of Executive's place of work such that the distance from Executive's primary residence to his place of work is increased by more than 50 miles shall be considered a material change in geographic location; **(iv)** a material breach of any provision of this Agreement by Company or any successor or assign; or **(v)** assignment of duties inconsistent with the Executive's duties as set forth herein. Notwithstanding the foregoing, "Good Reason" shall not be deemed to have occurred unless: **(A)** Executive provides Company with written notice that he intends to terminate his employment hereunder for one of the grounds set forth in subsections (i), (ii), (iii), (iv) or (v) within sixty (60) days of such reason(s) occurring, **(B)** if such ground is capable of being cured, Company has failed to cure such ground within a period of thirty (30) days from the date of such written notice, and **(C)** Executive terminates his employment within thirty (30) days of the expiration of the Company's cure period. For purposes of clarification, the above-listed conditions shall apply separately to each occurrence of Good Reason and failure to adhere to such conditions in the event of Good Reason shall not disqualify Executive from asserting Good Reason for any subsequent occurrence of Good Reason.

3. Compensation.

(a) Base Salary. Company will pay Executive during the Term of this Agreement an annualized base salary in the gross amount of four hundred forty eight thousand dollars ($448,000) (the "Base Salary"), payable in equal monthly installments in accordance with Company's usual payroll practices. Company will deduct from each such installment any amounts required to be deducted or withheld under applicable law or under any benefit plan in which Executive participates.

(b) Equity. For so long as Executive is employed hereunder, Executive shall be eligible to participate in all broad-based equity grants made to employees after the Effective Date, with the amounts, if any, and other terms thereof to be determined by the Board in its sole discretion based on performance and other criteria determined by the Board in its sole discretion.

(c) Annual Bonus. Following the end of each calendar year during the Term (the "Bonus Year"), Executive shall be eligible to receive a discretionary annual performance and retention bonus (the "Annual Bonus") of (i) for any Bonus Year ending prior to the completion of an IPO (as defined below), up to thirty percent (30%) of Executive's then-current Base Salary and (ii) for any Bonus Year during which an IPO is closed or following closing of an IPO, up to thirty-seven and a half percent (37.5%) of the Executive's then-current Base Salary, in either case, based on his achievement and Company's achievement of performance objectives to be developed each year by the Board, as determined by the Board in its sole discretion. The amount, if any, of the Annual Bonus shall be determined by the Board in its sole discretion, and shall be paid to Executive at the same time as bonuses for other senior executives are paid for such Bonus Year in accordance with Company's usual payroll practices. Executive must be employed by Company at the time that the Annual Bonus is paid in order to be eligible for, and to be deemed as having earned, such Annual Bonus.

(d) Fringe Benefits. Executive shall be entitled to participate in all benefit/welfare plans and fringe benefits provided to similarly situated executives, provided that he is eligible under the plan documents governing those programs. Executive understands that, except when prohibited by applicable law, Company's benefit plans and fringe benefits may be amended by Company from time to time in its sole discretion.

(e) Vacation. Executive may take up to twenty (20) days of paid vacation per calendar year, to be scheduled to minimize disruption to Company's operations. Vacation shall accrue ratably at the conclusion of each month of Executive's employment hereunder, and may not be carried over from one year to the next.

(f) Withholdings. All compensation payable to Executive shall be subject to applicable taxes and withholdings.

4. Reimbursement of Expenses. Company will reimburse Executive for all ordinary and reasonable out-of-pocket business expenses incurred by Executive in furtherance of Company's business in accordance with Company's policies with respect thereto as in effect from time to time. Executive must submit any request for reimbursement no later than ninety (90) days following the date that such business expense is incurred. Any reimbursement in one calendar year shall not affect the amount that may be reimbursed in any other calendar year and a reimbursement (or right thereto) may not be exchanged or liquidated for another benefit or payment. Any business expense reimbursements subject to Section 409A of the Code and the rules and regulations thereunder ("Section 409A") shall be made no later than the end of the calendar year following the calendar year in which such business expense is incurred by Executive.

5. Compensation Upon Termination.

(a) Definition of Accrued Obligations. For purposes of this Agreement, "Accrued Obligations" means: **(i)** the portion of Executive's Base Salary that has accrued prior to any termination of Executive's employment with Company and has not yet been paid; and **(ii)** the amount of any expenses properly incurred by Executive on behalf of Company prior to any such termination and not yet reimbursed. Executive's entitlement to any other compensation or benefit under any plan of Company shall be governed by and determined in accordance with the terms of such plans, except as otherwise specified in this Agreement.

(b) Termination for Cause, by Executive Without Good Reason, as a Result of Executive's Disability or Death, or as a Result of the Expiration of the Term. If Executive's employment hereunder is terminated by Company for Cause, by Executive without Good Reason, as a result of Executive's Disability or death, or as the result of the expiration of the Term, Company will pay the Accrued Obligations to Executive by Company's regular payday immediately following the effective date of such termination, and shall have no further obligations to Executive.

(c) Termination Without Cause or For Good Reason. If Executive's employment hereunder is terminated by Company without Cause or by Executive for Good Reason (it being understood that a termination of Executive's employment on or prior to the applicable anniversary of the Effective Time after the Company gives Executive a Non-Renewal Notice shall be treated as a termination by the Company without Cause for purposes of this Agreement), then: **(i)** Company will pay the Accrued Obligations to Executive by Company's regular payday immediately following the effective date of such termination; **(ii)** subject to the conditions of Section 5(d), Company will pay Executive an amount equal to twelve (12) months of Executive's then-current Base Salary, less standard employment-related withholdings and deductions, with such payments to be made in twelve equal monthly installments in accordance with Company's usual payroll practices and beginning on the first regular pay date following the effective date of the separation agreement set forth in Section 5(d) below; provided that if the 60th day following the Executive's effective date of termination of employment falls in the calendar year after the calendar year of the date of his termination of employment, such payments shall begin on the first regular pay date on or after January 1 of such subsequent calendar year; and **(iii)** the right to exercise any vested options held by Executive at the time of termination shall extend until (A) three months after such termination, if such termination occurs on or after the date that is six months following the closing of the initial underwritten public offering of the Company's common stock pursuant to a registration statement under the Securities Act of 1933 (an "IPO"), or (B) if such termination occurs when the Company is privately-held or on a date within six months following the closing of an IPO, the earlier of (x) two years after such termination and (y) nine months after the closing of the IPO (but in no event shall the exercise period extend beyond the maximum term of an option).

(d) Release of Claims. Company shall not be obligated to pay Executive any of the compensation set forth in Section 5(c) (other than the Accrued Obligations) unless Executive has timely executed (and not revoked) the separation agreement attached hereto as **Exhibit A**. Such separation agreement must be executed and become binding and enforceable within sixty (60) calendar days after the effective date of Executive's termination of employment.

(e) No Other Payments or Benefits Owing. The payments and benefits set forth in this Section 5 shall be the sole amounts owing to Executive upon termination of Executive's employment for any reason. Executive shall not be eligible for any other payments or other forms of compensation or benefits. The payments and benefits set forth in this Section shall be the sole remedy, if any, available to Executive in the event that he brings any claim against Company relating to the termination of his employment under this Agreement.

6. Prohibited Competition And Solicitation.

(a) Acknowledgements; Definition Of Competition.

(i) Executive acknowledges the competitive and proprietary aspects of the business of Company. Executive acknowledges that Company will furnish, disclose and make available to Executive Proprietary Information (as defined in the Invention and Non-Disclosure Agreement referenced in Section 7 below) related to Company's business and that Company may provide Executive with unique and specialized knowledge and training. Executive also acknowledges that such Proprietary Information and specialized knowledge and training have been developed and will be developed by Company through the expenditure of substantial time, effort and money and that all such Proprietary Information, knowledge and training could be used by Executive to compete with Company.

(ii) As used herein, a business will be deemed "Competitive" with Company if it performs research, development or commercialization of pharmaceutical and diagnostic products for ocular diseases directed at the pdgf molecule and/or its receptor, the C5 molecule and/or its receptor, or the alpha 5/beta 1 integrin and/or its receptor, and all molecules with a direct mechanistic link to the above.

(b) Covenant Not to Compete or Solicit. During Executive's employment with the Company and until the date that is one (1) year after the termination of Executive's employment with Company for any reason, Executive shall not, directly or indirectly, whether on behalf of Executive or another person, entity or third party, anywhere in the world, engage in the following conduct, without the prior written consent of Company:

(i) As officer, director, principal, agent, stockholder, employee, consultant, representative or in any other capacity, own, manage, operate or control, or be employed by, provide services to, or engage in or have a financial interest in any business which is Competitive with Company (other than as specifically permitted in Section 1);

(ii) Solicit, divert or appropriate or attempt to solicit, divert or appropriate, the business or patronage of any customers, business partners, or patrons of Company, or any prospective customers, business partners, or patrons with respect to which Company has made a sales presentation (or similar offering of services or business) within the one (1) year period preceding the date of Executive's termination of employment with Company;

(iii) Solicit, entice or persuade or attempt to solicit, entice or persuade any employees of or consultants to Company or any present or future parent, subsidiary or affiliate of Company to terminate their employment or other engagement with Company or any such parent, subsidiary or affiliate for any reason; or

(iv) Interfere with, or attempt to interfere with, the relations between Company and any customer, vendor or supplier to Company.

(c) Reasonableness of Restrictions. Executive acknowledges that: **(i)** the types of employment which are prohibited by this Section 6 are narrow and reasonable in relation to the skills which represent Executive's principal salable asset both to Company and other prospective employers; and **(ii)** the temporal and geographical scope of Section 6 is reasonable, legitimate and fair to Executive in light of Company's need to market its services and sell its products in order to have a sufficient customer base to make Company's business profitable and in light of the limited restrictions on the type of employment prohibited herein compared to the types of employment for which Executive is qualified to earn his livelihood.

7. Confidentiality; Ownership of Ideas, Copyrights and Patents. Executive acknowledges and reaffirms the obligations set forth in the Invention and Non-Disclosure Agreement he executed on November 30, 2009, which remains in full force and effect.

8. Specific Acknowledgements Regarding Sections 6 And 7.

(a) Survival. Executive's acknowledgments and agreements set forth in Sections 6 and 7 shall survive the termination of Executive's employment with Company for any reason.

(b) Severability. The parties intend Sections 6 and 7 of this Agreement to be enforced as written. However, if any portion or provision of such sections shall to any extent be declared illegal or unenforceable by a duly authorized court having jurisdiction, then the remainder of such sections, or the application of such portion or provision in circumstances other than those as to which it is so declared illegal or unenforceable, shall not be affected thereby, and each remaining portion and provision of such sections shall be valid and enforceable to the fullest extent permitted by law.

(c) Modification And Blue Pencil. The parties agree and intend that the covenants contained in Sections 6 and 7 of this Agreement shall be deemed to be a series of separate covenants and agreements, and if any provision of such sections shall be adjudicated to be invalid or unenforceable, such provision, without any action on the part of the parties hereto, shall be deemed amended to delete (*i.e.*, "blue pencil") or modify the portion adjudicated to be invalid or unenforceable, to the extent necessary to cause the provision as amended to be valid and enforceable.

(d) Irreparable Harm. Executive expressly acknowledges that any breach or threatened breach of any of the terms and/or conditions of Sections 6 or 7 of this Agreement will result in substantial, continuing and irreparable injury to Company. Therefore, Executive hereby agrees that, in addition to any other remedy that may be available to Company, Company shall be entitled to injunctive or other equitable relief by a court of appropriate jurisdiction in the event of any breach or threatened breach of the terms of Section 6 or 7. Executive hereby waives the adequacy of a remedy at law as a defense to such relief.

(e) Restrictive Period. If Executive violates any of the provisions set forth in Section 6, Executive shall continue to be bound by the restrictions set forth in such Section until a period equal to the period of restriction has expired without any violation.

9. Property and Records. Upon the termination of Executive's employment hereunder for any reason or for no reason, or if Company otherwise requests, Executive will: **(a)** return to Company all tangible Proprietary Information and copies thereof (regardless how such Proprietary Information or copies are maintained), and **(b)** deliver to Company any property of Company which may be in Executive's possession, including, but not limited to, blackberry-type devices, laptops, cell phones, products, materials, memoranda, notes, records, reports or other documents or photocopies of the same.

10. Code Section 409A.

(a) If any of the benefits set forth in this Agreement are "deferred compensation" within the meaning of Section 409A, any termination of employment triggering payment of such benefits must constitute a "separation from service" under Section 409A before a distribution of such benefits can commence. It is intended that each installment of the payments and benefits provided under this Agreement shall be treated as a separate "payment" for purposes of Section 409A and the guidance issued thereunder. Neither Company nor Executive shall have the right to accelerate or defer the delivery of any such payments or benefits except to the extent specifically permitted or required by Section 409A.

(b) If any amount is to be paid to Executive pursuant to this Agreement as a result of Executive's termination of employment and if Executive is a "Specified Employee" (as defined under Section 409A) as of the date of Executive's termination of employment hereunder, then,

(i) each installment of the payments and benefits due under this Agreement that, in accordance with the dates and terms set forth therein, will in all circumstances, regardless of when the separation from service occurs, be paid within the period of time permitted under Treasury Regulation Section 1.409A-1(b)(4) shall be treated as a short-term deferral within the meaning of such Section to the maximum extent possible; and

(ii) each installment of the payments and benefits due this Agreement that is not described in Section 10(b)(i) above and that would, absent this subsection, be paid within the six-month period following Executive's "separation from service" from Company shall not be paid until the date that is six months and one day after such separation from service (or, if earlier, Executive's death), with any such installments that are required to be delayed being accumulated during the six-month period and paid in a lump sum on the date that is six months and one day following Executive's separation from service and any subsequent installments, if any, being paid in accordance with the dates and terms set forth in this Agreement; provided, however, that the preceding provisions of this sentence shall not apply to any installment of payments and benefits if and to the maximum extent that such installment is deemed to be paid under a separation pay plan that does not provide for a deferral of compensation by reason of the application of Treasury Regulation 1.409A-1(b)(9)(iii) (relating to separation pay upon an involuntary separation from service). Any installments that qualify for the exception under Treasury Regulation Section 1.409A-1(b)(9)(iii) must be paid no later than the last day of Executive's second taxable year following his taxable year in which the separation from service occurs.

(iii) Any deferred compensation payments delayed in accordance with the terms of this Section 10(b)(ii) shall be paid in a lump sum when paid and shall be adjusted for earnings in accordance with the applicable short term rate under Section 1274(d) of the Code.

(iv) The determination of whether and when Executive's separation from service from Company has occurred shall be made and in a manner consistent with, and based on the presumptions set forth in, Treasury Regulation Section 1.409A-1(h). Solely for purposes of this Section 10(b)(iv)., "Company" shall include all persons with whom Company would be considered a single employer under Section 414(b) and 414(c) of the Code.

(c) Notwithstanding any other provision of this Agreement to the contrary, this Agreement shall be interpreted and at all times administered in a manner that avoids the inclusion of compensation in income under Section 409A, or the payment of increased taxes, excise taxes or other penalties under Section 409A. For purposes of clarification, this section shall not require any forfeiture of benefits on the part of Executive.

(d) The parties intend this Agreement to be in compliance with Section 409A. Executive acknowledges and agrees that Company does not guarantee the tax treatment or tax consequences associated with any payment or benefit arising under this Agreement, including but not limited to consequences related to Section 409A.

11. General.

(a) Notices. Except as otherwise specifically provided herein, any notice required or permitted by this Agreement shall be in writing and shall be delivered as follows with notice deemed given as indicated: **(i)** by personal delivery when delivered personally; **(ii)** by overnight courier upon written verification of receipt; **(iii)** by telecopy or facsimile transmission upon acknowledgment of receipt of electronic transmission; or **(iv)** by certified or registered mail, return receipt requested, upon verification of receipt. Notices to Executive shall be sent to the last known address in Company's records or such other address as Executive may specify in writing. Notices to Company shall be sent to Ophthotech Corporation, One Penn Plaza, 35th Floor, New York, NY 10119, Attention: Board of Directors, or to such other Company representative as the Board may specify in writing.

(b) Entire Agreement. This Agreement, together with the other agreements specifically referred to herein, embodies the entire agreement and understanding between the parties hereto with respect to the subject matter hereof and supersedes all prior oral or written agreements and understandings relating to the subject matter hereof, including without limitation the Existing Agreement (which from and after the Effective Date shall be superseded by this Agreement, so that from and after the Effective Date the Existing Agreement shall have no further force or effect; provided, however, that, the parties acknowledge and agree that the change in the Executive's position and title from President and Chief Executive Officer to President under the Existing Agreement and this Agreement (and the corresponding change in reporting relationship) shall in no event, in of itself, be Good Reason for Executive to terminate his employment with the Company. No statement, representation, warranty, covenant or agreement of any kind not expressly set forth in this Agreement will affect, or be used to interpret, change or restrict, the express terms and provisions of this Agreement.

(c) Modifications and Amendments. The terms and provisions of this Agreement may be modified or amended only by written agreement executed by the parties hereto.

(d) Waivers and Consents. The terms and provisions of this Agreement may be waived, or consent for the departure therefrom granted, only by written document executed by the party entitled to the benefits of such terms or provisions. No such waiver or consent will be deemed to be

or will constitute a waiver or consent with respect to any other terms or provisions of this Agreement, whether or not similar. Each such waiver or consent will be effective only in the specific instance and for the purpose for which it was given, and will not constitute a continuing waiver or consent.

(e) Assignment. Company may assign its rights and obligations hereunder to any person or entity that succeeds to all or substantially all of Company's business or that aspect of Company's business in which Executive is principally involved. Executive may not assign Executive's rights and obligations under this Agreement without the prior written consent of Company.

(f) Governing Law/Jury Waiver. This Agreement and the rights and obligations of the parties hereunder shall be construed in accordance with and governed by the laws of New York, without giving effect to the conflict of law principles thereof. Both parties agree that any action, demand, claim or counterclaim in connection with any aspect of Executive's employment or termination and/or the terms of this Agreement shall be resolved in a court of competent jurisdiction in New York by a judge alone, and both parties waive and forever renounce their rights to a trial before a civil jury.

(g) Headings and Captions. The headings and captions of the various subdivisions of this Agreement are for convenience of reference only and will in no way modify or affect the meaning or construction of any of the terms or provisions hereof.

(h) Counterparts. This Agreement may be executed in two or more counterparts, and by different parties hereto on separate counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument. For all purposes a signature by fax shall be treated as an original.

(i) Acknowledgment. Executive states and represents that he has had an opportunity to fully discuss and review the terms of this Agreement with an attorney. Executive further states and represents that he has carefully read this Agreement, understands the contents herein, freely and voluntarily assents to all of the terms and conditions hereof, and signs his name of his own free act.

* * *

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

SAMIR PATEL, M.D.

/s/ Samir Patel
Signature

OPHTHOTECH CORPORATION

By: /s/ David R. Guyer
Name: David R. Guyer
Title: Chief Executive Officer

EXHIBIT A

SEPARATION AGREEMENT AND RELEASE OF CLAIMS

Ophthotech Corporation, a Delaware corporation (the "Company"), and Samir Patel, M.D. (the "Employee") (together, the "Parties"), entered into a Second Amended and Restated Employment Agreement, dated August , 2013 (the "Employment Agreement"). Any capitalized terms not defined herein shall have the meanings ascribed to them in the Employment Agreement. This is the release by Employee of all claims against the Releasees (as defined below) arising out of the Employee's employment with or separation from the Company (the "Release"). The consideration for the Employee's agreement to this Release consists of the severance payments and benefits set forth in Section 5(c) of the Employment Agreement, which are conditioned on, among other things, termination of the Employee's employment by the Company without Cause or by the Employee for Good Reason and effectiveness of this Release based on the Employee's timely execution and non-revocation hereof.

1. Tender of Release. This Release is automatically tendered to the Employee upon the termination of the Employee's employment by the Company without Cause or by the Employee with Good Reason.

2. Release of Claims. The Employee voluntarily, fully, forever, irrevocably and unconditionally releases and discharges the Company, its affiliates, subsidiaries and parent companies and each of their predecessors, successors, assigns, and their current and former members, partners, directors, managers, officers, employees, representatives, attorneys, agents, and all persons acting by, through, under or in concert with any of the foregoing (any and all of whom or which are hereinafter referred to as the "Releasees"), from any and all charges, complaints, claims, liabilities, obligations, promises, agreements, controversies, damages, actions, causes of action, suits, rights, demands, costs, losses, debts and expenses (including attorney's fees and costs actually incurred), of any nature whatsoever, known or unknown that the Employee now has, owns or holds, or claims to have, own, or hold, or that he at any time had, owned, or held, or claimed to have had, owned, or held against any Releasee arising out of the Employee's employment with or separation from the Company (collectively, "Claims"). This release of Claims includes, without implication of limitation, the release of all Claims:

- of breach of contract;
- of retaliation or discrimination under federal, state or local law (including, without limitation, Claims of age discrimination or retaliation under the Age Discrimination in Employment Act, Claims of disability discrimination or retaliation under the Americans with Disabilities Act, Claims of discrimination or retaliation under Title VII of the Civil Rights Act of 1964 and Claims of discrimination or retaliation under state law);
- under any other federal or state statute, to the fullest extent that Claims may be released;
- of defamation or other torts;
- of violation of public policy;
- for wages, salary, bonuses, vacation pay or any other compensation or benefits; and
- for damages or other remedies of any sort, including, without limitation, compensatory damages, punitive damages, injunctive relief and attorney's fees.

Notwithstanding anything to the contrary contained herein, this Release does not apply to or affect (i) the Employee's right to receive the severance payments set forth in Section 5(c) of the Employment Agreement, (ii) the Employee's ownership of, and the Employee's rights by virtue of his ownership of, any capital stock or other securities of the Company, (iii) any rights of indemnification or exculpation of which the Employee is the beneficiary under any separate contractual indemnification agreement with the Company in connection with his service as a director or officer of the Company, the corporate charter,

bylaws or other charter or organizational instruments or benefit or equity plans of the Company or any other Releasee or at law and rights of coverage to which the Employee may be entitled under any director and officer liability insurance policy of the Company or any other Releasee or (iv) for purposes of clarity, any Claim arising out of any matters or events occurring after the effective date of the Release.

4. Ongoing Obligations of the Employee; Enforcement Rights . The Employee reaffirms his ongoing obligations as well as the Company's enforcement rights provided for in Sections 6, 7 and 8 of the Employment Agreement.

5. No Assignment; Representation on Action. The Employee represents that he has not assigned to any other person or entity any Claims against any Releasee. The Employee further represents that he has not filed or reported any Claims against any Releasee with any state, federal or local agency or court.

6. Right to Consider and Revoke Release. The Employee acknowledges that he has been given the opportunity to consider this Release for a period ending twenty one (21) days after the tender of the Release. In the event the Employee executed this Release within less than twenty one (21) days after the tender of the Release, he acknowledges that such decision was entirely voluntary and that he had the opportunity to consider this Release until the end of the twenty one (21) day period. To accept this Release, the Employee shall deliver a signed Release to the Chairman of the Compensation Committee of the Board (the "Chair") within such twenty one (21) day period. For a period of seven (7) days from the date when the Employee executes this Release (the "Revocation Period"), he shall retain the right to revoke this Release by written notice that is received by the Chair on or before the last day of the Revocation Period. This Release shall take effect only if it is executed within the twenty one (21) day period as set forth above and if it is not revoked pursuant to the preceding sentence. If those conditions are satisfied, this Release shall become effective and enforceable on the date immediately following the last day of the Revocation Period.

7. Other Terms.

(a) Legal Representation; Review of Release. The Employee acknowledges that he has been advised to discuss all aspects of this Release with his attorney, that he has carefully read and fully understands all of the provisions of this Release and that he is voluntarily entering into this Release.

(b) Binding Nature of Release. This Release shall be binding upon the Employee and upon his heirs, administrators, representatives and executors.

(c) Modification of Release; Waiver. This Release may be amended, only upon a written agreement executed by the Employee and the Company.

(d) Severability. In the event that at any future time it is determined by an arbitrator or court of competent jurisdiction that any covenant, clause, provision or term of this Release is illegal, invalid or unenforceable, the remaining provisions and terms of this Release shall not be affected thereby and the illegal, invalid or unenforceable term or provision shall be severed from the remainder of this Release. In the event of such severance, the remaining covenants shall be binding and enforceable.

(e) Governing Law and Interpretation. This Release shall be deemed to be made and entered into in the State of New York and shall in all respects be interpreted, enforced and governed under the laws of the State of New York, without giving effect to the conflict of laws provisions of

New York law that would require the application of law of any other jurisdiction. The language of all parts of this Release shall in all cases be construed as a whole, according to its fair meaning, and not strictly for or against either of the Parties.

(f) Absence of Reliance. The Employee acknowledges that he is not relying on any promises or representations by the Company or its agents, representatives or attorneys of either of them regarding any subject matter addressed in this Release.

So agreed by the Employee:

Samir Patel	Date

Exhibit 10.16

OPHTHOTECH CORPORATION
One Penn Plaza
35th Floor
New York, NY 10119
(212) 845-8200

August 26, 2013

Mr. Bruce Peacock

Dear Bruce:

It is my pleasure to extend to you this amended and restated offer of employment with Ophthotech Corporation (the "Company"). On behalf of the Company, I set forth below the terms of your continuing employment with the Company:

1. **Employment.** You will continue to be employed by the Company to serve on a full-time basis as the Company's Chief Financial and Business Officer at the Company's Princeton, New Jersey location. As the Company's Chief Financial and Business Officer, you will continue to be responsible for all business, financial, commercial, and business development aspects of the Company, plus such other duties as may from time to time be assigned to you by the Company. You shall continue to report to the Chief Executive Officer of the Company (the "CEO") and shall perform and discharge faithfully, diligently, and to the best of your ability, your duties and responsibilities hereunder. You agree to devote your full business time, efforts, skill, knowledge, attention and energies to the advancement of the Company's business and interests and to the performance of your duties and responsibilities as an employee of the Company. You shall be permitted to continue to serve on a limited number of not-for-profit and other boards with the approval of such members of the Board of Directors of the Company who are unaffiliated with SV Life Sciences, provided that such service does not interfere with the performance of your duties and responsibilities to the Company and does not compete with the Company and your role as provided in Section 12. For purposes hereof, a business will be deemed to be competitive with the Company if it engages in the research, development or commercialization of pharmaceutical or diagnostic products for ocular diseases whose primary mechanism of action is directed at the pdgf molecule and/or its receptor or the C5 molecule and/or its receptor. You agree to abide by the rules, regulations, instructions, personnel practices and policies of the Company and any changes therein that may be adopted from time to time by the Company.
2. **Base Salary.** Your base salary will be at the rate of $31,112.42 per monthly pay period (which if annualized equals $373,349), less all applicable taxes and withholdings, to be paid in installments in accordance with the Company's regular payroll practices. Such base salary may be adjusted from time to time in accordance with normal business practices and in the sole discretion of the Company.

3. **Discretionary Bonus.** Following the end of each calendar year and subject to the approval of the Company's Board of Directors (the "Board"), you will be eligible for a performance bonus of up to 25% of your annualized base salary (the "Target Bonus"), based on your personal performance and the Company's performance during the applicable calendar year, as determined by the Company in its sole discretion; provided, however, that following the end of any calendar year that includes or follows the closing of the initial public offering of the Company's common stock, your Target Bonus will be up to 35% of your annualized base salary. In any event, except as otherwise provided herein, you must be an active employee of the Company on the date the bonus is distributed in order to be eligible for and to earn any bonus award, as it also serves as an incentive to remain employed by the Company.

4. **Equity.** You will continue to be eligible to receive options to purchase shares of the Company's common stock in the sole discretion of the Company. The terms of any such awards will be governed by the terms of the Company equity incentive plans and the applicable award agreements.

5. **Benefits.** You may participate in any and all benefit programs that the Company establishes and makes generally available to its employees from time to time, provided that you are eligible under (and subject to all provisions of) the plan documents that govern those programs. Benefits are subject to change at any time in the Company's sole discretion.

6. **Severance.** If your employment is terminated by the Company without Cause or by you for Good Reason, then (subject to your executing (and not revoking) a separation agreement as described below) the Company will (i) pay you an amount equal to nine (9) months of your then-current base salary, less standard employment-related withholdings and deductions, with such payments to be made in nine equal monthly installments in accordance with the Company's usual payroll practices beginning on the first regular pay date following the Payment Date and (ii) provide for continued coverage, at the Company's expense, under the Company's medical and dental benefit plans to the extent permitted under such plans for a period of nine (9) months immediately following the date of the termination of your employment. Notwithstanding the foregoing, if your employment is terminated by the Company or its successor without Cause or by you for Good Reason within the one-year period following the effective date of a Change in Control Event (as defined in the Company's Amended and Restated 2007 Stock Incentive Plan) that also qualifies as a "change in control event" within the meaning of Treasury Regulation Section 1.409A-3(i)(5)(i) (a "Company Change in Control"), the Company will (i) pay you an amount equal to nine (9) months of your then-current base salary, less standard employment-related withholdings and deductions, with such payments to be made in nine equal monthly installments in accordance with the Company's usual payroll practices beginning on the first regular pay date following the Payment Date, (ii) pay you an amount equal to your Target Bonus, less standard employment-related withholdings and deductions, in a lump sum on the Payment Date, and (iii) provide for continued coverage, at the Company's expense, under the Company's medical and dental benefit plans to the extent permitted under such plans for a period of nine (9) months immediately following the date of the termination of your employment.

The Company shall not be obligated to pay to you the severance payments provided for herein unless you have timely executed (and not revoked) a separation agreement in substantially the form attached hereto. Such separation agreement must be executed and become binding and enforceable within sixty (60) calendar days after the effective date of your termination of employment (such 60th day, the "Payment Date"); *provided*, *however*, that if the 60th day following the date of termination occurs in the next calendar year following the date of termination, then the Payment Date shall be no earlier than January 1 of such following calendar year.

For purposes hereof, "Cause" shall mean that: (i) you failed to attempt in good faith, refused or willfully neglected to perform and discharge your material duties and responsibilities; (ii) you have been convicted of, or pled *nolo contendere* to, a felony or other crime involving fraud or moral turpitude; (iii) you breached your fiduciary duty or loyalty to the Company, or acted fraudulently or with material dishonesty in discharging your duties to the Company; (iv) you undertook an intentional act or omission of misconduct that materially harmed or was reasonably likely to materially harm the business, interests, or reputation of the Company; (v) you materially breached any material provision hereof; or (vi) you materially breached any material provision of any Company code of conduct or ethics policy. Notwithstanding the foregoing, "Cause" shall not be deemed to have occurred unless: (A) the Company provides you with written notice that it intends to terminate your employment hereunder for one of the grounds set forth in subsections (i), (v) or (vi) within sixty (60) days of such reason(s) occurring, (B) if such ground is capable of being cured, you have failed to cure such ground within a period of thirty (30) days from the date of such written notice, and (C) the Company terminates your employment within six (6) months from the date that Cause first occurs.

For purposes hereof, "Good Reason" shall mean, without your written consent: (i) any change in your position, title or reporting relationship with the Company that diminishes in any material respect your authority, duties or responsibilities; *provided*, *however*, that a change in your authority, duties or responsibilities solely due to the Company becoming a division, subsidiary or other similar part of a larger organization, shall not by itself constitute Good Reason; (ii) any material reduction in your base compensation; (iii) a material change in the geographic location at which services are to be performed by you; or (iv) a material breach of any provision hereof by the Company or any successor or assign. Notwithstanding the foregoing, "Good Reason" shall not be deemed to have occurred unless: (A) you provide the Company with written notice that you intend to terminate your employment hereunder for one of the grounds set forth in subsections (i), (ii), (iii) or (iv) within sixty (60) days of such reason(s) occurring, (B) if such ground is capable of being cured, the Company has failed to cure such ground within a period of thirty (30) days from the date of such written notice, and (C) you terminate your employment within six (6) months from the date that Good Reason first occurs. For purposes of clarification, the above-listed conditions shall apply separately to each occurrence of Good Reason and failure to adhere to such conditions in the event of Good Reason shall not disqualify you from asserting Good Reason for any subsequent occurrence of Good Reason.

7. **Other Separation from Service.** Provided that you have attained age sixty-three (63), if your employment is voluntarily terminated by you on or after the earlier of the first anniversary of the closing of the initial public offering of the Company's common stock and November 15, 2014 (the date on which such termination occurs, the "Separation Date"), then (subject to your executing (and not revoking) a separation agreement as described in Section 6 above) the Company will (i) pay you an amount equal to twelve (12) months of your then-current base salary, less standard employment-related withholdings and deductions, with such payments to be made in twelve equal monthly installments in accordance with the Company's usual payroll practices beginning on the first regular pay date following the Payment Date, (ii) pay you an amount equal to your Target Bonus, less standard employment-related withholdings and deductions, in a lump sum on the Payment Date, (iii) pay you the bonus to which you would otherwise have been entitled pursuant to Section 3 hereof for the calendar year in which the Separation Date occurs as if you had remained employed with the Company for such calendar year, less standard employment-related withholdings and deductions, which amount shall be paid to you at the same time bonuses for other executives are paid for such year and (iv) provide for continued coverage, at the Company's expense, under the Company's medical and dental benefit plans to the extent permitted under such plans for a period of twelve (12) months immediately following the date of the termination of your employment. Notwithstanding anything to the contrary herein, if you receive payments and benefits under this Section 7 you shall not also be entitled to receive payments or benefits under Section 6.

Upon your separation from service described in this Section 7, the Company shall also offer to hire you as a consultant in accordance with the terms and conditions set forth in this paragraph. You and the Company hereby agree that any consulting services to the Company performed by you after the Separation Date (whether as an employee or independent contractor) will be at a level that is to no greater than 20 percent of the average level of bona fide services performed by you (whether as an employee or an independent contractor) over the immediately preceding 36-month period. In consideration for any such consulting services, the Company will pay you, in addition to the payments outlined in the first paragraph of this Section 7, (i) an amount equal to one twelfth ($1/12^{th}$) of your annualized base salary as of the Separation Date (the "Maximum Consulting Fee Amount") for each of the first three months during which you provide consulting services to the Company; (ii) an amount equal to 75% of the Maximum Consulting Fee Amount for each of the following three months during which you provide consulting services to the Company; and (iii) an amount equal to 50% of the Maximum Consulting Fee Amount for each of the following six months during which you provide consulting services to the Company (the aggregate payments described here at (i), (ii) and (iii), the "Aggregate Consulting Fee"). Payments of the Aggregate Consulting Fee shall be subject to any applicable withholding and made on a quarterly basis in accordance with the Company's regular payroll practices. You may terminate your consulting arrangement with the Company for any reason upon thirty

(30) days written notice to the Company, in which case all payments in respect of your consulting services to the Company shall cease and you shall receive any pro-rata payment of consulting fees then owing to you upon the next quarterly payment date. Provided you are then providing consulting services to the Company, upon the occurrence of a Company Change in Control within the one year period following the Separation Date, or in the event that the Company unilaterally terminates your consulting arrangement without Cause after which you perform no further services for the Company, the Company, or its successor, shall pay you an amount equal to the Aggregate Consulting Fee less any amount of the Aggregate Consulting Fee that has already been paid to you, in a single lump sum payment upon the next quarterly payment date. Any fees for consulting services provided by you after the first anniversary of your Separation Date will be negotiated at arm's length.

8. **Vacation.** You will continue to be eligible for a maximum of four (4) weeks of paid vacation per calendar year to be taken at such times as may be approved in advance by the Company. Vacation days for which you are eligible shall accrue pro rata on a monthly basis during the period that you are employed during each calendar year. Accrued vacation may not be carried over from year to year and must be taken in accordance with Company policy.

9. **Invention, Non-Disclosure, Non-Competition and Non-Solicitation Agreement.** You acknowledge and reaffirm the obligations set forth in each of the Non-Competition and Non-Solicitation Agreement and Invention and Non-Disclosure Agreement that were previously executed by you in connection with the commencement of your employment with the Company, both of which remain in full force and effect.

10. **No Conflict.** You represent that you are not bound by any employment contract, restrictive covenant or other restriction preventing you from continuing employment with or carrying out your responsibilities for the Company, or which is in any way inconsistent with the terms of this offer letter.

11. **At-Will Employment.** This letter shall not be construed as an agreement, either express or implied, to employ you for any stated term, and shall in no way alter the Company's policy of employment at-will, under which both the Company and you remain free to end the employment relationship for any reason, at any time, with or without cause or notice. Although your job duties, title, compensation and benefits, as well as the Company's personnel policies and procedures, may change from time to time, the "at-will" nature of your employment may only be changed by a written agreement signed by you and the CEO that expressly states the intention to modify the at-will nature of your employment. This letter supersedes all prior understandings, whether written or oral, relating to the terms of your employment.

12. **Position at SV Life Sciences.** The Company acknowledges that you may maintain the title of Venture Partner at SV Life Sciences, provided that (i) you are serving only in an advisory capacity for businesses that do not compete with the Company as set forth in Section 1 hereof and (ii) you do not have any responsibility for operating or investing matters beyond your service on the boards of directors of other companies as permitted by Section 1 hereof. You may retain all amounts and benefits you receive as a result of the foregoing.

13. **Successors and Assigns.** The terms of this letter, including the payment obligations described in Sections 6 and 7 hereof, shall be binding upon and inure to the benefit of you and the Company and their respective successors and assigns, including any corporation with which, or into which, the Company may be merged or which may succeed to the Company's assets or business; *provided*, *however*, that your obligations are personal and may not be assigned by you. You expressly consent to be bound by the provisions hereof for the benefit of the Company or any subsidiary or affiliate thereof to whose employ you may be transferred without the necessity that this letter be re-signed at the time of such transfer.

14. **Governing Law.** This letter shall be governed by and construed in accordance with the laws of the State of New York (without reference to the conflicts of laws provisions thereof). Any action, suit, or other legal proceeding which is commenced to resolve any matter arising under or relating to any provision of this letter shall be commenced only in a court of the State of New York (or, if appropriate, a federal court located within New York), and the Company and you each consents to the jurisdiction of such a court. The Company and you each hereby irrevocably waive any right to a trial by jury in any action, suit or other legal proceeding arising under or relating to any provision hereof.

15. **Code Section 409A**. The intent of the parties is that payments and benefits under this letter comply with, or be exempt from, Internal Revenue Code Section 409A and the regulations and guidance promulgated thereunder (collectively "Code Section 409A") and, accordingly, to the maximum extent permitted, this Agreement shall be interpreted to be in compliance therewith. With regard to any provision herein that provides for reimbursement of costs and expenses or in-kind benefits, except as permitted by Code Section 409A, (i) the right to reimbursement or in-kind benefits shall not be subject to liquidation or exchange for another benefit, (ii) the amount of expenses eligible for reimbursement, or in-kind benefits, provided during any taxable year shall not affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other taxable year, provided that this clause (ii) shall not be violated with regard to expenses reimbursed under any arrangement covered by Code Section 105(a) solely because such expenses are subject to a limit related to the period the arrangement is in effect, and (iii) such payments shall be made on or before the last day of your taxable year following the taxable year in which the expense occurred, provided that any tax gross-ups may be reimbursed by the end of the calendar year following the calendar year in which such taxes are remitted to the taxing authorities. For purposes of Code Section 409A, each payment hereunder shall be treated as a separate payment and your right to receive any installment payments pursuant to this Agreement shall be treated as a right to receive a series of separate and distinct payments. In no event may you, directly or indirectly, designate the calendar year of any payment to be made under this Agreement that is considered nonqualified deferred compensation. Termination of employment as used herein shall mean separation from service within the meaning of

Code Section 409A. In the event at the time of any separation from service you are a "specified employee" within the meaning of Code Section 409A, any deferred compensation subject to Code Section 409A payable as a result of such termination shall not be paid prior to the earlier of six (6) months after such termination and your death and shall be paid immediately thereafter.

[*Remainder of Page Intentionally Left Blank*]

If this letter correctly sets forth the terms under which you will be employed by the Company, please sign the enclosed duplicate of this letter in the space provided below and return it to me. If you do not accept this offer by August 26th, 2013 the offer will be deemed withdrawn.

Sincerely,

By: /s/ David R. Guyer
David R. Guyer
Chief Executive Officer

The foregoing correctly sets forth the terms of my at-will employment with Ophthotech Corporation. I am not relying on any representations other than those set forth above.

/s/ Bruce Peacock	8/26/2013
Bruce Peacock	Date

EXHIBIT A

SEPARATION AGREEMENT AND RELEASE OF CLAIMS

Ophthotech Corporation, a Delaware corporation (the "Company"), and Bruce Peacock (the "Employee") (together, the "Parties"), entered into a letter agreement dated [DATE] (the "Offer Letter"). Any capitalized terms not defined herein shall have the meanings ascribed to them in the Offer Letter. This is the release by Employee of all claims against the Releasees (as defined below) arising out of the Employee's employment with or separation from the Company (the "Release"). The consideration for the Employee's agreement to this Release consists of the payments set forth in Sections 6 and 7 of the Offer Letter, which are conditioned on, among other things, termination of the Employee's employment by the Company without Cause or by the Employee for Good Reason and/or effectiveness of this Release based on the Employee's timely execution and nonrevocation hereof.

1. Tender of Release. This Release is automatically tendered to the Employee upon the termination of the Employee's employment by the Company without Cause or by the Employee with Good Reason or upon the Employee's other separation from service as described in Section 7 of the Offer Letter.

2. Release of Claims. The Employee voluntarily, fully, forever, irrevocably and unconditionally releases and discharges the Company, its affiliates, subsidiaries and parent companies and each of their predecessors, successors, assigns, and their current and former members, partners, directors, managers, officers, employees, representatives, attorneys, agents, and all persons acting by, through, under or in concert with any of the foregoing (any and all of whom or which are hereinafter referred to as the "Releasees"), from any and all charges, complaints, claims, liabilities, obligations, promises, agreements, controversies, damages, actions, causes of action, suits, rights, demands, costs, losses, debts and expenses (including attorney's fees and costs actually incurred), of any nature whatsoever, known or unknown that the Employee now has, owns or holds, or claims to have, own, or hold, or that he at any time had, owned, or held, or claimed to have had, owned, or held against any Releasee arising out of the Employee's employment with or separation from the Company (collectively, "Claims"). This release of Claims includes, without implication of limitation, the release of all Claims:

- of breach of contract;
- of retaliation or discrimination under federal, state or local law (including, without limitation, Claims of age discrimination or retaliation under the Age Discrimination in Employment Act, Claims of disability discrimination or retaliation under the Americans with Disabilities Act, Claims of discrimination or retaliation under Title VII of the Civil Rights Act of 1964 and Claims of discrimination or retaliation under state law);
- under any other federal or state statute, to the fullest extent that Claims may be released;
- of defamation or other torts;
- of violation of public policy;
- for wages, salary, bonuses, vacation pay or any other compensation or benefits; and
- for damages or other remedies of any sort, including, without limitation, compensatory damages, punitive damages, injunctive relief and attorney's fees.

Notwithstanding anything to the contrary contained herein, this Release does not apply to or affect (i) the Employee's right to receive the payments set forth in Sections 6 and 7 of the Offer Letter, (ii) the Employee's ownership of, and the Employee's rights by virtue of his ownership of, any capital stock or other securities of the Company or (iii) any rights of indemnification or exculpation of which the Employee is the beneficiary under the corporate charter, bylaws or other charter or organizational

instruments or benefit or equity plans of the Company or any other Releasee or at law and rights of coverage to which the Employee may be entitled under any director and officer liability insurance policy of the Company or any other Releasee.

4. Ongoing Obligations of the Employee; Enforcement Rights. The Employee reaffirms his ongoing obligations as well as the Company's enforcement rights provided for in the Invention, Non-Disclosure, Non-Competition and Non-Solicitation Agreement between the Company and the Employee dated [DATE].

5. No Assignment; Representation on Action. The Employee represents that he has not assigned to any other person or entity any Claims against any Releasee. The Employee further represents that he has not filed or reported any Claims against any Releasee with any state, federal or local agency or court.

6. Right to Consider and Revoke Release. The Employee acknowledges that he has been given the opportunity to consider this Release for a period ending twenty one (21) days after the tender of the Release. In the event the Employee executed this Release within less than twenty one (21) days after the tender of the Release, he acknowledges that such decision was entirely voluntary and that he had the opportunity to consider this Release until the end of the twenty one (21) day period. To accept this Release, the Employee shall deliver a signed Release to the Chairman of the Compensation Committee of the Board (the "Chair") within such twenty one (21) day period. For a period of seven (7) days from the date when the Employee executes this Release (the "Revocation Period"), he shall retain the right to revoke this Release by written notice that is received by the Chair on or before the last day of the Revocation Period. This Release shall take effect only if it is executed within the twenty one (21) day period as set forth above and if it is not revoked pursuant to the preceding sentence. If those conditions are satisfied, this Release shall become effective and enforceable on the date immediately following the last day of the Revocation Period.

7. Other Terms.

(a) Legal Representation; Review of Release. The Employee acknowledges that he has been advised to discuss all aspects of this Release with his attorney, that he has carefully read and fully understands all of the provisions of this Release and that he is voluntarily entering into this Release.

(b) Binding Nature of Release. This Release shall be binding upon the Employee and upon his heirs, administrators, representatives and executors.

(c) Modification of Release; Waiver. This Release may be amended, only upon a written agreement executed by the Employee and the Company.

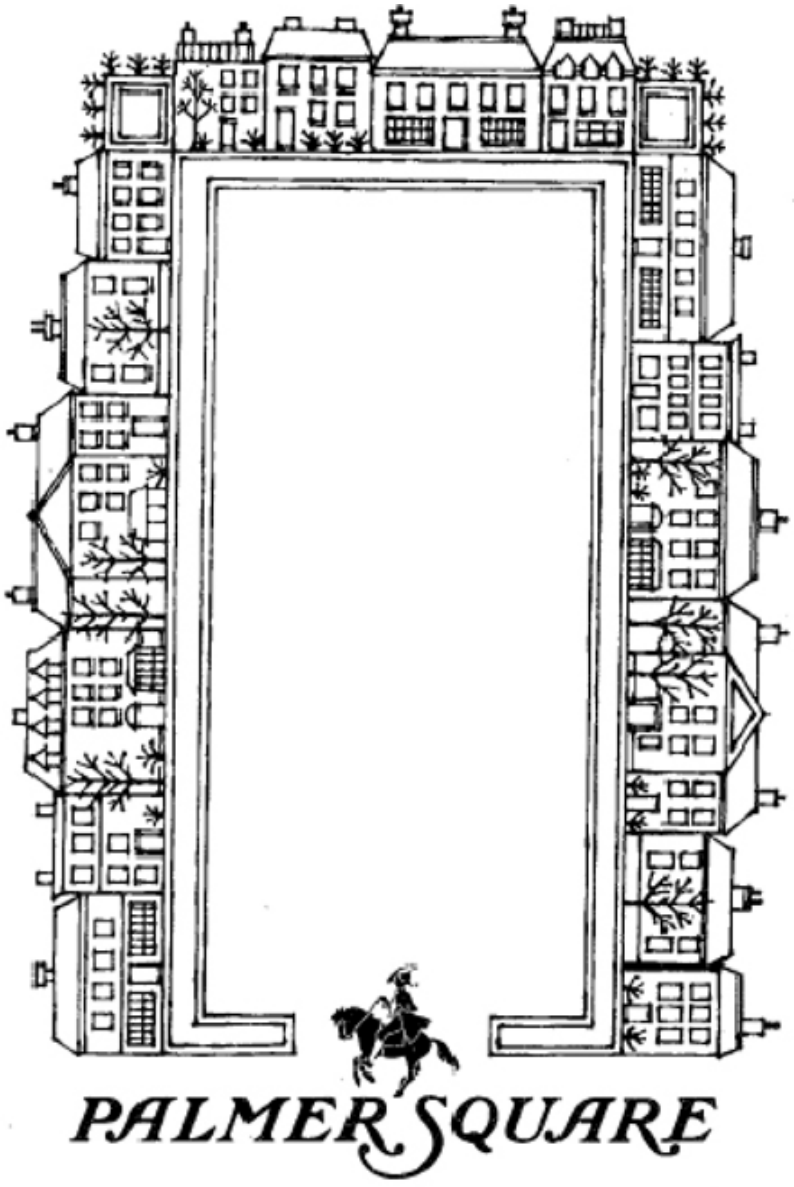
(d) Severability. In the event that at any future time it is determined by an arbitrator or court of competent jurisdiction that any covenant, clause, provision or term of this Release is illegal, invalid or unenforceable, the remaining provisions and terms of this Release shall not be affected thereby and the illegal, invalid or unenforceable term or provision shall be severed from the remainder of this Release. In the event of such severance, the remaining covenants shall be binding and enforceable.

(e) Governing Law and Interpretation. This Release shall be deemed to be made and entered into in the State of New York and shall in all respects be interpreted, enforced and governed under the laws of the State of New York, without giving effect to the conflict of laws provisions of New York law that would require the application of law of any other jurisdiction. The language of all parts of this Release shall in all cases be construed as a whole, according to its fair meaning, and not strictly for or against either of the Parties.

(f) Entire Agreement; Absence of Reliance. The Employee acknowledges that he is not relying on any promises or representations by the Company or its agents, representatives or attorneys of either of them regarding any subject matter addressed in this Release.

So agreed by the Employee:

Bruce Peacock	Date



PALMER SQUARE

PRINCETON, NEW JERSEY

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SCHEDULES

OFFICE LEASE AGREEMENT

Princeton, New Jersey **Lease Dated August 22, 2013**

1. Reference Data. Any reference in this Lease to the following subjects shall incorporate therein the data stated for the subject(s) in this Section:

LANDLORD:	**PSN PARTNERS, L.P.**
LANDLORD'S ADDRESS:	**40 Nassau Street, First Floor Princeton, New Jersey 08542**
TENANT:	**OPHTHOTECH CORPORATION**
TENANT'S ADDRESS:	**5 Vaughn Drive Princeton, New Jersey 08540 Attn: Thomas Biancardi**
LEASE TERM:	**THREE (3) YEARS**
COMMENCEMENT DATE:	**SEPTEMBER 1, 2013**
ANNUAL FIXED RENT:	**SEE SCHEDULE A-1**
SECURITY DEPOSIT:	**$11,374.66**
PERMITTED USE:	**OFFICE**

2. Attachments. The following documents are attached hereto, and such documents, as well as all drawings and documents prepared pursuant thereto, shall be deemed to be a part of this Lease:

Schedule A	**-**	**Leased Premises**
Schedule A-1	**-**	**Annual Fixed Rent**
Schedule A-2	**-**	**Palmer Square Site Plan**
Schedule B	**-**	**Description of Landlord's Work**
Schedule B-1	**-**	**Description of Tenant's Work**
Schedule C	**-**	**Form of Estoppel Certificate**
Schedule E	**-**	**Form of Guaranty - Intentionally Omitted**
Schedule F	**-**	**Certification of Tenant - Intentionally Omitted**
Schedule G	**-**	**Cleaning Services**
Schedule H	**-**	**Rules and Regulations**

3. Demise. Landlord hereby demises and lets to Tenant and Tenant takes and hires from Landlord that certain space ("Leased Premises") delineated in Schedule "A" attached, and made part hereof, in the office building ("Building") known as 17 Hulfish Street, Suite 280, conclusively deemed to consist of 1,796 square feet, in the Municipality of Princeton, County of Mercer and State of New Jersey, TOGETHER WITH, appurtenant to the Leased Premises, the right to use in common with Landlord and other tenants, occupants and visitors to the Building, the common entrances, lobbies, ramps, drives, stairs and similar access and serviceways and common areas in and adjacent to the Building, and if the Leased Premises include less than an entire floor of the Building, the common lobbies, hallways and restrooms and other common facilities of such floor. Landlord hereby leases to Tenant, and Tenant hereby takes from Landlord, the Leased Premises for the Term and at the Rent hereinafter described. Tenant takes the Leased Premises "AS IS" except as otherwise may be specifically set forth herein.

4. Term. The Term shall commence on the Commencement Date and shall extend and continue until the expiration of the Lease Term, unless such Term shall be sooner extended or this Lease otherwise terminated as hereinafter provided.

5. Holding Over. If Tenant retains possession of the Leased Premises, or any part thereof, after the termination of this Lease by expiration of the Lease Term, or otherwise, Tenant shall pay Landlord, (i) as agreed liquidated damages for such unlawful retention alone, an amount, calculated on a per diem basis for each day of such unlawful retention, equal to twice the Annual Fixed Rent for the time Tenant thus remains in possession, and (ii) all other damages, costs and expenses sustained by Landlord by reason of tenant's unlawful retention, including attorneys' fees. Without limiting any rights and remedies of Landlord, resulting by reason of the wrongful holding over by Tenant, or creating any right in Tenant to continue in possession of the Leased Premises, all Tenant's obligations with respect to the use, occupancy and maintenance of the Leased Premises shall continue during such period of unlawful retention.

6. Rent.

A. Rent is payable by Tenant commencing on the later of (i) the Commencement Date, or (ii) upon completion of Landlord's Work pursuant to the terms of this Lease, in monthly installments of one-twelfth (1/12th) of the Annual Fixed Rent, without prior notice or demand, in advance, on the first day of each month at Landlord's principal office in the Borough of Princeton, Mercer County, New Jersey, or at such other place as Landlord may direct, except that the Rent for the first full month of the Lease Term shall be paid on the date of execution of this Lease.

B. In the event the Lease Term commences on a day other than the first day of a calendar month, Tenant shall pay to the Landlord, on or before the Commencement Date of the Lease Term, a pro rata portion of the monthly installment of rent, such pro rata portion to be based on the number of days remaining in such partial month after the Commencement Date of the Lease Term.

C. Tenant hereby covenants and agrees to pay the Annual Fixed Rent when due, and also all sums of money required to be paid by Tenant hereunder, all of which additional sums shall constitute "Additional Rent" hereunder, whether or not so designated.

D. If Tenant shall fail to pay when due any Annual Fixed Rent or any Additional Rent (referred to collectively as Rent), Tenant shall pay interest thereon at the annual rate of interest equal to one and one-half (1 1/2%) per cent above the prime rate of interest charged by The Bank of New York then prevailing or if a permanent mortgage loan affects the Building, then at the rate payable under said mortgage (said rates or the then prevailing maximum legal rate chargeable to Tenant, whichever is less, is referred to herein as the "Default Rate") from the date when such installment or payment shall have become due to the date of the payment thereof, and such interest shall be deemed Additional Rent.

E. In addition, during the Term, and any renewals, of the within Lease, that portion of any amount of Rent or other amount due under this Lease which is not paid on the day it is first due shall incur a late charge of five (5%) percent for the first occurrence of such non-timely payment; seven and one-half (7.5%) percent for the second occurrence; and ten (10%) percent for the third occurrence.

F. In the event Tenant issues a cheque for any Rent which is returned to Landlord as unpaid for any reason, Landlord shall be entitled to add the sum of Twenty-Five ($25.00) Dollars to the next Rental bill representing a service charge for such occurrence.

G. All of such amounts shall be collectible by Landlord as Additional Rent with any interest being based on a 360-day year. Any Additional Rent which shall become due shall be payable, unless otherwise provided herein, with the next installment of Annual Fixed Rent. Rent and statements required of Tenant shall be paid and delivered to Landlord at the management office of Landlord in the Retail Center or at such other place as Landlord may, from time to time, designate in a notice to Tenant. Any payment by Tenant or acceptance by Landlord of a lesser amount than shall be due from Tenant to Landlord shall be treated as payment on account. The acceptance by Landlord of a cheque for a lesser amount with an endorsement or statement thereon, or upon any letter accompanying such cheque, that such lesser amount is payment in full, shall be given no effect, and Landlord may accept such cheque without prejudice to any other rights or remedies which Landlord may have against Tenant.

7. Annual Fixed Rent. See Schedule A-1 annexed hereto and made a part hereof.

8. Indemnity and Insurance.

A. Tenant shall not do anything, nor suffer nor permit anything to be done in or about the Leased Premises or Building which shall (i) subject Landlord to any liability or responsibility for injury to any person or property by reason of any activity being conducted in the Leased Premises; (ii) cause any increase in the fire insurance rates applicable to the Building or equipment or other property located therein; or (iii) be prohibited by governmental regulation or applicable law or any license or other permit required or obtained pursuant to Section 21 A. Tenant, at Tenant's expense, shall comply with all rules, regulations or requirements of the New Jersey Board of Fire Underwriters and the New Jersey Fire Insurance Rating Organization or any similar body.

B. If by reason of any act, notwithstanding that such act is permitted by terms of this Lease, or omission on the part of Tenant, the rate of fire insurance with extended coverage on the Building or equipment or other property of Landlord, or any other tenant or occupant of the Building, shall be higher than it otherwise would be, Tenant shall reimburse Landlord and all such other tenants or occupants, on demand, for that part of the premiums for fire insurance and extended coverage paid by Landlord and such other tenants or occupants because of such act or omission on the part of the Tenant.

C. Tenant shall obtain and keep in full force and effect during the Term, at its own cost and expense and in the following amounts or such greater amounts as Landlord or any mortgagee of Landlord may reasonably request, (i) Public Liability Insurance, such insurance to afford protection in an amount not less than $3,000,000, for personal injury or death, and $300,000 for damage to property, protecting Landlord and Tenant as insureds against any and all claims for personal injury, death or property damage occurring in, upon, adjacent to or connected with the Leased Premises or any part thereof; (ii) insurance against loss or damage by fire, and such other risks and hazards as are insurable under present and future standard forms of fire and extended coverage insurance policies, to Tenant's property for the full insurable value thereof, protecting Landlord, any mortgagee of Landlord, and Tenant as insureds as their respective interests may appear; and (iii) contractual liability insurance in the amounts specified above insuring Tenant's liability pursuant to the provisions of this Lease.

D. Tenant shall obtain such other insurance in such amounts as may, from time to time, be reasonably required by Landlord against other insurable hazards which at the time are commonly insured against due regard being given to the type of building, its location, construction, use and occupancy.

E. Said insurance is to be written in form and substance satisfactory to Landlord by a good and solvent insurance company of recognized standing, admitted to do business in the State of New Jersey, which shall be reasonably satisfactory to Landlord. Tenant shall procure, maintain and place such insurance and pay all premiums and charges therefor and upon failure to do so Landlord may, but shall not be obligated to, procure, maintain and place such insurance or make such payments, and in such event, Tenant agrees to pay the amount thereof, plus interest at the Default Rate to the Landlord on demand and said sums shall be in each instance collectible as Additional Rent on the first day of the month following the date of payment by Landlord. Tenant shall cause to be included in all such insurance policies a provision to the effect that the same shall be non-cancellable nor materially changed except upon twenty (20) days' prior written notice to Landlord with the exception of cancellation for nonpayment of premium, whereby ten (10) days' notice will be provided. Before the Commencement Date, appropriate certificates shall be deposited with Landlord together with evidence of due payment of premiums thereon. Any renewals, replacements or endorsements thereto shall also be deposited with Landlord to make certain that said insurance shall be in full force and effect during the Term.

F. Tenant agrees to indemnify and save Landlord and Landlord's agents harmless from all losses, costs, liabilities, claims, damages and expenses, including reasonable attorneys' and other professional fees, penalties and fines (except to the

extent the same are incurred as a result of the gross negligence or willful misconduct of parties claiming by, through or under Landlord), to the extent arising from (i) any default by Tenant in the observance or performance of any of the terms, covenants or conditions of this Lease on Tenant's part to be observed or performed, or (ii) the use, occupancy, control or management, or manner of use, occupancy, control or management of the Leased Premises or the Building by Tenant or any person claiming through or under Tenant, or contractors, agents, servants, employees, visitors, invitees, licensees and the like, of Tenant or any such person, in or about the Leased Premises or the Building either prior to, during, or after the expiration of, the Term including any acts, omissions or negligence in the making or performing of any improvements.

G. Tenant shall pay to Landlord, as Additional Rent, within ten (10) days next following receipt by Tenant of bills or statements therefor, sums equal to all losses, costs, liabilities, claims, damages and expenses referred to in this Section and Tenant's obligations under this Section shall survive the termination of the Term.

H. Except in the case of Landlord's gross negligence or willful misconduct, Landlord shall not be responsible or liable to Tenant, or to those claiming by, through or under Tenant, for any loss or damage which may be occasioned by or through the acts or omissions of persons occupying space adjoining the Leased Premises or any other part of the Building, or otherwise, or for any loss or damage incurred by Tenant, or those claiming by, through or under Tenant, or its or their property, from the breaking, bursting, stoppage or leaking of electrical cable or wires, water, gas, sewer or steam pipes. To the maximum extent permitted by law, Tenant agrees to use and occupy the Leased Premises, and to use such other portions of the Common Areas as Tenant is herein given the right to use, at Tenant's own risk as specified in this Section.

I. Neither party shall be liable to the other party or to any insurance company (by way of subrogation or otherwise) insuring the other party for loss or damage to any building, structure or other tangible property, even though such loss or damage might have been occasioned by the negligence of such party, its agents or employees; provided, however, that if, by reason of the foregoing waiver, either party shall be unable to obtain any such insurance, such waiver shall be deemed not to have been made by such party and, provided, further, that if, by reason of the foregoing waiver, either party shall be unable to obtain any such insurance without the payment of an additional premium therefor, then, unless the party claiming the benefit of such waiver shall agree to pay the party seeking to obtain insurance for the cost of such additional premium, within thirty (30) days after notice by such party setting forth such requirement and the amount of the additional premium, such waiver shall be of no force and effect between the parties.

9. Non-Liability of Landlord and Exculpation.

A. It is expressly understood and agreed by and between the parties to this agreement that Tenant shall assume all risk of damage and casualty to its property, equipment and fixtures occurring in or about the Leased Premises, whatever the cause of such damage or casualty. It is further understood and agreed that, in any event, Landlord, in its capacity as Landlord, and, if applicable, as builder, architect, designer or general contractor of the Leased Premises and the Building in which

the Leased Premises is located, and Landlord's agents, servants, employees, contractors, invitees and the like shall not be liable to Tenant, Tenant's agents, servants, employees, contractors, invitees and the like, for any damage or injury to person or property or for any inconvenience or annoyance to Tenant or any other occupant of the Leased Premises or injury to or interruption of Tenant's or such other occupant's business, arising out of or attributable to (i) the design and construction of the Leased Premises and the Building of which the Leased Premises is a part; (ii) any maintenance, repairs, replacements, additions, alterations, substitutions and installations made to the Leased Premises and the Building of which the Leased Premises is a part; (iii) the failure of Landlord or others to perform any such maintenance or to make any such repairs, replacements, additions, alterations, substitutions and installations to the Leased Premises and the Building of which the Leased Premises is a part or to provide any utilities or services; (iv) the acts or omissions of any tenant or other occupants of any space adjacent to or adjoining the Leased Premises; (v) steam, electricity, gas, water, rain, ice or snow, or any leak or flow from or into the Leased Premises and the Building of which the Leased Premises is a part, and (vi) any other cause or happening whatsoever with respect to any of the events or occurrences referred to in subparagraphs (i) through (v), or otherwise.

B. Notwithstanding anything to the contrary provided in this Lease, each and every term, covenant, condition and provision of this Lease is hereby made specifically subject to the provisions of this Section 9. It is expressly understood and agreed that there shall be no personal liability whatsoever on the part of the Landlord or any successor in interest of Landlord (or on the part of the officers, directors and shareholders of any corporation or the members of any firm, partnership or joint venture which may be the Landlord or any successor in interest of the Landlord at any time or from time to time) with respect to any of the terms, covenants, conditions and provisions of this Lease, and Tenant shall look solely to the equity of Landlord or such successor in interest in the fee estate of Landlord in the Leased Premises for the satisfaction of each and every remedy of Tenant in the event of any breach by Landlord or by any such successor in interest of any of the terms, covenants, conditions and provisions of this Lease to be performed by Landlord, such exculpation of corporate and/or personal liability to be absolute and without any exception whatsoever.

C. Notwithstanding anything contained in this Section or any other Section in this Lease, in no event shall Landlord be liable to Tenant for any consequential, special, indirect or punitive damages.

10. Improvements to Leased Premises.

A. All construction work performed by Tenant under the terms of this Lease shall be done in a good and workmanlike manner and in compliance with all applicable laws, ordinances, regulations and orders of governmental authorities and with all applicable codes of all insurers of the Building. Landlord may inspect the work of the Tenant at reasonable times and shall give notice of observed defects.

B. Tenant shall, at its sole cost and expense, complete all improvements and other work to be performed by it pursuant to Schedule "B-1". At least ten (10) days prior to the Commencement Date, Tenant shall be permitted by Landlord to enter

the Leased Premises for the purpose of performing its obligations under Schedule "B-1" and for the purpose of installing its communications wiring, fixtures and other equipment, provided:

(i) Tenant shall have obtained Landlord's written approval of the plans and specifications for such work; and

(ii) Tenant shall have deposited with Landlord the policies or certificates of insurance required in Sections 8 and 11; and

(iii) Tenant shall have secured all necessary permits and approvals of all boards, bureaus and agencies having jurisdiction and Tenant shall have provided copies of such to Landlord; and

(iv) Tenant shall have provided Landlord with all requested financial information and documentation; and

(v) Tenant's activities shall be conducted so as not unreasonably to interfere with Landlord's construction activities or with other tenants.

C. Tenant shall, at its expense, remove from the Leased Premises and from the Building, all trash which may accumulate in connection with Tenant's activities. During such period, Tenant shall perform all duties and obligations imposed by this Lease, including, without limitation, those provisions relating to insurance and indemnification, saving and excepting only the obligation to pay Fixed Rent (other than Additional Rent arising out of any failure of Tenant to perform its obligations under this Lease), which obligation shall commence when the Term commences.

D. No work which Landlord permits Tenant to do pursuant to this Lease, whether in the nature of erection, construction, alteration or repair, shall be deemed to be for the immediate use and benefit of Landlord so that no construction or other lien shall be allowed against the estate of Landlord by reason of any consent given by Landlord to Tenant to improve the Leased Premises. Tenant shall pay promptly all persons furnishing labor or materials with respect to any work performed by Tenant or its contractors on or about the Leased Premises. In the event any construction or other lien or notice of intention to claim such lien shall at any time be filed against the Leased Premises or the Building by reason of work, labor, services or materials performed or furnished, or alleged to be performed or furnished, to Tenant or to anyone holding the Leased Premises through or under Tenant, Tenant shall, within fifteen (15) days after notice of the filing thereof, cause the same to be discharged of record or bonded to the satisfaction of Landlord. If Tenant shall fail to cause such lien or notice to be discharged or bonded within the period aforesaid then, in addition to any other right or remedy of Landlord, Landlord may, but shall not be obligated to, discharge it by paying the amount claimed to be due, and the amount so paid by Landlord including reasonable attorneys' fees incurred by Landlord in procuring the discharge of such lien or notice, together with interest thereon at the Default Rate, shall be due and payable by Tenant to Landlord as Additional Rent.

E. Tenant shall be responsible for and shall pay to Landlord, upon demand and as Additional Rent, all attorneys, architectural, engineering and other professional fees and expenses with respect to any and all review and approval regarding Tenant's improvements to the Leased Premises including, but not limited to, Landlord's in-house professionals and staff.

F. After commencement of Tenant's Term, Tenant shall have no right to cancel this Lease, seek a diminution of Rent, sue for damages, or assert any other contractual, legal or equitable remedy based either on a claim that Landlord failed to deliver possession in accordance with the terms of this Lease or based on a claim that the size, location, layout, dimensions or construction of the Leased Premises or the Building in which the Leased Premises is located or service areas (if any), sidewalks, parking or other common areas (if any), or any other facilities to be furnished by Landlord, were not completed or furnished in accordance with the terms of this Lease. Notwithstanding the foregoing, if after commencement of Tenant's Term, and during the Term hereof, Landlord is in default under any of its Lease obligations, Tenant shall have such rights at law or equity to which it may be entitled on account of such default, except that Tenant hereby waives any right to cancel or terminate this Lease or to seek a diminution of Rent. After commencement of Tenant's Term, Tenant shall be deemed to have certified to Landlord and to the holder of any mortgage to which this Lease is, or shall thereafter be, subject and subordinate, that the Leased Premises has been delivered to it in accordance with the terms of this Lease, that possession thereof has been fully and completely accepted by Tenant who is then in possession of the same, and that the date for the payment of Annual Fixed Rent hereunder have all theretofore commenced and that the Leased Premises, the parking area, and all other portions of the Building have been completed in accordance with the requirements and terms of this Lease and that there has not been any violation of any of the Lease terms on the part of the Landlord. The forgoing provision shall be self-operative and no further instrument, letter or certificate shall be required by the Landlord or any such mortgagee unless either said Landlord or mortgagee shall deem same appropriate, in which event, in confirmation of the forgoing, the Tenant shall promptly execute, in writing, any instrument, letter and/or certificate containing the foregoing and each other like provisions in regard to the condition of the Leased Premises, the Building in which the Leased Premises is located, the Rent(s) and Term as shall be requested by the Landlord and/or said mortgagee and Tenant hereby constitutes and appoints Landlord the Tenant's attorney-in-fact to execute any such instruments), letter(s) and/or certificate(s) for and on behalf of the Tenant.

G. All unattached, movable trade fixtures and movable furniture (as distinguished from leasehold improvements) owned by Tenant and installed in the Leased Premises shall remain the property of Tenant and shall be removable at any time, including upon the expiration of the Term; provided Tenant shall not at such time be in default of any terms, conditions, provisions or covenants of this Lease, and provided further that Tenant shall repair any damage to the Leased Premises caused by the removal of said fixtures and furniture. If Tenant is in default, Landlord shall have the benefit of any applicable lien on Tenant's property located in or on the Leased Premises as may be permitted under any federal or state laws, and in the event such lien is asserted or filed by Landlord in any manner or by operation of law, Tenant shall not remove or permit the removal of said property until the lien has been removed and all defaults have been cured and Tenant hereby expressly grants to Landlord a security interest in all of Tenant's property located

in or on the Leased Premises. This Lease Agreement also is intended to be a security agreement under the Uniform Commercial Code and Landlord shall be entitled to all the rights and remedies of a Secured Party under said Uniform Commercial Code in addition to all of its rights and remedies hereunder or under other applicable law or agreement with Tenant.

11. Alterations by Tenant.

A. Tenant shall not make during the Lease Term, or any extensions thereof, any alterations or additions to the Leased Premises unless with the prior written approval of Landlord and then only in accordance with plans and specifications therefor approved by Landlord and subject to such conditions as Landlord may require, including, but not limited to, that Tenant be required to pay for any increased cost to Landlord occasioned thereby or attributed thereto (including, but not limited to, any increase in real estate taxes, omitted or added assessments, insurance and the like, the entirety of such increases to be borne solely by Tenant separate from and in addition to Tenant's Proportionate Share of Cost of Operation and Maintenance) and to readapt the Leased Premises prior to the termination of this Lease, all without expense to Landlord. However, any such alterations or additions which may be approved by Landlord and made by Tenant shall be deemed part of the Leased Premises or the Building and shall not thereafter be removed by Tenant unless Landlord shall require removal of same, either in conjunction with its approval or by notice to Tenant given prior to the termination of this Lease.

B. All alterations and additions by Tenant and installation of furnishings following occupancy shall be performed outside the normal business hours (unless Landlord shall permit such work to be done at other times) and shall be coordinated with any work being performed by Landlord and performed in such manner and by such contractors) as to assure harmonious labour relations and so as not to damage the Building or interfere with its operations and, except for installation of furnishings only, shall be performed by Landlord's contractors or workmen or other contractors or workmen first approved by Landlord.

C. As further conditions to Landlord's approval of any proposed alterations or additions by Tenant which are to be made after the beginning of the Lease Term, Tenant shall (i) secure all necessary governmental approvals, licenses and permits; (ii) cause the contractor(s) and subcontractors) to carry Worker's Compensation insurance in amounts approved by Landlord and also comprehensive public liability insurance with limits as approved by Landlord, and deliver to Landlord certificates of all such insurance; and (iii) not voluntarily suffer nor permit any construction, laborer's or materialmen's lien, or notice thereof, to be filed against the Leased Premises or any part thereof by reason of work, labor, services or materials supplied or claimed to have been supplied to Tenant; and if any construction, laborer's or materialmen's lien or notice shall at any time be filed against the Leased Premises or any part thereof, Tenant, within fifteen (15) days after notice of the filing thereof, shall cause it to be discharged of record by payment, deposit, bond, order of a court of competent jurisdiction or otherwise. If Tenant shall fail to cause such lien or notice to be discharged or bonded within the period aforesaid, then, in addition to any other right or remedy, Landlord may, but shall not be obligated to, discharge it either by paying the amount claimed to be

due or by procuring the discharge of such lien by deposit or by bonding proceedings. Any amount so paid by Landlord, plus all of Landlord's costs and expenses associated therewith, shall constitute Additional Rent payable by Tenant under this Lease and shall be paid by Tenant to Landlord on demand.

D. Tenant shall be responsible for and shall pay to Landlord, upon demand and as Additional Rent, all attorneys, architectural, engineering and other professional fees and expenses incurred with respect to any and all review and approval regarding Tenant's alterations or additions to the Leased Premises, including, but not limited to, Landlord's in-house professionals and staff.

E. Nothing in this Lease shall be deemed or construed in any way as constituting consent by Landlord for the making of any alterations or additions by Tenant within the meaning of N.J.S.A. 2A:44A-1 et seq., or any amendment thereof, or constituting a request by Landlord, express or implied, to any contractor, subcontractor, laborer or materialman for the performance of any labor for the use or benefit of Landlord.

F. Tenant shall promptly pay when due the costs and expenses of all such alterations and additions as referred to in this Section 11 and shall indemnify Landlord against any loss, cost or expense occasioned directly or indirectly as a result of such alterations and additions, including, without limitation, reasonable attorneys' and other professional fees and expenses.

G. Landlord hereby consents to the installation by Tenant of large screen monitors on the walls of the Leased Premises, provided that Tenant shall remove the same at the expiration or earlier termination of the Term and repair any damage cause by such installation and removal.

12. Permitted Use. Tenant covenants and agrees to initially and continuously use and occupy the Leased Premises and such use and occupancy shall be only in conformity with the laws or requirements of any governmental authority and for the use specified in Section 1 hereof and not to use nor permit any use of the Leased Premises which creates any safety hazard, or which would be dangerous to the Leased Premises, the Building or the occupants of same, or which would be disturbing to other tenants or occupants of the Building, or which would cause any increase in premium for any insurance which the Landlord may then have in effect with respect to the Building generally.

13. Cost of Operation and Maintenance; Real Estate Taxes.

A. Cost of Operation and Maintenance.

(i) For the purposes of this Lease;

(a) The term "Cost of Operation and Maintenance" shall mean all fees, charges, costs and expenses paid or incurred by Landlord or on behalf of Landlord with respect to the ownership, operation, cleaning, repair, safety, management, security and maintenance of the Leased Premises, the Building and the Common Areas (described as those areas and facilities which may be furnished by Landlord in or near the Palmer Square and Retail Center Area, as set forth on Schedule A-2, for the non-exclusive general common

use of tenants, whether or not retail, residential, office, hotel and/or restaurant tenants also use such areas and facilities), and with respect to the services provided tenants including, but not limited to, all of the following: sewer rental; gas and/or other fuel used for heating; hot and cold water; gas and electric and any other utility charges to the extent not separately paid for, reimbursed by or charged to a tenant; all costs incurred for air conditioning, ventilation and heating; cleaning services and maintenance; the cost or rental of all building and cleaning supplies, tools, materials, machines and equipment, elevators; fire, liability, rent, plate glass and any other insurance premiums; snow and ice removal; all repairs and maintenance; the amortization of all replacements of and to the mechanical systems and all other capital expenditures; exterior maintenance and maintenance of lawns, landscaping shrubbery and parking areas; exterminating services; decorations; painting; salaries, wages and bonuses paid to employees of Landlord, except those above the level of Building Manager, engaged in the operation, cleaning, repair, safety, management, security or maintenance of the Leased Premises, the Building or in providing services to tenants (including social security, unemployment insurance, disability benefits, pensions, hospitalization, retirement plans, group insurance and fringe benefits such as vacation, holiday and proper allowances); charges of independent contractors performing work included within this definition of Cost of Operation and Maintenance; waste, garbage and trash collection and removal; and an overhead cost equal to fifteen (15%) per cent of the total Cost of Operation and Maintenance prior to inclusion of this overhead cost. Notwithstanding anything to the contrary set forth in this Lease, Cost of Operation and Maintenance shall not include costs which may be considered capital improvements, capital repairs, capital changes or any other capital costs as determined under generally accepted accounting principles except for capital improvements required by any laws not in existence and not in effect as of the Commencement Date, in which case such costs shall be capitalized and amortized over their useful life determined in accordance with generally accepted accounting principles.

(b) The costs and expenses incurred in operating and maintaining or in causing to be operated or maintained the Common Areas (including all parking areas) pursuant to this Section shall be allocated on an equitable basis among the respective classes of retail, office, hotel, restaurant and residential occupants of the Palmer Square and Retail Center Area. For the purposes of this Section, Landlord’s operating costs shall include all amounts, costs of operation and expenditures (as hereinabove defined) which are identified as applicable and relating solely to the total leasable office floor area in the Palmer Square and Retail Center Area and that portion of the Common Areas reasonably allocable thereto, together with those items, amounts, costs and expenditures which (if they cannot be so specifically identified) are allocated on an equitably proportionate basis to said office floor area and Common Areas.

(c) "Base Expense Year" shall be the 2014 calendar year.

(d) "Operational Year" shall mean each calendar year after the Base Expense Year.

(e) "Tenant's Projected Share" shall mean Tenant's Proportionate Share multiplied by Landlord's written estimate of increase of Cost of Operation and Maintenance for the ensuing calendar year over the Base Expenses, said written estimate to be delivered by Landlord to Tenant during December of each year. Tenant's Projected Share shall be divided by twelve (12) and shall be payable on the first of each month, starting on the Commencement Date by Tenant to Landlord as Additional Rent.

(f) "Tenant's Proportionate Share" shall be equal to 2.51 percent.

(g) The term "Base Expenses" shall mean the annualized Cost of Operation and Maintenance for the Base Expense Year. For purposes of determining Tenant's Proportionate Share of increase relating to increases in the Cost of Operation and Maintenance, the Base Expenses shall be deemed to have been incurred by Landlord during the Base Expense Year.

(ii) (a) After the expiration of the Base Expense Year and each Operational Year, Landlord shall furnish Tenant a written detailed statement prepared by Landlord of the Cost of Operation and Maintenance incurred for such Base Expense Year or Operational Year. During the period of thirty (30) days after receipt of Landlord's Statement, Tenant may inspect the records of the material reflected in said Landlord's Statement at a reasonable time mutually agreeable to Landlord and Tenant. Within thirty (30) days after receipt of such Statement for any Operational Year setting forth Tenant's proportionate Share of any increase of Cost of Operation and Maintenance during such Operational Year over the Cost of Operation and Maintenance in the Base Expense Year (said increase being referred to herein as the "Cost Increase"), Tenant shall pay same (less the amount of Tenant's Projected Share paid by Tenant on account thereof) to Landlord as Additional Rent.

(a) Commencing with the First Operational Year, Tenant shall pay to Landlord, as Additional Rent, Tenant's Projected Share. If Landlord's Statement at the end of the then Operational Year shall indicate that Tenant's Projected Share exceeded Tenant's Proportionate Share of Cost Increase, Landlord shall credit the amount of such excess against the subsequent payment of Additional Rent due hereunder. If Landlord's Statement shall

indicate that Tenant's Proportionate Share of Cost Increase exceeded Tenant's Projected Share for the then Operational Year, Tenant shall forthwith pay the amount of such excess to Landlord. If said Landlord's Statement is furnished to Tenant after the commencement of such Operational Year, there shall be promptly paid by Tenant to Landlord an amount equal to the portion of such payment allocable to the part of such Operational Year which shall have elapsed prior to the first day of the calendar month next succeeding the calendar month in which said Landlord's Statement is furnished to Tenant.

(iii) If the Term shall expire on a date other than December 31st, any Additional Rent for the Lease Year in which the date of expiration of the Term shall occur shall be apportioned in that percentage which the number of days in the period from January 1st of such Lease Year to such date of expiration, both inclusive, shall bear to the total number of days in the calendar year in which such expiration occurs.

(a) Landlord's Statements shall be rendered to Tenant, but Landlord's failure to render Landlord's Statement with respect to any Operational Year or Landlord's delay in rendering said Statement beyond a date specified herein shall not prejudice Landlord's right to render a Landlord's Statement with respect to that or any subsequent Operational Year. The obligations of Landlord and Tenant under the provisions of this Section with respect to any Additional Rent shall survive the expiration or any sooner termination of the Term. Landlord shall use its best efforts to deliver said Landlord's Statements within one hundred twenty (120) days.

(b) Each Landlord's Statement shall be conclusive and binding upon Tenant unless within thirty (30) days after receipt of such Landlord's Statement Tenant shall notify Landlord that it disputes the correctness of Landlord's Statement, specifying the respects in which Landlord's Statement is claimed to be incorrect. Pending the determination of such disputes hereinafter provided, Tenant shall pay Additional Rent in accordance with the applicable Landlord's Statement, and such payment shall be without prejudice to Tenant's position. In the event that Tenant disputes the computation set forth on Landlord's Statement, Tenant shall have the right to retain an independent certified public accountant, at Tenant's sole cost and expense, to inspect the records of the material reflected on said Statement and in the event said accountant determines that Landlord's Statement was in error, the dispute shall be referred to arbitration in accordance with the Commercial Rules of the American Arbitration Association for expedited arbitration. If the dispute shall be determined in Tenant's favor, Tenant shall be entitled to a credit against Additional Rent, including a credit for Tenant's reasonable expenses incurred in hiring an accountant, thereafter payable in the amount of Tenant's overpayment of Additional Rent resulting from compliance with Landlord's Statement.

(iv) Notwithstanding anything to the contrary, in no event shall the aggregate credits allowable to Tenant in any Operational Year pursuant to this Section exceed the Additional Rent payable by Tenant pursuant to this Section, it being the intention of Landlord and Tenant that the Fixed Rent payable by Tenant hereunder shall not be reduced by reason of any decrease in the Cost of Maintenance and Operation.

B. Real Estate Taxes.

(i) Commencing with the First Operational Year (as defined in Subsection A.(i)(d) above, Tenant shall pay to Landlord, as Additional Rent, the increase over the Base Expense Year of Tenant's Projected Share of all real estate taxes, ad valorem taxes and assessments, general and special assessments, taxes on real estate rental receipts, taxes on Landlord's gross receipts, business use and occupancy taxes, business operations taxes, or any other tax imposed upon or levied against real estate or upon owners of real estate provided Tenant shall not be responsible for any inheritance tax or realty transfer tax as such rather than personalty generally, or payments made to a federal, state or local government authority by Landlord in lieu of any such taxes or assessments, payable with respect to or allocable to the entire tax lot of which the Leased Premises is a part, together with the reasonable cost (including fees of attorneys, consultants and appraisers) of any negotiation, contest or appeal pursued by Landlord in an effort to reduce any such tax, assessment or charge, the same being collectively referred to herein as "Taxes". Tenant's proportionate share of Taxes for any Tax Year shall be computed by multiplying the amount of such Taxes by a fraction, the numerator of which shall be the Floor Area of the Leased Premises and the denominator of which shall be the total Floor Area of all leaseable premises in the tax lot. For the Tax Year in which the Term commences or terminates, Tenant's liability for its proportionate share of any Taxes shall be subject to a prorata adjustment based upon the number of days of such Tax Year falling within the Term.

(ii) Tenant's proportionate share of Taxes shall be paid by Tenant, in equal monthly installments, in such amounts as are estimated and billed for each Tax Year by Landlord at the commencement of the Term and at the beginning of each successive Tax Year during the Term, each such installment being due on the first day of each calendar month. Within sixty (60) days after Landlord's receipt of tax bills for each Tax Year, or such reasonable (in Landlord's determination) time thereafter, Landlord will certify to Tenant the amount of Taxes for the Tax Year in question and the amount of Tenant's proportionate share thereof. The proportionate share of Taxes paid or payable for each Tax Year shall be adjusted between Landlord and Tenant, both Landlord and Tenant hereby agreeing that Tenant shall pay Landlord or Landlord shall credit Tenant's account (or, if such adjustment is at the end of the Term, pay Tenant), as the case may be, within thirty (30) days of the aforesaid certification to Tenant, such amount necessary to effect such adjustment. The failure of

Landlord to provide such certification within the time prescribed above shall not relieve Tenant of its obligations generally or for the specific Tax Year in which any such failure occurs.

(iii) The term "Tax Year" shall mean the twelve (12) full calendar months of the Term commencing with the January 1st immediately following the first day of the Term and shall end December 31st of such calendar year; thereafter, each Tax Year shall consist of successive periods of twelve (12) calendar months; provided, however, that the first Tax Year shall commence on the first day of the Term and terminate on the immediately following 31st day of December, and the last Tax Year shall terminate on the last day of the Term.

(iv) In addition to Tenant's proportionate share of Taxes, Tenant shall pay to the appropriate agency any and all sales taxes, excise taxes and business use and occupancy taxes (not including, however, Landlord's income taxes) levied, imposed or assessed by the State of New Jersey or any political subdivision thereof or other taxing authority, upon any Rental payable hereunder.

(v) If, at any time following the execution of this Lease, the method or scope of taxation prevailing at the date of such execution shall be altered, modified or enlarged so as to cause the method of taxation to be changed, in whole or in part, so that some other tax, levy or other imposition is substituted in whole or in part for the real estate taxes assessed against the Leased Premises on the date of execution of this Lease, then, and in such event, each and every such substituted tax or other imposition shall be payable and discharged by Tenant in the manner required pursuant to the law promulgating such tax or other imposition. If any such substitute tax or other imposition shall be in the form of an income tax or in the form of any other tax or imposition which the law promulgating the same shall require Landlord to pay, then Tenant shall pay Landlord, as Additional Rental, during the Term of this Lease, such amount as shall be equivalent to the amount by which the real estate taxes have been decreased or diminished. Such payments shall be made by Tenant to Landlord at such time or times as Landlord shall be required to pay such substitute taxes in accordance with law and with the provisions of this Lease.

(vi) It being Tenant's obligation to pay all real estate taxes assessed against the Leased Premises, as provided elsewhere in this Lease, the parties recognize and acknowledge that the intent and purpose of this paragraph is to provide against and assure that Landlord does not suffer nor sustain any diminution in the Landlord's gross receipts from the rental of the Leased Premises resulting from any change in the scope or form of taxation which has the effect of shifting any of Tenant's obligations under this Lease, or any part thereof, to Landlord; and Tenant hereby agrees to protect Landlord against any such diminution in gross receipts as a result thereof, provided that Tenant shall not be responsible for taxes incurred by Landlord solely as a result of Landlord's change in structure, entity or corporate make-up.

C. Any Additional Rent payable pursuant to this Section also shall be collectible by Landlord in the same manner as Fixed Rent and Landlord shall have the same remedies for non-payment thereof as Landlord has hereunder for non-payment of Fixed Rent.

14. Building Operation and Services.

A. Landlord shall, subject to the conditions and limitations set forth in Sections 13, 15 and 16, furnish heat, ventilating, and air conditioning services as normal seasonal changes may require to provide reasonably comfortable space temperature and ventilation for occupants of the Building during normal business operation, daily from 8:00 A.M. to 6:00 P.M., except Saturdays, Sundays and the following Holidays: New Year's Day, Memorial Day, Fourth of July, Labor Day, Thanksgiving Day, Christmas Day, Presidents Day and Martin Luther King's Birthday.

B. Tenant shall pay, as Additional Rent, a charge of $65.00 per hour for each hour Landlord provides, at Tenant's request, heat or air-conditioning, other than during the hours and on the days set forth above, which payment shall not be a credit to Tenant in calculating the Cost of Operation and Maintenance pursuant to Section 13.

C. Cleaning shall be provided by Landlord through Landlord's employees or independent contractors, in accordance with Schedule "G" attached hereto.

D. Fully automatic passenger elevator service shall be provided for the use of all tenants and the general public for access to and from all floors of the Building.

E. Elevator service for freight shall be supplied in conjunction with service to other tenants at reasonable times during business hours and at other times at reasonable charges by management in advance.

F. Hot and cold water for normal public lavatory purposes only shall be provided. If the Tenant requires water for any additional purposes (including, but not limited to, private lavatory, kitchen and the like), Tenant shall pay the cost thereof as shown on a meter to be installed and maintained at Tenant's expense to measure such additional consumption.

G. Tenant shall be responsible for the electric energy which is required in the Leased Premises and shall pay the sum of $2.20 per square foot per year payable as Additional Rent in equal and successive monthly installments of $329.27. If at any time or times after the date of this Lease, the rates at which Landlord purchases electrical energy from the public utility corporation supplying electrical service to the Leased Premises or to the Building, or any charges incurred or taxes payable by Landlord in connection therewith, shall be increased or Tenant's use of electricity shall materially increase, the electrical charge shall be increased upon Landlord's demand in an annual amount which shall fairly and accurately reflect the estimated increase in the annual cost to Landlord of furnishing electrical service to Tenant under the provisions of this Lease. If within ten (10) days after any such demand Landlord and Tenant shall fail to agree upon the amount of such increase in the electrical charge, then, in lieu of such agreement, the estimated increase in the

annual cost to Landlord of furnishing electrical service to Tenant under the provisions of this Lease shall be finally determined by an independent electrical engineer selected by Landlord, who shall certify such determination in writing to Landlord and Tenant. Landlord's selection of an independent electrical engineer shall be subject to Tenant's approval, which shall not be unreasonably withheld or delayed. If Tenant does not disapprove or consent to Landlord's selection of an engineer within ten (10) days, such selection shall be deemed approved. The cost of such consultant shall be paid by Tenant. Following any such agreement or determination, Landlord and Tenant shall enter into a written supplementary agreement, in form satisfactory to Landlord, modifying this Lease by increasing the electrical charge for the remainder of the Term in an annual amount equal to such estimated increase in the annual cost to Landlord of furnishing electrical service to Tenant, as so agreed or determined. Any such increase in the electrical charge shall be effective as of the date of such demand and/or inspection and survey and shall be retroactive to such date if necessary. Landlord reserves the right to install, at Landlord's sole cost and expense, a sub-meter in the Leased Premises.

H. Landlord shall not be liable in any way to Tenant for any failure or defect in the supply or character of electric energy furnished on the Leased Premises by reason of any requirement, act or omission of the public utility serving the Building with electricity. Tenant's use of electric energy in the Leased Premises shall not at any time exceed the capacity of any of the electric conductors and equipment in or otherwise serving the Leased Premises. In order to insure that such capacity is not exceeded and to avert possible adverse effect upon the Building electric service, Tenant shall not, without Landlord's prior written consent in each instance, connect to the Building electric distribution system any fixtures, appliances or equipment other than (i) copy machines, (ii) lamps, (iii) computers and similar small office machines which operate on a voltage not in excess of 110 or make any alterations or additions to the electric systems of the Leased Premises. Should Landlord grant such consent, all additional risers or other equipment required therefore shall be provided by Landlord and the reasonable cost thereof shall be paid by Tenant upon Landlord's demand. As a condition to granting such consent, Landlord may require Tenant (i) to agree to an increase in the Annual Fixed Rent in an amount equivalent to the cost of the additional energy to be furnished to Tenant, or (ii) to cause a separate electric meter to be installed for the Leased Premises at Tenant's sole cost and expense and to pay to Landlord, at rates as then payable to the public utility company supplying service to the Building, for all electricity consumed in the Leased Premises (without any adjustment in the Annual Fixed Rent by reason of such costs or expenses or installation or such payments).

I. Landlord shall furnish and install at Tenant's expense all replacement lighting tubes, lamps, bulbs, and ballasts required in the Leased Premises.

15. Interruption in Operations or Services.

A. In case there is any interruption in the furnishing of any operation or service as set forth in Section 14 herein, Landlord shall not be liable to Tenant therefor, nor shall Tenant be entitled to any abatement or reduction in Rent by reason thereof, nor shall the same give rise to a claim in Tenant's favour that such constitutes actual or constructive total or partial eviction.

B. Landlord reserves the right to stop any operation or service when necessary by reason of accident or emergency, or until necessary repairs have been completed, provided, however, that in each instance of stoppage, Landlord shall exercise reasonable diligence to eliminate the cause thereof. Except in case of emergency repairs, Landlord will give Tenant reasonable advance notice of any contemplated stoppage and will use reasonable efforts to avoid unnecessary inconvenience to Tenant by reason thereof.

16. Repairs.

A. Landlord, at its expense, will make, or cause to be made structural repairs to exterior walls, structural columns and structural floors which collectively enclose the Leased Premises (excluding, however, all doors, door frames, windows and glass) and the roof over the Leased Premises; provided Tenant shall give Landlord notice of the necessity for such repairs and provided that the necessity for such repairs shall not have arisen from nor shall have been caused by the negligence or willful acts of Tenant, its agents, concessionaires, officers, employees, licensees, invitees or contractors, and the like.

B. All repairs to the Leased Premises or any installations, equipment or facilities therein, other than those repairs required to be made by Landlord pursuant to Section 16 A or Section 25, shall be made by Tenant at its expense. (As set forth in Section 13, Landlord shall cause certain repairs and maintenance to be done, on Tenant's behalf and as Tenant's agent, for which Tenant shall remain responsible and for which Tenant shall pay, as provided in Section 13). Without limiting the generality of the foregoing, Tenant shall keep the interior of the Leased Premises, together with all electrical, plumbing and other mechanical installations therein (other than items to be repaired by Landlord pursuant to Sections 13 and 16A), in good order and repair and shall make all replacements from time to time required thereto at its expense; Tenant will not overload the electrical wiring serving the Leased Premises or within the Leased Premises, and will install at its expense, subject to the provisions of Section 14, any additional electrical wiring which may be required in connection with Tenant's apparatus. Any damage or injury sustained by any person because of mechanical, electrical, plumbing or any other equipment or installations whose maintenance, repair or cost shall be the responsibility of Tenant, shall be paid for by Tenant, and Tenant shall indemnify and hold Landlord harmless from and against all claims, actions, damages and liability in connection therewith, including but not limited to, attorneys' and other professional fees, and any other costs which Landlord might reasonably incur (as Additional Rent).

C. Tenant shall repair promptly, at its expense, any damage to the Leased Premises, and, upon demand, shall reimburse Landlord (as Additional Rent) for the cost of the repair of any damage elsewhere in the Building, caused by bringing into the Leased Premises any property for Tenant's use, or by the installation or removal of such property regardless of fault or by whom such damage shall be caused (unless caused solely by Landlord, its agents, employees or contractors), and in default of such repairs by Tenant, at the expiration of five (5) days after notice to Tenant,

Landlord may make or cause the same to be made and Tenant agrees to pay to Landlord promptly upon Landlord's demand, as Additional Rent, the cost thereof with interest thereon at the Default Rate until paid.

D. Tenant shall be responsible for and shall pay to Landlord, upon demand and as Additional Rent, all attorneys', architectural, engineering and other professional fees and expenses incurred with respect to any and all review and approval regarding Tenant's repairs to the Leased Premises including, but not limited to, Landlord's in-house professionals and staff.

E. Landlord shall not be liable by reason of any injury to or interference with Tenant's business arising from the making of any repairs, alterations, additions or improvements in or to the Leased Premises or the Building or to any appurtenances or equipment therein. There shall be no abatement of Rent because of such repairs, alterations, additions or improvements.

F. Landlord reserves the right at any time and from time to time to:

(i) Make or permit changes in or revisions to the Palmer Square and Retail Center Area, including without limitation, additions to, subtractions from, rearrangements of, alterations of, modifications of or supplements to the building areas, walkways, parking areas, driveways or other Common Areas; and

(ii) Construct other buildings or improvements in the Palmer Square and Retail Center Area and to make alterations thereof or additions thereto and to build additional stories on any such building or buildings and to build adjoining stories on any such building or buildings and to build adjoining same; and

(iii) Make or permit changes or revisions to the Building Complex, including additions and alterations thereto; and

(iv) Convey portions of the Palmer Square and Retail Center Area to others for the purpose of constructing thereon other buildings or improvements, including additions thereto and alterations thereof; provided, however, that no such changes, rearrangements or other construction shall reduce the parking area provided by Landlord below the number of parking spaces required by law to be provided for the Palmer Square and Retail Center Area.

G. Landlord shall have the exclusive right to use all or any part of the roof of the Leased Premises for any purpose; to erect additional stories or other structures over all or any part of the Leased Premises; to erect in connection with the construction thereof temporary scaffolds and other aids to construction on the exterior of the Leased Premises, provided that access to the Leased Premises shall not be denied; and to install, maintain, use, repair and replace within the Leased Premises pipes, ducts, conduits, wires and all other mechanical equipment serving other parts of the Palmer Square and Retail Center Area, the same to be in a location within the leased Premises as will not unreasonably deny Tenant's use thereof. Landlord may make any use it desires of the side or rear walls of the Leased Premises, provided that such use shall not encroach on the interior of the Leased Premises.

17. Relocation of Tenant. Landlord, at its sole expense, on at least sixty (60) days prior written notice, may require Tenant to move from the Leased Premises to another location of comparable size and decor in the Building in order to permit Landlord to consolidate the Leased Premises with other space leased or to be leased to another tenant provided, however, Tenant, by written notice to Landlord within thirty (30) days after the receipt of any such notice from Landlord, may elect not to move to the other space and in lieu thereof may terminate this Lease. In the event of any such relocation, Landlord will pay all the expenses of preparing and decorating the new premises so that it will be substantially similar to the Leased Premises and the expense of moving Tenant's furniture and equipment to the relocated premises. From and after the date of such relocation, the Annual Fixed Rent specified in Section 1 hereof shall be increased by an amount determined by multiplying the number by which the number of square feet contained in such relocated space exceeds the total area of Leased Premises (Section 2) by the result obtained by dividing the Annual Fixed Rent specified in Section 1 by the total area of Leased Premises specified in Section 1 (such result being herein called the "Square Foot Rent"), or shall be decreased by an amount determined by multiplying the Square Foot Rent by the number by which the number of square feet contained in such relocated space is less than said total area of Leased Premises. However, during the period of time commencing with the date of such relocation and ending on the date immediately preceding the next ensuing Escalation Date, the amount of the Annual Fixed Rent payable during said period shall be determined by dividing the amount of the Annual Fixed Rent (as escalated pursuant to the provisions of Section 7), payable on the date immediately prior to the date of such relocation by the total area of Leased Premises specified in Section 1, and then multiplying the result thus obtained by the total area of Leased Premises immediately after such relocation. Commencing with the next ensuing Escalation Date, the Annual Fixed Rent, adjusted as above provided, shall be escalated as provided in Section 7.

18. Quiet Enjoyment. Tenant, upon paying the Annual Fixed Rent and all Additional Rent (Rent) herein provided for and, upon observing, keeping and performing all covenants, agreements and conditions of this Lease on Tenant's part to be observed, kept and performed, shall quietly have and enjoy the Leased Premises throughout the Term of this Lease without hindrance or molestation by Landlord or by anyone claiming by, through or under Landlord, subject, however, to the exceptions, reservations and conditions of this Lease.

19. Landlord's Right of Entry. Landlord shall have the right to enter the Leased Premises to perform Landlord's covenants as set forth in this Lease, to inspect and to insure Tenant's compliance with the provisions of this Lease, to make any repairs, replacements or alterations to the Leased Premises or to the Building or to do any work which Landlord may deem necessary, to show the Leased Premises to prospective purchasers, and also, during the last six (6) months of the Lease Term, to show the Leased Premises to prospective Tenants.

20. Surrender of Leased Premises. On the last day or sooner termination of the Term, Tenant shall quit and surrender the Leased Premises broom clean, in good condition and repair (reasonable wear and tear and damage by Acts of God, fire extended coverage perils excepted), together with all alterations, additions and improvements which may have been made in, on or to the Leased Premises, except moveable furniture or unattached moveable trade fixtures put in at the sole expense of Tenant; provided, however, that Tenant shall ascertain from Landlord at least thirty (30) days before the end of the Term, whether Landlord desires to have the Leased Premises or any part thereof restored to the condition in which it was originally delivered to Tenant and, if Landlord shall so desire, then Tenant, at its cost and expense, on or before the end of the Term, shall remove from the Leased Premises all of its property, together with any alterations, additions and improvements, the removal of which is requested by Landlord, and any or all of such property not so removed shall, at Landlord's option, become the exclusive property of

Landlord or be disposed of by Landlord, at Tenant's sole cost and expense, without further notice to or demand upon Tenant. If the Leased Premises be not surrendered as and when aforesaid, Tenant shall indemnify Landlord against loss or liability resulting from the delay by Tenant in so surrendering the Leased Premises including, without limitation, the claims made by any succeeding occupant founded on such delay. Tenant's obligation under this Section shall survive the expiration or sooner termination of the Term.

21. Miscellaneous Covenants. Tenant shall faithfully perform all of the covenants and conditions to be performed and observed by Tenant hereunder and, in addition to those covenants and conditions which are set forth elsewhere herein, Tenant agrees:

A. To secure and maintain in effect any governmental approvals, licenses and permits as may be required for Tenant's use and occupancy of the Leased Premises.

B. Not to place, erect, maintain or display any sign or other marking of any kind whatsoever on the exterior surface of the walls of the Leased Premises or on any door which faces any common corridor or hallway (other than a sign identifying Tenant which Landlord shall supply), without the prior written approval of the Landlord, and not to install nor replace any entrance door or other door facing on any common corridor or hallway other than the standard door supplied by Landlord without the prior written approval of Landlord. Subject to Landlord's prior written approval, which approval shall not be unreasonably withheld, conditioned or delayed, Tenant may install a sign on or about the door to the Leased Premises. Landlord shall include Tenant's name and location in the Building on Landlord's lobby directory.

C. Not to use or place any curtains, blinds, drapes, coverings or signs over any exterior windows or upon the window surfaces as would be visible from the outside of the Building without the prior written approval of Landlord.

D. Without the prior written consent of Landlord, not to place within the Leased Premises nor bring into the Building any machinery, equipment or other personalty other than customary office furnishings, copying machines and small machinery such as computers and other similar items of office equipment, not bring into the Leased Premises nor permit to remain there any item of equipment or machinery or other personalty having a weight in excess of the floor bearing capacity reasonably determined by Landlord; and in the event Tenant does place or bring in machinery, equipment or personalty other than that provided for above, Landlord may require Tenant to pay all costs of all structural and other alterations, changes or additions required to be made to the Leased Premises and Building, in the sole judgment of Landlord, for the safe support of such machinery, equipment or personalty, together with all costs of engineering or other studies required in the sole judgment of Landlord, to determine the required structural and other alterations, changes or additions.

E. To keep the Leased Premises in good order, condition and repair, reasonable wear and tear excepted, making all repairs and replacements of whatever nature as may be required in order to do so.

F. No X-ray, nuclear or other radiation type equipment or materials shall be used or stored in or about the Leased Premises, the Building or the common areas unless

all municipal, state and federal laws, rules and regulations applicable to the use and/or storage of such equipment or materials have been complied with and the Leased Premises or other place where such equipment or materials are to be used or stored has been provided with such shielding as may be necessary to prevent any harmful radiation or penetration beyond the confines of the Leased Premises or other place.

G. Tenant shall not contract for any work or service which might involve the employment of labour incompatible with the employees of the Building Complex, Palmer Square, Palmer Square North, Palmer Square East or Palmer Square West Areas, including, but not limited to all retail, office, restaurant, hotel, residential and common areas (hereinafter collectively referred to as "Palmer Square") or with employees or subcontractors of contractors doing work or performing services by or on behalf of the Landlord, or tenants or other owners of property in Palmer Square. Tenant shall not perform or omit to perform any act, or permit any party with whom Tenant has contracted for work or service in or about Palmer Square, to perform or omit to perform any act which constitutes an unfair labour practice, or which shall create or prolong any labour dispute, or which shall cause a disruption in the operation of Palmer Square, or discourage the passage of customers or business invitees to and from Palmer Square or otherwise interfere with the beneficial use and enjoyment of the space leased to, occupied by or being improved or constructed by any other tenant of Palmer Square or Landlord or other owners of property in Palmer Square.

22. Rules and Regulations. Tenant covenants and agrees that Tenant, its employees, agents, servants, invitees, licensees, contractors, and the like, shall observe faithfully and comply strictly with, the Rules and Regulations contained in Schedule "H" attached and made a part hereof, and such other and further reasonable Rules and Regulations as Landlord or Landlord's agents may, after notice to Tenant, from time to time adopt. Nothing in this Lease shall be construed to impose upon Landlord any duty or obligation to enforce the Rules and Regulations or terms, covenants or conditions in any other lease as against any other tenant, and Landlord shall not be liable to Tenant for violation of the same by any other tenant or such tenant's servants, employees, agents, invitees, licensees, contractors and the like.

23. Performance of Tenant's Covenants. If Tenant fails to perform any covenant or observe any condition to be performed or observed by Tenant hereunder or acts in violation of any covenant or condition hereof and, except with respect to covenants regarding the payment of Annual Fixed Rent or Additional Rent (any other sums due under this Lease), so long as Tenant is not proceeding diligently to correct or cure such default, Landlord may, but shall not be required on behalf of Tenant, perform such covenant and/or take such steps, including entering upon the Leased Premises, as may be necessary or appropriate to meet the requirements of any such covenant or condition, provided that Landlord shall have given Tenant at least ten (10) days prior notice of Landlord's intention to do so, unless an emergency situation exists in which case Landlord shall have the right to proceed immediately; and all costs and expenses incurred by Landlord in so doing, including, without limitation, reasonable attorneys' and other professional fees and expenses, shall be paid by Tenant to Landlord upon demand, plus interest at the Default Rate from the date of expenditure(s) by Landlord, as Additional Rent. Landlord's proceeding under the rights reserved to Landlord under this Section shall not in any way prejudice or waive any rights as Landlord might otherwise have against Tenant by reason of Tenant's default.

24. Eminent Domain.

A. In the event of exercise of the power of eminent domain whereby (i) such portion of the Building is taken that access to the Leased Premises is permanently impaired thereby and reasonably alternate access is not promptly provided by Landlord or (ii) all or substantially all of the Leased Premises or the Building is taken, or (iii) if less than substantially all of the Building is taken but Landlord, acting in good faith, determines that it is economically unfeasible to continue to operate the uncondemned portion as a first-class office building, then in the case of (i) or (ii), either party and in the case of (iii), Landlord shall have the right to terminate this Lease as of the date when possession of that part which was taken is required to be delivered or surrendered to the condemning authority; and in such case all Rent and other charges shall be adjusted to the date of termination. The foregoing right of termination shall be applicable to the taking of any estate or interest whatsoever which, as a matter of law, would deprive the Landlord or Tenant of the right to possession (in common with others, as to common areas of the Building) for any period in excess of ninety (90) days from the date of taking, whether or not the taking be in fee for a term of years or of any other estate or interest; and a taking shall include the transfer of title or of any interest in the Building by deed or other instrument in settlement of or in lieu of transfer by operation of law incident to condemnation proceedings.

B. Tenant shall have no right to participate nor share in any condemnation claim, damage award or settlement in lieu thereof with respect to any taking of any nature; provided, however, that Tenant shall not be precluded from claiming or receiving payment for Tenant's relocation and moving expenses as may be permitted under applicable law so long as the amount of same is not subtracted from the award which Landlord is entitled to receive.

25. Casualty Damage.

A. In the event of damage to or destruction of the Leased Premises caused by fire or other casualty, or of the entrances and other common facilities necessary to provide normal access to the Leased Premises or to other portions of the Building or its equipment, which portions and equipment are necessary to provide services to the Leased Premises in accordance herewith, provided not caused by or attributable to any act or omission of Tenant, its servants, employees, agents, invitees, contractors, and the like, Landlord shall undertake to make repairs and restorations as hereafter provided unless this Lease be terminated by Landlord.

B. If the Leased Premises shall be totally damaged or rendered wholly untenantable by fire or other casualty or if the Building shall be so damaged by fire or other casualty that substantial alteration or reconstruction of the Building shall, in Landlord's opinion, be required (whether or not the Leased Premises shall have been damaged by such fire or other casualty), then in any of such events Landlord may, at its option, terminate this Lease by giving Tenant thirty (30) days notice of such termination, which notice shall be given within ninety (90) days after the date of such damage.

C. If the damage is of such nature or extent, in Landlord's sole judgment, that more than one hundred eighty (180) consecutive days, after commencement of the work, would be required (with normal work crews and hours) to repair and restore the part of the Leased Premises or Building which has been damaged, Landlord shall

so advise Tenant within a reasonable time after said determination, and either party, for a period of ten (10) days thereafter, shall have the right to terminate this Lease by notice to the other, as of the date specified in such notice, which termination date shall be no later than thirty (30) days after the date of such notice.

D. In the case of damage to the Leased Premises not caused by the negligence or other tortious acts of Tenant, its agents, employees, contractors, invitees or licensees, or the like, which is of a nature or extent that Tenant's continued occupancy is substantially impaired, the Annual Fixed Rent otherwise payable by Tenant hereunder shall be equitably abated or adjusted for the duration of such impairment, after and if such continues for thirty (30) continuous business days.

E. In connection with the foregoing, Landlord, if Landlord elects to repair and restore, shall restore the Leased Premises to substantially its condition prior to the occurrence of the damage, provided that Landlord shall not be obligated to repair or restore any alterations, additions or fixtures which Tenant may have installed (whether or not Tenant has the right or the obligation to remove the same or is required to leave the same on the Leased Premises as of the expiration or earlier termination of the Lease) unless Tenant, in a manner satisfactory to Landlord, assures payment in full of all costs as may be incurred by Landlord in connection therewith. If there be any such alterations, fixtures or additions and Tenant does not assure or agree to assure payment of the cost of restoration or repair as aforesaid, Landlord shall have the right to determine the manner in which the Leased Premises shall be restored so as to be substantially as the Leased Premises existed prior to the damage occurring, as if such alterations, additions or fixtures had not then been made or installed.

F. Anything to the contrary in this Lease notwithstanding, expressed or implied, Landlord shall have no liability to Tenant for and shall have no duty to repair, replace or restore any damage whatsoever to Tenant's personal property or Tenant's alterations occurring as a result of fire or other casualty or leakage or seepage of water or any other liquid from any source whatsoever, or breakage of any pipes, mains or other plumbing located in or about the Building, or snow, frost, steam, excessive heat or cold, falling plaster, sewage, gas, odors, noise, or by air conditioning or heating apparatus. Furthermore Landlord has no obligation to repair or restore in event of casualty or damage caused by an event which is uninsured or for which payment will not be made by an insurance company.

26. Brokerage. Tenant and Landlord each represents that in the negotiation of this Lease it dealt with no real estate broker or salesman except Trillium Realty Advisors LLC and NAI Fennelly. Tenant and Landlord each hereby agrees to indemnify the other and hold it harmless from any and all losses, damages and expenses arising out of any inaccuracy or alleged inaccuracy of the above representation, including court costs and attorneys' fees. Landlord shall have no liability for brokerage commissions arising out of a sublease by Tenant and Tenant shall and does hereby indemnify Landlord and hold Landlord harmless from any and all liability for brokerage commissions arising out of any such sublease. Landlord shall pay the commissions of NAI Fennelly and Trillium Realty Advisors LLC pursuant to separate agreement.

27. Advance Rent and Security Deposit.

A. Landlord acknowledges receipt from Tenant of the Advance Rent ($5,687.33), which shall be paid upon execution of the within Lease by Tenant, and shall be held by Landlord as security for the performance by Tenant of all obligations imposed under this Lease which Tenant is required to perform prior to the commencement of the Term. If such sum is not paid within three (3) days of Tenant's execution of this Lease, Landlord shall have the option to terminate this Lease without any liability to Tenant. Upon commencement of the Term, said Advance Rent shall be applied towards Tenant's first monthly installment of Annual Fixed Rent.

B. Upon execution of the within Lease, Tenant shall deposit with Landlord the sum of $11,374.66 (the "Security Deposit") which sum equals two (2) months' Annual Fixed Rent under this Lease, as security for the faithful performance and observance by Tenant of the terms, provisions and conditions of this Lease. In the event that Tenant defaults in respect of any of the terms, provisions and conditions of this Lease, including without limitation, the payment of Fixed Rent and Additional Rent, Landlord may use apply or retain the whole or any part of the Security Deposit to the extent required for the payment of any Fixed Rent, Additional Rent or any other sum as to which Tenant is in default or for any sum which Landlord may expend or may be required to expend by reason of Tenant's default in respect of any of the terms, covenants and conditions of this Lease, including, without limitation, all reasonable attorneys' and other professional fees and expenses and any damages or deficiency in reletting the Leased Premises accrued before or after any summary proceedings or other re-entry by Landlord.

C. In the event that Tenant shall fully and faithfully comply with all of the terms, provisions, covenants and conditions of this Lease, the Security Deposit except as same may have been applied by Landlord in accordance with this Lease, shall be returned to Tenant within forty-five (45) days after the Expiration Date or such earlier termination date of this Lease, provided such earlier termination is not due to Tenant's default, and after Tenant has delivered entire possession of the Leased Premises to Landlord in accordance with all of the terms and provisions of this Lease.

D. Tenant agrees that in the event Landlord applies any portion of the Security Deposit in accordance with the provisions of this Lease, Tenant shall immediately upon demand of Landlord reimburse or pay Landlord for the amount of the Security Deposit so applied or for the increase in Fixed Rent so that the amount constituting the Security Deposit during the Term of this Lease shall always be equal to two (2) months' Annual Fixed Rent.

E. In the event of a sale of the Building or leasing of the Building, or of the portion of the Building in which the Leased Premises is located, Landlord shall have the right to transfer the Security Deposit to the vendee or lessee and Landlord shall thereupon be released by Tenant from all liability for the return of the Security Deposit, and Tenant agrees to look solely to the new Landlord for the return of the Security Deposit and it is agreed that the provisions hereof shall apply to every transfer or assignment made of the Security Deposit to a new Landlord.

F. Tenant further agrees that it will not assign or encumber or attempt to assign or encumber the monies constituting the Security Deposit and that neither Landlord nor its successors or assigns shall be bound by any such assignment, encumbrance or attempted assignment or encumbrance.

28. Mortgagee and Other Agreements.

A. In the event any person, firm, corporation or other entity who is a party to any instrument to which this Lease is subject or subordinate including, but not limited to, the Lease Agreement referred to in Section 33, and any mortgage now or hereafter placed upon the Building or parcel of land on which it is erected or on any interest created therein) or their successor(s), succeed thereunder to the interest of the Landlord hereunder in the Building or parcel of land on which it is erected or acquires the right to possession of the Building or parcel of land on which it is erected, such person, firm, corporation or other entity shall not be (i) liable for any act or omission of the party named above as Landlord under this Lease; (ii) liable for the performance of Landlord's covenants hereunder which arise and accrue prior to such person, firm, corporation or other entity succeeding to the interest of Landlord hereunder or acquiring such right to possession; (iii) subject to any offsets or defenses which Tenant may have at any time against Landlord; (iv) bound by any Rent which the Tenant may have paid previously for more than one month; and (v) in the event the unexpired Term of this Lease exceeds three (3) years at the time of such succession or acquisition of the right to possession, shall not be bound by any amendment or modification hereof relating to the reduction of Rent, shortening of Term, or effecting a cancellation or surrender hereof and made without the consent of such person, firm, corporation or other entity. Landlord shall use its best efforts to secure a non-disturbance agreement in a form reasonably acceptable to Tenant from any present or future mortgagee.

B. Tenant agrees, from time to time as may be requested by Landlord, to execute, acknowledge and deliver to Landlord all or any of the following:

an agreement to recognize and attorn to any mortgagee or party holding a similar encumbrance now or hereafter placed on the Leased Premises, or any part thereof; an agreement certifying to such party as the Landlord reasonably may designate, including any mortgagee, that this Lease is in full force and effect and that Tenant has no defense, offsets or counterclaims hereunder or otherwise against Landlord with respect to this Lease or the Leased Premises (or if any of the foregoing not be the case, specifying in reasonable detail the extent and nature thereof) and the date to which Rent has been paid; and any other instrument as may be reasonably requested to be executed by Tenant by any mortgagee of the parcel of land, Building or any interest therein, so long as the rights of Tenant as provided for by this Lease are not materially affected by any such other instrument.

C. Notwithstanding the execution and delivery of the within Lease Agreement by Landlord, this Lease, and the respective rights and obligations of Landlord and Tenant hereunder, are expressly subject to the approval of all of the terms and provisions of this Lease by Landlord's interim and permanent lenders.

29. Subordination.

A. This Lease and the estate, interests and rights hereby created are subordinate to any mortgage now or hereafter placed upon the said parcel of land, the Building or any interest therein including, without limitation, any mortgage on any leasehold estate and subordinate to all renewals, modifications, consolidations, replacements and extensions of same as well as any substitutions thereof.

B. In the event that a bona fide institutional lender shall request reasonable modifications in this Lease, as a condition of providing Landlord with financing for the construction of any alterations or improvements of the Leased Premises, Building, Palmer Square and Retail Center Area, then Tenant shall not unreasonably withhold or delay its written consent to such modifications provided that same do not materially increase the obligations of Tenant hereunder or materially adversely affect either the leasehold interest hereby created or Tenant's use and enjoyment of the Leased Premises.

C. Tenant, if requested by Landlord, shall execute any such instruments in recordable form as may be reasonably required by Landlord in order to confirm or effect the subordination of this Lease in accordance with the terms of this Section and any other Section herein; and agrees that in the event any person, firm, corporation or other entity acquires the right to possession of the land and the Building free of the leasehold interest of the Landlord aforesaid, including any mortgagee or holder of any estate or interest having priority over this Lease, Tenant shall, if requested by such person, firm, corporation or other entity, attorn to and become the Tenant of such person, firm, corporation or other entity upon the same terms and conditions as are set forth herein for the balance of the Lease Term hereof.

D. Tenant agrees to give any mortgagee of Landlord, by certified mail, return receipt requested, a copy of any notice of default served upon Landlord, provided that prior to such notice Tenant has been notified of the address of such mortgagee. Tenant further agrees that if Landlord shall fail to cure such default within the time allowed by this Lease, then such mortgagee shall have an additional thirty (30) days within which to cure such default (but shall in no event be obligated to cure such default), or if such default cannot be cured within that time, then such additional time as may be necessary if within such thirty (30) days such mortgagee has commenced and diligently pursued the remedies necessary to cure such default in which event Tenant shall continue to be bound by the terms of this Lease while such remedies are being so diligently pursued.

30. Assignment and Subletting.

A. Tenant shall not assign this Lease, in whole or in part, nor sublet all or any part of the Leased Premises, nor license concessions or lease departments therein, without first obtaining the written consent of Landlord, which consent may be withheld in the sole and absolute discretion of Landlord. This prohibition includes any subletting or assignment which would otherwise occur by operation of law, merger, consolidation, reorganization, transfer or other change of Tenant's corporate or proprietary structure, or an assignment, subletting to or by a receiver or trustee in any federal or state bankruptcy, insolvency, or other proceedings. Consent by Landlord to any assignment or subletting shall not constitute a waiver of any obligation of the Tenant to Landlord (it being understood that Tenant shall remain liable notwithstanding any assignment or subletting) nor shall consent by the Landlord constitute a waiver of the requirement for such consent to any subsequent assignment or subletting.

B. Notwithstanding subparagraph A above, if this Lease is assigned to any person or entity pursuant to the provisions of the Bankruptcy Code, 11 U.S.C., § 101 et seq. (the "Bankruptcy Code"), any and all monies or other considerations payable or otherwise to be delivered in connection with such assignment shall be paid or delivered to Landlord and shall be and remain the exclusive property of Landlord or of the estate of Landlord within the meaning of the Bankruptcy Code. Any and all monies or other considerations constituting Landlord's property under the preceding sentence not paid or delivered to Landlord shall be held in trust for the benefit of Landlord and be promptly paid or delivered to Landlord.

C. If Tenant is a corporation or partnership (other than a corporation, the outstanding voting stock of which is listed on a "national securities exchange", as defined in the Securities Exchange Act of 1934) and at any time after the execution of this Lease any part or all of the corporate or partnership shares of interest shall be transferred by sale, assignment, bequest, inheritance, operation of law or other disposition (including such a transfer to or by a receiver or trustee in federal or state bankruptcy, insolvency, or other proceedings) so as to result in a change in the present control of said corporation or partnership by the person or persons now owning a majority of said corporate or partnership shares or interest, Tenant shall give Landlord notice of such event within fifteen (15) days from the date of such transfer. In such event and whether or not Tenant has given such notice, Landlord may elect to terminate this Lease, at any time thereafter, by giving Tenant notice of such election, in which event this Lease and the rights and obligations of the parties hereunder, shall cease as of a date set forth in such notice which date shall not be less than sixty 60 days after the date of such notice. In the event of any such termination, all Rent (other than any Additional Rent due Landlord resulting from Tenant's failure to perform any of its obligations hereunder) shall be adjusted as of the date of such termination.

D. The acceptance by Landlord of the payment of Rent following any assignment or other transfer prohibited by this Section shall not be deemed to be a consent by Landlord to any such assignment or other transfer nor shall the same be deemed to be a waiver of any rights or remedy of Landlord hereunder.

E. In the event that Landlord consents to a subletting of the Leased Premises, or any assignment of this Lease by Tenant, Landlord shall be entitled to recapture and receive payment from Tenant of fifty (50%) percent of any profit realized by Tenant from assignment of the Lease or subletting of the Leased Premises at a Rent greater than the Rent reserved hereunder. Tenant shall pay any such profit to Landlord promptly upon its receipt by Tenant, whether it is received in monthly or other periodic payments or in a lump sum. For purposes of this Section "profit" shall refer to the difference between: (i) all payments made by a subtenant or assignee to Tenant as Rent or otherwise under or in connection with said assignment or sublease; and (ii) the costs and expenses paid by Tenant in connection with said assignment or sublease including the Annual Fixed Rent and Additional Rent payable hereunder with respect to the assigned or sublet space and the reasonable brokerage, legal and alteration expenses, if any, incurred in connection with said assignment or sublease, calculated as if amortized over the

Lease Term. Promptly after the commencement of any such assignment or sublease Tenant shall deliver to Landlord a statement of the expenses incurred in connection with the assignment or subletting and payments of the profit in connection therewith shall be made monthly as Additional Rent hereunder.

F. Notwithstanding anything to the contrary contained in this Lease, Tenant may, without Landlord's prior written consent, but upon prior written notice to Landlord, sublet all or any portion of the Leased Premises or assign Tenant's interest in this Lease to: (a) a subsidiary, affiliate, parent or other entity of Tenant which controls, is controlled by, or is under common control with, Tenant; (b) a successor entity to Tenant resulting from merger, consolidation, non-bankruptcy reorganization, or government action; or (c) a purchaser of all or any significant portion of Tenant's stock or assets. The foregoing specifically is subject to the present Tenant remaining fully and completely liable for the performance of all of the terms, covenants, conditions and provisions of the Lease and Schedules on the part of Tenant to be observed and performed, and Tenant not being in default of any term, covenant, condition or provision of this Lease, either monetary or non-monetary. Assignments or subleases contemplated by this Section 30F shall not be subject to the terms and provisions of Sections 30C and 30E.

31. Default.

A. Any other provisions in this Lease notwithstanding, if (i) Tenant fails to pay any Rent or other sum of money due hereunder within five (5) business days of the date when due or (ii) Tenant abandons the Leased Premises, or (iii) Tenant fails to observe or perform any of the other Tenant covenants or agreements herein contained, other than a default involving the payment of money, and such failure continues after notice for more than fifteen (15) days and such additional time, if any, as is reasonably necessary to cure such failure, provided that Tenant has diligently commenced to cure and is continuing to prosecute said cure to completion, or (iv) INTENTIONALLY OMITTED, or (v) Tenant makes any assignment for the benefit of creditors, or (vi) Tenant commits an act of bankruptcy or files a petition or commences any proceeding under any bankruptcy or insolvency law, or (vii) a petition is filed or any proceeding is commenced against Tenant under any bankruptcy or insolvency law and such petition or proceeding is not dismissed within thirty (30) days, or (viii) Tenant is adjudicated a bankrupt, or (ix) Tenant by any act indicates its consent to, approval of or acquiescence in, or a court approves, a petition filed or proceeding commenced against Tenant under any bankruptcy or insolvency law, or (x) a receiver or other official is appointed for Tenant or for a substantial part of Tenant's assets or for Tenant's interest in this Lease, or (xi) any attachment or execution against a substantial part of Tenant's assets or of Tenant's interests in this Lease remains unstayed or undismissed for a period of more than ten (10) days, or (xii) a substantial part of Tenant's assets or of Tenant's interest in this Lease is taken by legal process in any action against Tenant, or (xiii) Tenant fails to pay to any federal, state or local agency any taxes claimed by such agency, then, in any such event, Tenant shall be deemed to be in default hereunder, and Landlord may, if the Landlord so elects, at any time thereafter, terminate this Lease and the tenancy created hereby, by giving three (3) days' notice of such election to Tenant and/or Landlord may re-enter the Leased Premises, by summary proceedings or otherwise, and may remove Tenant and all other persons and property from the

Leased Premises, and may store such property in a public warehouse or elsewhere (at the cost of or the account of Tenant) with or without resort to legal process and without Landlord being deemed guilty of trespass or conversion or becoming liable for any loss or damage occasioned thereby or otherwise being liable to prosecution therefor.

B. In the event that the relation of the Landlord and Tenant may cease or terminate by reason of the termination of this Lease by Landlord or by reason of the re-entry of the Landlord under the terms and covenants contained in this Lease or by reason of the summary dispossess or ejectment of the Tenant by summary proceedings, or otherwise, or after the abandonment of the Leased Premises by the Tenant, the Tenant shall remain liable and shall pay in monthly payments the Fixed Rent and Additional Rent which accrues subsequent to the cessation or termination of the relationship of Landlord-Tenant, and the Tenant shall pay as damages for the breach of the covenants contained in this Lease the difference between the Fixed Rent and Additional Rent reserved and the Rent collected and received, if any, by the Landlord, during the remainder of the unexpired Term, such difference or deficiency between the Fixed Rent and the Additional Rent reserved and the Rent collected, if any, shall become due and payable in monthly payments during the remainder of the unexpired Term, as the amounts of such difference or deficiency shall from time to time be ascertained. In the event the Landlord relets the Leased Premises during any such unexpired period of the Tenant's Lease, for Rent in excess of that due under the within Lease, Landlord need not credit such excess Rent against any unpaid Fixed Rent or Additional Rent owed by the Tenant. In addition, Tenant shall indemnify Landlord during the remaining period before this Lease would otherwise expire against all loss or damage suffered by reason of such default, cessation or termination, including but not limited to, all costs, salaries, fees, commissions and expenses of reletting as well as all reasonable attorneys' and other professional fees, expenses and costs incurred by Landlord in pursuit of its remedies hereunder.

C. INTENTIONALLY OMITTED.

D. Landlord shall have all rights and remedies now or hereafter existing at law with respect to the enforcement of Tenant's obligations hereunder and the recovery of the Leased Premises, including without limitation, those set forth in N.J.S.A. 2A:18-53, as amended, and all amendments, modifications and substitutions thereof hereafter enacted. No right or remedy herein conferred upon or reserved to Landlord shall be exclusive of any other right or remedy, but shall be cumulative and in addition to all other rights and remedies given hereunder or now or hereafter existing at law. Landlord shall be entitled to injunctive relief in case of the violation, or attempted violation, of any covenant, agreement, condition or provision of this Lease, or to a decree compelling performance of any covenant, agreement, condition or provision of this Lease.

E. Nothing herein contained shall limit or prejudice the right of Landlord by reason of such default to exercise any or all rights or remedies available to Landlord by reason of such default or to prove and obtain in proceedings under any bankruptcy or insolvency laws, an amount equal to the maximum allowed by any law in effect at the time when, and governing the proceedings in which, the damages are to be proven, whether or not the amount be greater, equal to, or less than the amount of the loss of damage referred to above.

32. Landlord's Option to Terminate Lease.

DELETED PRIOR TO EXECUTION

33. Underlying Leases and Estates. This Lease and the estate, interests and rights hereby created shall be and remain subject and subordinate to any and all underlying agreements, leases or other instruments and to any extension or modifications thereof by virtue of which the Landlord is or may be entitled to possession of the Building and parcel of land on which it is erected.

34. Successors and Assigns. The obligations of this Lease shall be binding upon and inure to the benefit of the parties hereunder and their respective successors and assigns; provided that Landlord, and each successive owner of the Building, shall be liable only for obligations accruing during the period of its ownership or interest.

35. Waivers. No delay or forbearance by Landlord in exercising any right or remedy hereunder or in undertaking or performing any act or matter which is not expressly required to be undertaken by Landlord shall be construed, respectively, to be a waiver of Landlord's rights or to represent any agreement by Landlord to undertake or perform such act or matter thereafter.

36. Waiver of Jury Trial and Counterclaim. It is mutually agreed by and between Landlord and Tenant that the respective parties shall and they hereby do waive trial by jury in any action, proceeding or counterclaim brought by either of the parties against the other on any matter whatsoever arising out of or in any way connected with this Lease, the relationship of Landlord and Tenant, Tenant's use of or occupancy of said Leased Premises and/or any claim of injury or damage and any emergency statutory or any other statutory remedy. It is further mutually agreed that in the event Landlord commences any summary proceeding for non-payment of Rent, Tenant will not interpose any counterclaim or defense in the nature of setoff, of whatever nature or description in any such proceeding.

37. Severability. Each covenant and agreement in this Lease shall for all purposes be construed to be a separate and independent covenant or agreement. If any provision in this Lease or the application thereof shall to any extent be invalid, illegal or unenforceable, the remainder of this Lease and the application of such provision other than that which is invalid, illegal or unenforceable, shall not be affected thereby; and such provisions in this Lease shall be valid and enforceable to the fullest extent permitted by law.

38. Notices. All notices or other communications required or permitted hereby shall be effective only if the same are in writing and are signed by the party giving the notice or by an agent or other person authorized in writing to so act on behalf of such party. Notices to Tenant may be given by delivery to Tenant at the address above or by registered or certified mail, return receipt requested, or by a reputable overnight courier, with copies to WilmerHale LLP, 60 State Street, Boston, Massachusetts 02109, Attn: Paul Jakubowski, Esquire, and notices to Landlord may be given either by delivery to Landlord at the address stated above or by registered or certified mail, return receipt requested, or by a reputable overnight courier, with copies to Stuart B. Dember, Esquire, Fox Rothschild, LLP, 997 Lenox Drive, Building 3, Lawrenceville, New Jersey 08648. All notices shall be deemed given unless specified herein, on the date when the same are delivered, if delivered.

39. Amendment and Modifications. This writing is intended by the parties as a final expression of their agreement and as a complete and exclusive statement of the terms thereof; all negotiations, considerations and representations between the parties have been incorporated herein. No course of prior dealings between the parties or their officers, employees, agents or affiliates shall be relevant or admissible to supplement, explain, or vary any of the terms of this Lease. Acceptance of, or acquiescence in, a course of performance rendered under this or any prior agreement between the parties or their affiliates shall not be relevant or admissible to determine the meaning of any of the terms of this Lease. No representations, understandings, or agreements have been made or relied upon in the making of this Lease other than those specifically set forth herein. This Lease can be modified only by a writing signed by the party against whom the modification is enforceable.

40. Bankruptcy.

A. In the event that Tenant becomes the subject debtor in a case pending under the Bankruptcy Code or in any Bankruptcy Court or Division, Landlord's right to terminate this Lease shall be subject to the rights of the Trustee in Bankruptcy to assume or assign this Lease. To the extent permitted or allowed by law, the Trustee shall not have the right to assume or assign this Lease until the Trustee (i) promptly cures all defaults under the Lease, (ii) promptly compensates Landlord for monetary damages incurred as a result of such default, and (iii) provides "adequate assurance of future performance" which shall mean (in addition to any other statutory requirements) that all of the following have been satisfied: (i) in addition to Rent payable under the Lease the Trustee shall establish with Landlord a Security Deposit equal to three (3) months' Fixed Rent; (ii) maintain said Security Deposit in said amount whenever it is drawn upon by Landlord; (iii) Trustee must agree that Tenant's business shall be conducted in a first-class manner; (iv) the use of the Leased Premises cannot change. If all the foregoing are not satisfied Tenant shall be deemed not to have provided Landlord with adequate assurance of future performance of this Lease.

B. In addition, if Tenant becomes the subject debtor under the Bankruptcy Code or in any Bankruptcy Court or Division, any person or entity to which this Lease is assigned pursuant to the provisions of the Bankruptcy Code, 11 U.S.C., § 101 et seq., shall be deemed without further act or deed to have assumed all of the obligations arising under this Lease on and after the date of such assignment. Any such assignee shall, upon demand, execute and deliver to Landlord an instrument confirming such assumption.

41. Industrial Site Recovery Act/Site Remediation Reform Act.

A. Tenant shall, at Tenant's own expense, comply with the Site Remediation Reform Act, N.J.S.A. 58:10C-1, et seq. ("SRRA") and the Industrial Site Recovery Act, N.J.S.A. 13:1K-6, et seq. ("ISRA") and any amendments thereto as well as the regulations promulgated thereunder. Tenant shall not, however, have any obligation or liability whatsoever in respect of any spill or discharge of hazardous substances or wastes or any other non-compliance with SRRA and ISRA which is caused by any person other than Tenant or existing prior to the date of this Lease. Tenant shall, at Tenant's own cost and expense, make all submissions to, provide all information to, and comply with all requirements of, the Industrial Site Evaluation Element ("The Element" of the New Jersey Department of Environmental Protection ("NJDEP"). Should the Element or any other division of NJDEP determine that a clean up plan be prepared and that a clean up be undertaken because of any spills or discharges of hazardous substances or wastes

at the Premises occurring or arising from Tenant's use and occupancy, then Tenant shall, at Tenant's own expense, prepare and submit the required plans and financial assurances, and carry out the approved plans. Tenant's obligations under this paragraph shall arise if there is any closing, terminating or transferring of Tenant's operation at the Premises pursuant to SRRA and ISRA or other triggering event by Tenant. At no expense to Landlord, Tenant shall promptly provide all information reasonably requested by Landlord for preparation of any affidavits and required submissions pursuant to SRRA and ISRA, and shall promptly sign such affidavits when reasonably requested by Landlord. Tenant shall indemnify, defend and save harmless Landlord from all fines, suits, procedures, claims and actions of any kind arising out of or in any way connected with any spills or discharges or hazardous substances or wastes at the Premises occurring or arising from Tenant's use and occupancy, and from all fines, suits, procedures, claims and actions of any kind arising out of Tenant's failure to comply with this Paragraph. Tenant's obligations and liabilities under this Paragraph shall continue so long as Landlord remains responsible for any spills or discharges of hazardous substances or wastes by Tenant at the Premises occurring or arising from Tenant's use and occupancy. Tenant's failure to abide by the terms of this Paragraph shall be restrainable by injunction.

B. Landlord shall, at Landlord's own expense, comply with SRRA and ISRA in all instances beyond Tenant's responsibility as set forth above. To the extent the Element or any other Division of NJDEP requires information from Landlord, Landlord shall promptly provide all information requested. Should the Element or any other Division of NJDEP determine that a clean up plan be prepared and that a clean up be undertaken because of any spills or discharges of hazardous substances or waste at the Premises, by any party other than Tenant, then and in such case, Tenant shall not be responsible and the party who is responsible, Landlord, other tenant or other party, shall, at its own expense prepare and submit required plans and financial assurances and carry out the approved plans. Landlord shall indemnify, defend and save harmless Tenant from all fines, suits, procedures, claims and actions of any kind arising out of or any way connected with any spillages, discharges of hazardous substances or waste or other action by Landlord at the Premises and not occurring or arising from Tenant's use and occupancy, and from all fines, suits, procedures, claims and actions of any kind arising out of Landlord's failure to comply with this Paragraph. Landlord's obligations under this Paragraph shall survive the expiration or termination of this Lease. Landlord's failure to abide by the terms of this Paragraph shall be restrainable by injunction.

C. In the event any of the foregoing Tenant's obligations have not been complied with, then and in such event, Tenant shall be responsible to continue to pay monthly Base Rental and all Additional Rental until said NJDEP approval is delivered to Landlord, notwithstanding Tenant may not be in possession. The monthly Base Rental Tenant shall be required to pay hereunder shall be double the Base Rental for the last month of the Term.

D. In the event that Landlord shall require from Tenant information and evidence of Tenant's North American Industry System Code ("NAICS"), the nature of Tenant's business being operated upon the Leased Premises, the use Tenant made of the Leased Premises or like information to be submitted to NJDEP or any

successor governmental department or agency in connection with a proposed sale, leasing, exchange, financing, refinancing or other disposition of the Leased Premises, or of any part thereof, or of the building in which or land upon which the Leased Premises is located, or any part thereof, then Tenant shall upon written request of Landlord furnish such information and evidence in Affidavit or other form required by NJDEP without unreasonable delay.

E. Tenant shall commence its determination of whether any ISRA submission is required in anticipation of the end of its Lease Term at least six (6) months prior to the expiration of the Term, and shall notify Landlord in writing of its determination and the reasons on which its determination is based, at least two (2) months prior to the expiration of the Term.

42. Headings and Terms. The title and headings and the Table of Contents of this Lease are for convenience and reference only and shall not in any way be utilized to construe or interpret the agreement of the parties as otherwise set forth herein. The term "Landlord" and the term "Tenant" as used herein shall mean, where appropriate, all persons acting by or on behalf of the respective parties, except as to any required approvals, consents or amendments, modifications or supplements hereunder when such terms shall only mean the parties originally named on the first page of this Lease as Landlord and Tenant, respectively, and their agents so authorized in writing.

43. Performance of Landlord's Obligations to Mortgagee. Tenant shall accept performance of any of Landlord's obligations hereunder by any mortgagee.

44. Applicable Law. This Lease and the rights and obligations of the parties hereunder shall be construed in accordance with the internal laws of the State of New Jersey applicable to leases made and to be performed in the State of New Jersey without regard to principles of conflict of law.

45. No Representation or Warranty. The authorization of the Permitted Use of the Leased Premises for the purposes set forth herein does not constitute a representation or warranty by Landlord that any particular use of the Leased Premises is now or shall continue to be permitted under applicable laws or regulations.

46. Construction of Lease.

A. This Lease shall be construed without regard to any presumption or other rule requiring construction against the party causing this Lease to be drafted.

B. Words and phrases used in the singular shall be deemed to include the plural and vice versa, and nouns and pronouns used in any particular gender shall be deemed to include any other gender.

C. The rule of "ejusdem generis" shall not be applicable to limit a general statement following or referable to an enumeration of specific matters to matters similar to the matters specifically mentioned.

47. Delivery of Possession.

Landlord shall deliver the Leased Premises to Tenant on the Commencement Date free of all tenants and other occupants with all Landlord's Work (as set forth on Schedule B) completed.

48. OFAC Representation. Tenant represents and warrants that no Tenant Party (a) is listed on the Specially Designated Nationals and Blocked Persons List maintained by the Office of Foreign Asset Control, Department of the Treasury ("OFAC") pursuant to the Executive Order No. 13224, 66 Fed. Reg. 49079 (Sept. 25, 2001) ("Order"); (b) is listed on any other list of terrorists or terrorist organizations maintained pursuant to the Order, the rules and regulations of OFAC or any other applicable requirements contained in any enabling legislation or other Executive Orders in respect of the Order (the Order and such other rules, regulations, legislation or orders are collectively called the "Orders"); (c) is engaged in activities prohibited in the Orders; or (d) has been convicted, pleaded nolo contendere, indicted, arraigned or custodially detained on charges involving money laundering or predicate crimes to money laundering. If the foregoing representation and warranty is inaccurate in any respect, the same shall constitute an Event of Default by Tenant under this Lease. The term "Tenant Party" means and includes (i) Tenant, (ii) its partners, members, managers, directors, officers or shareholders, (iii) any beneficial owner of Tenant, and (iv) any beneficial owner of Tenant's partners, members, managers, directors, officers or shareholders.

49. Parking. Landlord and Tenant agree that the Annual Fixed Rent shall not be inclusive of any parking permits for Tenant's use. Said parking permits may be secured by Tenant through, and the cost thereof paid by Tenant directly to, the parking garages located on Hulfish Street and Chambers Street, which shall be at the Palmer Square tenant rates. Such rate presently is $170.00 per month per parking permit.

50. Miscellaneous.

A. Landlord represents that the roof and all working systems are in good working order and will be maintained as part of the Operating Expenses.

B. Tenant shall have access to the Leased Premises 24 hours/7 days a week.

C. All common area improvements will be in material compliance with the Americans with Disabilities Act and will be maintained as part of the Operating Expenses.

51. Option to Renew.

A. Upon the expiration of the initial Term reserved herein, Tenant shall have the right to renew this Lease for an additional term of three (3) years, (referred to herein as the "First Renewal Term"). Tenant's right to renew this Lease for the period referred to above shall be subject to:

(i) Tenant being in actual possession of the Leased Premises; and

(ii) This Lease then being in full force and effect and Tenant's not being in default beyond any applicable grace or cure period of any term, covenant, condition or provision hereunder, either monetary or non-monetary, both when such option to renew may be exercised and at the commencement date of the option period; and

(iii) Tenant providing Landlord with prior written notice of its exercise of such option. The requisite written notice to be furnished by Tenant to Landlord shall be delivered to Landlord not later than nine (9) months prior to the termination of the initial Term, time specifically and expressly hereby being made of the essence for delivery and receipt by Landlord of

such notice. Upon proper exercise by Tenant of its right to First Renewal Term, the Term of the Lease shall be deemed extended to include said First Renewal Term subject to the provisions of the Lease, except that (a) there shall be no further option to renew; (b) there shall be no further Rent abatement; (c) there shall be no further Landlord's Work; and (d) during the First Renewal Term, the Annual Fixed Rent and Additional Rent shall be adjusted as set forth below; and

(iv) Tenant's failure to comply with all of the foregoing shall render said option to renew, at Landlord's discretion, null and void.

B. The Annual Fixed Rent for the First Renewal Term shall be equal to and based upon the fair market rental value for the Leased Premises as based upon space and facilities of similar or like character then available or leased in Palmer Square, Princeton, New Jersey. In fixing said market value at the time of commencement of the First Renewal Term, no credit shall be allowed to Tenant for any amounts theretofore expended by Tenant for leasehold improvements, alterations or changes in the Leased Premises pursuant to the provisions of this Lease. Following the election made by Tenant to the First Renewal Term, Landlord and Tenant shall endeavor to agree upon the appropriate fair market rental value and basis which shall constitute the Annual Fixed Rent. Failing such agreement on or before three (3) months prior to the commencement of the First Renewal Term, then the matter shall be submitted for determination by arbitration in accordance with the Rules of the American Arbitration Association. In the event the Annual Fixed Rent payable during the First Renewal Term has not been determined prior to the date the First Renewal Term commences, then Tenant shall pay Annual Fixed Rent in effect for the initial Term plus fifty (50%) percent. Once the Annual Fixed Rent has been determined, such Rent shall be payable as of the date such First Renewal Term commenced. Tenant shall continue to pay Additional Rent during such First Renewal Term as provided in this Lease. Notwithstanding the foregoing, the Annual Fixed Rent and Additional Rent for the First Renewal Term shall not be less than that in effect for the Third Lease Year of the initial Term.

52. Submission of Lease to Tenant.

THE SUBMISSION BY LANDLORD TO TENANT OF THIS LEASE SHALL HAVE NO BINDING FORCE OR EFFECT, SHALL NOT CONSTITUTE AN OPTION FOR THE LEASING OF THE LEASED PREMISES, NOR CONFER ANY RIGHTS OR IMPOSE ANY OBLIGATIONS UPON EITHER PARTY UNTIL THE EXECUTION THEREOF BY LANDLORD AND THE DELIVERY OF AN EXECUTED ORIGINAL COPY THEREOF TO TENANT OR ITS REPRESENTATIVES.

IN WITNESS WHEREOF, the parties hereto intending to be legally bound hereby have executed this Lease as of the day and year first above written.

Witnessed/Attested:

PSN PARTNERS, L.P.,
a New Jersey Limited
Partnership, Landlord
By: G.A. PROPERTIES, INC.
General Partner

/s/ Terry Lee Jaeger

By: /s/ Peter N. Rudy

Peter N. Rudy
Vice President

OPHTHOTECH CORPORATION

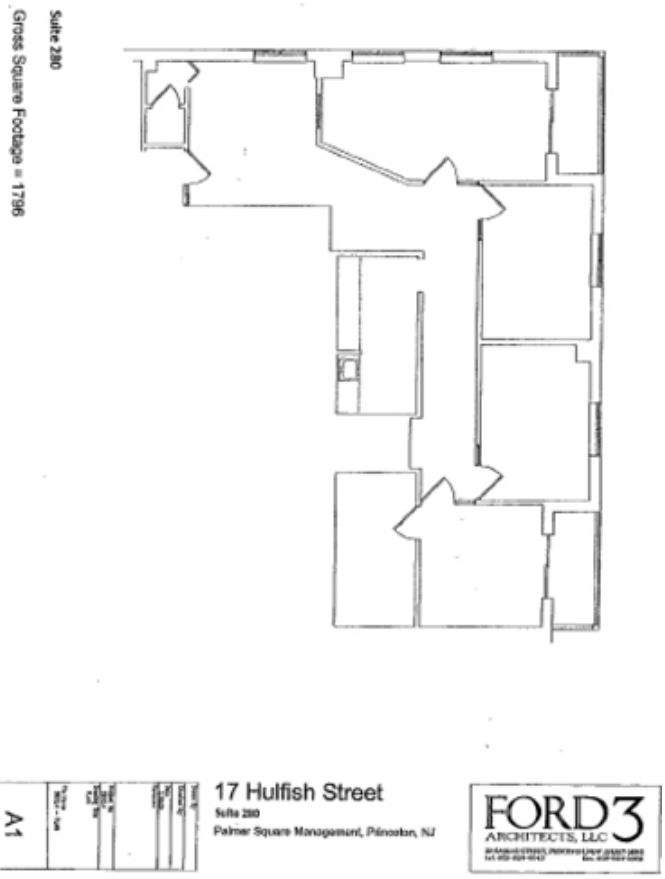
/s/ Melaney Rice

By: /s/ Bruce A. Peacock

Name: Bruce A. Peacock
Title: Chief Business Officer

SCHEDULE A

LEASED PREMISES

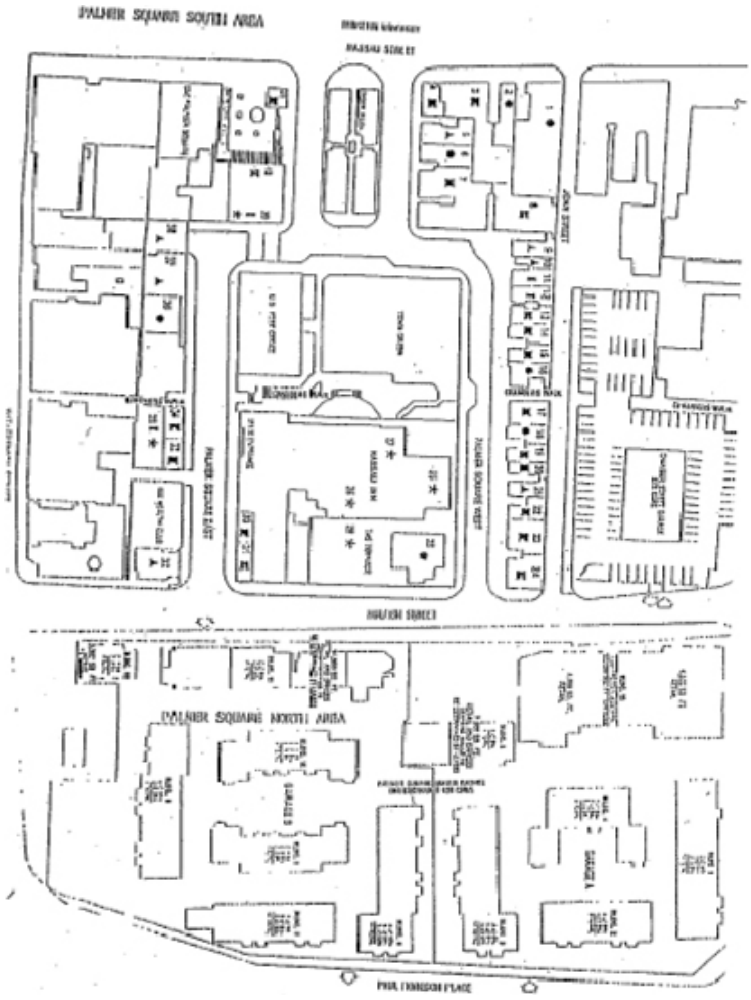


SCHEDULE A-1

ANNUAL FIXED RENT

Lease Year	Annual Rent	Monthly Rent
First	$68,248.00	$5,687.33
Second	$70,942.00	$5,911.83
Third	$74,534.00	$6,211.16

SCHEDULE A-2


PALMER SQUARE SOUTH AREA
NASSAU STREET
PALMER SQUARE NORTH AREA

SCHEDULE B

DESCRIPTION OF LANDLORD'S WORK

1. Landlord shall, at its sole cost and expense, prior to the Commencement Date, install new carpet in the Leased Premises and paint the Leased Premises using Landlord's standard paint and carpeting.

2. The period of time during which either party is prevented from performing any act required to be performed under this Lease, including, but not limited to Schedule B, if any, by reason of fire, catastrophe, strikes, lockouts, civil commotion, acts of God or the public enemy, government prohibitions or preemptions, embargoes, inability to obtain material or labor by reason of governmental regulations or prohibitions, the act or default of some other party, or other events beyond the reasonable control of the performing party shall be added to the time for performance of such act. Specifically excluded herefrom are any monetary obligations of Tenant.

SCHEDULE B-1

DESCRIPTION OF TENANT'S WORK

Excepting as may be set forth on Schedule B, Tenant accepts the Premises in an "AS IS" condition at the commencement of the Term of this Lease and Landlord shall not be required to make any changes, install any improvements, obtain any occupancy permits or prepare the Premises in any way for occupancy in accordance with the terms of this Lease, latent defects excepted. The Premises shall be provided "broom clean". All Tenant Improvements shall be at the Tenant's sole expense. Tenant shall submit to Landlord detailed plans and specifications for its prior approval (which approval will not be unreasonably withheld, conditioned or delayed) outlining all improvements which constitute Tenant Improvements. Landlord shall give its approval, or disapproval, within ten (10) days of the submission of said complete plans and specifications.

SCHEDULE C

FORM OF ESTOPPEL CERTIFICATE

LANDLORD:

TENANT:

PREMISES:

LEASE DATED:

TENANT'S NOTICE ADDRESS:

The undersigned, Tenant, hereby certifies to _____ (hereinafter "_____") that:

1. Tenant has accepted possession and is in occupancy of the Premises described above. The Lease Term commenced on _____, 200 . The termination date of the Lease Term, excluding renewals and extensions, is _____.
2. Any improvements required by the terms of the Lease to be made by Landlord have been completed to the satisfaction of Tenant in all respects, and Landlord has fulfilled all of its duties under the Lease.
3. The Lease has not been assigned, modified, supplemented or amended in any way. The Lease constitutes the entire agreement between the parties, and there are no other agreements, oral or written, between Landlord and Tenant concerning the Premises. A true and complete copy of the Lease is attached hereto as Exhibit A.
4. The Lease is valid and in full force and effect, and, to the best of Tenant's knowledge, neither Landlord nor Tenant is in default thereunder. Tenant has no defense, set-off or counterclaim against Landlord arising out of the Lease or in any way relating thereto, or arising out of any other transaction between Tenant and Landlord, and no event has occurred and no condition exists, which, with the giving of notice or the passage of time, or both, will constitute a default under the Lease.
5. No Rental or other sum payable under the Lease has been paid in advance, excepting for the Security Deposit in the amount of $_____.
6. The minimum monthly rental presently payable under the Lease is $_____ and has been paid through _____.
7. The Tenant has received no notice of a prior assignment, hypothecation or pledge of the Lease or the rents, income, deposits or profits arising thereunder.
8. Tenant hereby acknowledges and agrees that if _____ shall succeed to the interest of Landlord under the Lease, _____ shall assume (only while owner of and in possession or control of the building of which the Premises is a part) and perform all of Landlord's obligations under the Lease, but shall not be (a) liable for any act or omission of any prior landlord (including the present Landlord); (b) liable for the return of

any Security Deposit; (c) subject to any off-set or defense which Tenant may have against any such prior landlord; (d) bound by and Rental or Additional Rental Tenant may have paid for more than the current month to any prior landlord, including the present Landlord; or (e) bound by any assignment, surrender, termination, cancellation, waiver, release, amendment or modification of the Lease made without the express consent of _____.

9. Tenant shall give _____ prompt written notice of any default of Landlord under the Lease, if such default entitles Tenant, under law or otherwise, to terminate the Lease, reduce Rental or credit or off-set any amount against future rents and shall give _____ reasonable time (but in no event less than ninety (90) days after receipt of such notice) to cure or commence curing such default prior to exercising (and as a condition precedent to its right to exercise) any right Tenant may have to terminate the Lease or to reduce Rental or credit or offset any amounts against the Rental. Tenant shall give written notice to any successor in interest of _____, any purchaser at a foreclosure sale under the mortgage, any transferee who acquired the property by deed in lieu of foreclosure or any successor or assign thereof. Tenant acknowledges and agrees that neither _____ nor any such successor, purchaser or transferee shall have any obligation to respond to any such notice or take any action as a result thereof.

10. All notices and other communications from Tenant to _____ shall be delivered or mailed by registered mail, postage prepaid, return receipt requested, addressed to _____ at :
_____, or such other address as _____, any successor, purchaser or transferee shall furnish to Tenant in writing.

11. Tenant has no option or right to purchase the Premises, or any part thereof.

12. This Estoppel Certificate is being executed and delivered by Tenant to induce _____ to make a loan to Landlord, which loan is to be secured in part by an Assignment to _____ of Landlord's interest in the Lease and all rents, income, deposits and profits arising thereunder, and with the intent and understanding that the above statements will be relied upon by _____.

Dated:_____

SCHEDULE G

CLEANING SERVICES

1. All cleaning shall be between the hours of 6:00 P.M. and 10:00 P.M. Monday through Friday, except for the following holidays: New Year's Day, Memorial Day, Fourth of July, Labor Day, Thanksgiving Day and Christmas Day. No cleaning shall be done on Saturday or Sunday.

2. The quality of the cleaning shall be the same as the services rendered in other Class "A" office buildings.

3. General Cleaning

   Nightly:

   (a) Vacuum all carpets and rugs, moving light furniture other than desks, file cabinets, etc.;

   (b) Empty and clean all wastepaper baskets, ash trays, receptacles, etc.;

   (c) Remove wastepaper and waste materials;

   (d) Dust and wipe clean all furniture, fixtures and window sills;

   (e) Clean all glass furniture tops;

   (f) Dust all chair rails, trim, etc.;

   (g) Dust all baseboards.

   Weekly:

   (a) Clean all interior metal;

   (b) Dust all window louvres and all ventilating louvres within reach;

   (c) Remove all finger marks from metal partitions and other surfaces.

   Three Months:

   All high dusting which shall include:

   (d) All pictures, frames, charts, graphs and similar wall hangings not reached in nightly cleaning;

   (e) All vertical surfaces, such as walls, partitions, ventilating louvres and other surfaces not reached in nightly cleaning;

   (f) All lighting fixtures (exterior only);

   (g) All window frames.

Four Months:

(a) The interior and exterior of all windows shall be washed;

(b) The space between the two panes of glass and the venetian blinds contained therein shall be unsealed and cleaned only when necessary in the opinion the Landlord.

4. The Tenant shall be charged for cleaning services in the areas of the Leased Premises used for special purposes requiring greater and more difficult cleaning work than office areas (including, but not limited to, data processing areas, exhibit areas, energy dispatching areas, mail rooms, private toilets, etc.)

SCHEDULE H

RULES AND REGULATIONS

1. Definitions

Wherever in these Rules and Regulations the word “Tenant” is used, it shall be taken to apply to and include the Tenant and its agents, employees, invitees, licensees, subtenants, assignees, if any, and contractors, and is to be deemed of such number and gender as the circumstances require. The word “room” is to be taken to include the space covered by the Lease. The word “Landlord” shall be taken to include the employees and agents of Landlord.

2. Common Areas

The streets, sidewalks, entrances, halls, passages, elevators, stairways and other common areas provided by Landlord shall not be obstructed by Tenant, or used by it for any other purpose than for ingress and egress.

3. Public Entrance

Landlord reserves the right to exclude the general public from the Building upon such days and at such hours as in Landlord’s judgment shall be for the best interest of the Building and its tenants.

4. General Prohibitions

In order to insure proper use and care of the Premises, Tenant shall not:

(a) Allow any sign, advertisement or notice to be fixed to the Building, inside or outside, without Landlord’s written consent.

(b) Make improper noises or disturbances of any kind or emit objectionable odors that shall disturb or annoy any other tenants or occupants of the Building or do or permit anything to be done which shall interfere with the rights, comfort or convenience of other tenants or occupants of the Building.

(c) Mark or defile elevators, water-closets, toilet rooms, walls, windows, doors or any other part of the Building.

(d) Use toilet rooms, water-closets and other water apparatus for any purposes other than those for which they were constructed.

(e) Place anything on the outside of the Building, including roof setbacks, window ledges and other projections.

(f) Cover or obstruct any window.

(g) Fasten any article, drill holes, drive nails or screws into the walls, floors, woodwork, window mullions, or partitions; nor shall the same be painted, papered or otherwise covered or in any way marked or broken without written consent of Landlord.

(h) Interfere with the heating or cooling apparatus.

(i) Place trash or waste in hallways or other common areas of the Building except those areas specifically designated by Landlord.

(j) Leave rooms without locking doors, stopping all office machines and extinguishing all lights.

(k) Install any shades, blinds or awnings without written consent of Landlord.

(l) Use any electric heating device without written permission of Landlord.

(m) Install call boxes or any kind of wire in or on the Building without Landlord's written permission and direction.

(n) Manufacture any commodity, or prepare or dispense any foods or beverages, whether by vending or dispensing machines or otherwise, or alcoholic beverages, tobacco, drugs, flowers, or other commodities or articles without written consent of Landlord.

(o) Secure duplicate keys for rooms, except from Landlord, or change the locks of any doors to or in the Leased Premises.

(p) Place door mats in public corridors without the written consent of Landlord.

(q) Bring into or keep in the Building any flammable, combustible, explosive or other dangerous fluid, chemical material or substance.

(r) Bar entrance to the Leased Premises by a sliding bolt or other device which renders access by keys difficult or impossible.

(s) Keep any animals in the Leased Premises.

5. Publicity

Tenant shall not use the name of the Building in any way in connection with its business except as to the address thereof. Landlord shall also have the right to prohibit any advertising by Tenant, which, in Landlord's opinion, tends to impair the reputation of the Building or its desirability as a building for offices; and upon written notice from Landlord, Tenant shall refrain from or discontinue such advertising.

6. Business Machines

Business machines and mechanical equipment which cause vibration, noise, cold or heat that may be transmitted to Building structure or to any leased space outside the Leased Premises shall be placed and maintained by Tenant, at its sole cost and expense, in settings or cork, rubber or spring type vibration eliminators sufficient to absorb and prevent such vibration, noise, cold or heat.

7. Movement of Equipment

Landlord reserves the right to designate the time when and the method whereby freight, small office equipment, furniture, sofas and other like articles may be brought into, moved, or removed from the Building or rooms, and to designate the location for temporary disposition of such items. In no event shall any of the aforesaid items be taken from Tenant's space for the purpose of removing same from the Building without the express written consent of both Landlord and Tenant except in case of Tenant's default under the within Lease.

8. Rights Reserved to Landlord

A. without abatement or diminution in Rent, subject to the terms of the Lease, Landlord reserves and shall have the following additional rights:

(i) To change the name and/or street address of the Building and the arrangement and/or location of entrances, passageways, doors, doorways, corridors, elevators, stairs, toilet or other public parts of the Building.

(ii) To install and maintain a sign or signs on the exterior of the Building.

(iii) To have access for Landlord and other tenants of the Building to any mail chutes, if any, located on the Leased Premises according to the rules of the United States Post Office.

(iv) To designate all sources furnishing sign painting and lettering, ice drinking water, towels and toilet supplies, and other like services used on the Leased Premises.

(v) To make, either voluntarily or pursuant to governmental requirement, at Landlord's own expense, repairs, alterations or improvements in or to the Building, or any part thereof, and during alterations, may close entrances, doors, windows, corridors, elevators or other facilities, provided that such acts shall not unreasonably interfere with Tenant's use and occupancy of the Premises as a whole.

(vi) To erect, use and maintain pipes and conduits in and through the Leased Premises.

(vii) During the last six (6) months of the Lease Term, or any part thereof, if during or prior to that time the Tenant vacates the Leased Premises, to decorate, remodel, repair, alter or otherwise prepare the Leased Premises for re-occupancy.

(viii) To constantly have pass keys to the Leased Premises.

(ix) To grant to anyone the exclusive right to conduct any particular business or undertaking in the Building.

(x) To exhibit the Leased Premises to others and to display "For Rent" signs on the Leased Premises.

(xi) To take any and all measures, including inspections, repairs, alterations, additions and improvements to the Leased Premises or to the Building, as may be necessary or desirable in the operation of the Building.

B. Landlord may enter upon the Leased Premises and may exercise any or all of the foregoing rights hereby reserved without being deemed guilty of an eviction or disturbance of Tenant's use or possession and without being liable in any manner to the Tenant.

9. Regulation Changes

Landlord shall have the right to make such other and further reasonable Rules and Regulations as, in the judgment of Landlord, may from time to time be needful for the safety, appearance, care and cleanliness of the building and for the preservation of good order therein. Landlord shall not be responsible to Tenant for any violation of Rules and Regulations by any other tenant.

10. In the event of a conflict between the Lease and these Rules and Regulations, the Lease shall control.

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We consent to the reference to our firm under the caption “Experts” and to the use of our report dated July 11, 2013 (except as to the thirteenth paragraph of Note 16, as to which the date is September 9, 2013), in Amendment No. 2 to the Registration Statement (Form S-1 File No. 333-190643) and related Prospectus of Ophthotech Corporation.

/s/ Ernst & Young LLP

MetroPark, New Jersey
September 9, 2013